COHORT PLC

THE INDEPENDENT TECHNOLOGY GROUP

Applying advanced technology to protect and secure

Annual Report and Accounts 2024

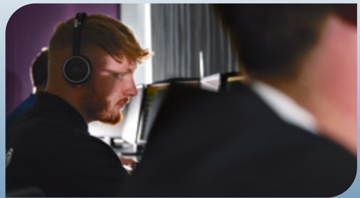
Cohort is a group of like-minded technology companies operating in the defence and security markets

OUR PURPOSE

Cohort delivers trusted and valued technology that protects us all. Through innovation, organic business growth and acquisitions, we provide real value to our people, customers and shareholders.

We provide an entrepreneurial culture enabling our businesses to build solutions for the future of security and defence. We operate with deep-rooted knowledge and foster trusted relations with our customers and shareholders alike.

OUR STRATEGY



Organic growth

Acquisition

Maintaining confidence

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OUR SUSTAINABILITY PILLARS

Environmental | People | Social | Governance

Strategic report

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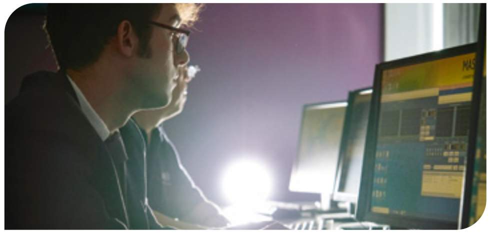
Financial statements

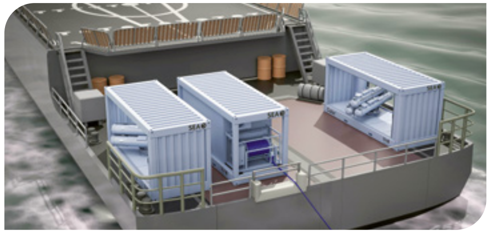
How we have performed

Operational highlights



Record revenue, adjusted operating profit, order intake, closing order book and net funds. Adjusted operating profit of £21.1m (2023: £19.1m) on revenue of £202.5m (2023: £182.7m).

Sensors and Effectors saw robust growth, with Chess and SEA delivering improved performances.
Communications and Intelligence reported a weaker year overall.



Order book exceeded half a billion pounds for the first time, with deliveries now extending out to 2037.

Order intake of £392.1m (2023: £220.9m), including the £135m Royal Navy contract awarded to SEA in March 2024.

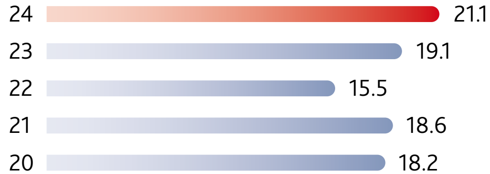
Dividend increased by 10%. The dividend has been increased every year since the Group's IPO in 2006.

Net funds above market expectations at £23.1m (2023: £15.6m).

Financial highlights

ADJUSTED OPERATING PROFIT (£M)[1]

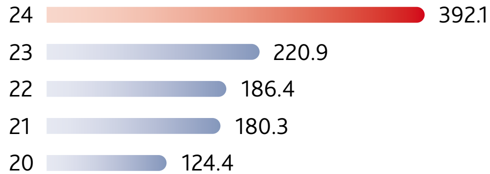
£21.1m



1. See page 63.

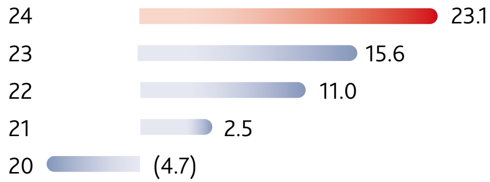
ORDER INTAKE (£M)

£392.1m



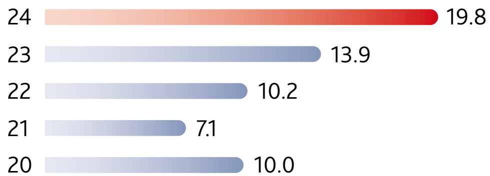
NET FUNDS/(DEBT) (£M)

£23.1m



STATUTORY PROFIT BEFORE TAX (£M)[1]

£19.8m



Innovative, agile, trusted

Cohort is a group of like-minded technology companies providing services and products for domestic and export customers in the defence and security markets.

Cohort was founded on the principle that agile businesses can prosper by being part of a larger group, benefiting from greater financial strength, an enhanced market presence and the opportunity to share knowledge and best practice. Our businesses provide long-term value and future growth potential through innovative technology and agile decision making, within a framework of light-touch but effective governance.

The Group reports its operating results in two divisions:

A FULL REVIEW FOR EACH DIVISION IS AVAILABLE IN THE OPERATING REVIEW

REVENUE BY DIVISION

£202.5m

(2023: £182.7m)

This division comprises the subsidiary businesses which provide electronic hardware and software solutions used for collecting, processing and communicating information securely. It also includes the provision of domain expertise, training and support services. The division supplies products, primarily through EID and MCL, and services through MASS.

READ MORE ON PAGE 20

This division, comprising Chess Dynamics, SEA and ELAC SONAR, provides sensors, including sonar, radar and visual, for land and sea domains. It also provides effectors for surface ships and land-based users to protect against threats including submarine, missile and drone attacks. The focus for the division is on electronic, electromechanical and software solutions to detect, measure, identify, track and prosecute targets of interest.

READ MORE ON PAGE 21

Why invest in Cohort

We are committed to delivering value to shareholders and ensuring they benefit from our success.

Strong business model

Experienced leadership teams with core capabilities in defence and security.

Subsidiaries operate with a significant degree of autonomy, enabling decision-making agility within a rigorous financial and strategic control regime.

Close working relationships between our operating businesses, so they can benefit from each other's technical capabilities, customer relationships and market knowledge.

Active acquisition strategy

Aim to accelerate growth by making selective, targeted acquisitions in the UK and overseas.

Experienced acquisition team focused on careful selection and execution.

Strong track record of growing acquired businesses.

Visibility of future earnings provided by growing order book

£518.7m of revenue on order as at 30 April 2024 (30 April 2023: £329.1m).

92% of 2024/25 latest external forecast revenue on contract at 30 April 2024 (80%; equivalent for 2023/24 was 80%).

Order book extends out to 2037.

Access to attractive growth markets

International defence spending increasing following the invasion of Ukraine in 2022 and persistent tensions in the Asia Pacific region and the Middle East.

Using our agility and innovation to build sustainable competitive advantage in niches with attractive prospects.

Consistent dividend track record

Dividend increased by 10% in each of the last three years.

Dividend increased every year since IPO in 2006.

Strong balance sheet in place with robust funding.

Financial strength

Strong financial position and record of success gives customers confidence to place major orders as exemplified by the £135m order from the Royal Navy in March 2024.

Net cash to fund product development and acquisitions (all acquisitions funded from cash flow and banking facilities since 2008).

Group banking facility extended to July 2027.

Social responsibility

Products and services that make a real contribution to the security of our home nations and allies at a time of increasing risk and challenge.

Initiatives to support local communities, encourage STEM education and help armed forces charities.

READ MORE AT COHORTPLC.COM/INVESTORS

"Another record performance, slightly above market expectations, robust cash and a record closing order book."

Nick Prest CBE
Chairman

Another record year and strong order cover for the coming year

Nick Prest CBE
Chairman

"The record order book gives Cohort visibility out to the next decade. Along with our strong net funds and market position this provides a solid foundation for future organic growth as well as the ability to make further strategic additions to the Group."

Performance

The Group achieved a record adjusted operating profit of £21.1m (2023: £19.1m) on record revenue of £202.5m (2023: £182.7m), exceeding market expectations, and representing an increase of 11% on the prior year in both cases.

As I said last December, the invasion of Ukraine in 2022 and persistent tensions in the Asia Pacific region have driven continuing impetus for defence spending across the globe. This is reflected in the Group delivering a record year of order intake, winning £392.1m of orders (2023: £220.9m), representing 1.9x full year revenue (2023: 1.2x), and has resulted in a record closing order book of £518.7m (2023: £329.1m).

As well as growing in size, our order book has extended in duration, now stretching out to 2037. This reflects the significant naval orders the Group has secured over the last few years, which are typically long-term in nature. A notable example of a naval order won in the period is the £135m order for SEA's Ancilia product secured in March 2024. As we said at the time, we expect this order with the Royal Navy to grow and we see a good pipeline of export opportunities for this and other product offerings for naval vessels, both surface ships and submarines.

In the land domain, we are seeing increased demand for drone and counter-drone systems, driven by the Ukraine conflict. The attacks on shipping in the Red Sea show that drone defence is not only needed in the land environment. Other areas of increased demand include secure communications and electronic warfare.

The Group's net funds also finished at a much higher level than we expected at the start of the year: £23.1m compared with £15.6m in 2023. As well as reflecting the Group's profit performance, this resulted from favourable timing of working capital flows and delayed expenditure on our new facility in Germany due to adverse winter weather.

The Sensors and Effectors division saw a marked performance improvement. SEA made the largest contribution to revenue growth and also significantly grew profit on the back of its strong order book. Another major factor was a turnaround at Chess, which saw growth in revenue as well as a sharply improved margin performance. Both are set to grow further following the Ancilia win. ELAC SONAR's revenue grew, and it achieved an important milestone with the order for the third Italian submarine sonar system, though margin was affected by the cautious trading policy adopted on that large project, which is now beginning its production phase.

The Communications and Intelligence division reported a weaker year overall; we had previously indicated that we expected it to achieve a broadly level performance against last year as the record activity at MCL fell back to lower historical levels. Compared to the Sensors and Effectors division, Communications and Intelligence has so far seen less direct impact from global demand patterns. MASS's revenue is dominated by stable multi-year contracts from the UK, and EID's also presently by its domestic customer in Portugal. MCL did benefit from domestic and international demand for drones and counter-drone systems. The result was the second-best annual performance in its history, but still some way behind the exceptional result of 2022/23. MASS's revenue and profit grew to a record level, and EID showed a modest performance improvement, although still posting a small loss in the year. These did not offset the reduction in MCL's contribution and the division had a weaker year overall.

Strategic initiatives

On 31 May 2024, our business MCL (within our Communications and Intelligence division) acquired 100% of Interactive Technical Solutions Ltd (ITS) for a cash consideration of £3.0m paid from the Group's existing financial resources. ITS provides technical support, publications and services to the UK MOD and prime contractors, particularly in the area of military vehicles. This acquisition is expected to be immediately earnings enhancing (see note 29).

The Group continues to review acquisition opportunities as they arise, in line with our investment criteria.

Shareholder returns

Adjusted earnings per share (EPS) were 42.89 pence (2023: 36.48 pence). The adjusted EPS figure was based on profit after tax, excluding amortisation of other intangible assets and net foreign exchange movements. Basic EPS were 37.87 pence (2023: 27.92 pence). The adjusted EPS were 18% higher primarily due to the stronger adjusted operating profit (up 11%) and a lower tax rate on adjusted earnings of 12.7% (2023: 14.8%).

The Board is recommending a final dividend of 10.10 pence per ordinary share (2023: 9.15 pence), making a total dividend of 14.80 pence per ordinary share (2023: 13.40 pence) for the year, a 10% increase. The dividend has been increased every year since the Group's IPO in 2006. It will be payable on 2 October 2024 to shareholders on the register at 23 August 2024, subject to approval at the Annual General Meeting on 24 September 2024.

Over the medium term, the Group plans to maintain a policy of growing its dividend each year at a rate reflecting growth in earnings per share and capital requirements.

Our people

As always, my thanks go to all employees within the Cohort businesses. Their hard work, skill and ability to satisfy our customers' needs are what continue to drive the performance of our Group.

The increasing order book and demand is driving a need for us to add to our work force, particularly for engineers and related technical skills. We have continued to invest in our graduate schemes and in work with local schools to support STEM activities. Recruitment challenges remain in some areas, especially high-level security cleared individuals, but overall we have increased our head count from 1,132 last April to 1,309 this April.

Andrew Thomis, Simon Walther and their senior executive colleagues have continued their dedicated and skilful work which has helped the Group to continue its progress. I would like to thank Shane Knight, who retired as Managing Director of MCL at the end of the financial year, for his dedication to MCL over 21 years and welcome Claire King as the new Managing Director.

Governance

Having served on the Board for nine years, Jeff Perrin has decided not to stand for re-election as a non-executive director at Cohort's forthcoming Annual General Meeting to be held in September 2024. Jeff has made an immense contribution to Cohort both as Chair of the Audit Committee and as the Senior Independent Director. The Board and all Cohort staff are grateful to him for his sage advice and guidance. We formally welcomed Peter Lynas onto the Board as a non-executive director on 2 January 2024. Peter has had a long and successful career in the defence industry and brings a wealth of experience in finance and general management to Cohort. Peter will take over from Jeff as Chair of the Audit Committee and Senior Independent Director.

Throughout the last financial year we have continued to be guided by the 2018 edition of the QCA Corporate Governance Code (the QCA Code) and we have been applying the new 2023 edition from 1 May 2024.

The Board regularly evaluates and reviews the Group's environmental, social and governance (ESG) activity and is committed to maintaining appropriate standards. The Group has disclosed climate-related financial information for the second year and has established governance mechanisms to oversee climate-related risks and opportunities. This year we have undertaken a qualitative scenario analysis which has deepened our understanding of the potential risks and opportunities under the three scenarios reviewed. The Board agreed that a disclosure in line with the mandatory climate-related financial disclosures under the Companies Act 2006 (CFD) is appropriate for the Group given its size, industry sector and legal and regulatory requirements rather than a disclosure in line with TCFD.

The Group's values, stakeholder engagement principles and governance policies are all outlined on our website and in our Annual Report and Accounts.

Capital allocation

We have a proven strategy supported by an appropriate capital allocation policy. As a Board we use this to inform our decision making and it has been key to our progress. Our approach to capital allocation has three priorities: to deliver sustainable organic growth, through investment in our people, research and development and the capital requirements of the business; to find value generating complementary acquisitions; and to pay a progressive dividend. If all of the prior priorities are satisfied, then we will return excess capital to shareholders. At the current time we have a strong balance sheet with significant net cash which provides us with a range of options.

Outlook

Cohort continues to see good demand for our products and services from both our domestic customers, especially the UK, and from export customers. The geopolitical tensions driving increased investment in defence have remained unrelenting during the year, with conflicts in Ukraine coupled with tensions in the Asia Pacific region leading to increased spending internationally.

Our order book underpins over £180m of current financial year revenue (2023: £140m), representing over 90% of current market expectations of revenue for the year. Following order wins since the start of the financial year of over £70m, that cover now stands at just over 95%.

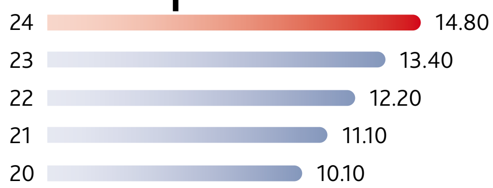
Overall we continue to expect another year of good growth in trading performance in 2024/25, enhanced by the addition of ITS. Given planned capital expenditure and expansion in working capital to support our record order book, net funds are likely to decrease.

We are optimistic that the Group will make further progress in 2025/26 and beyond, based on current orders for long-term delivery and on our pipeline of opportunities.

Nick Prest CBE
Chairman

DIVIDEND (PENCE PER ORDINARY SHARE)

14.80p +10%



Delivering defence technology that matters

Andrew Thomis
Group Chief Executive Officer

"2023/24 was yet another strong year of growth for the Group with increases in order intake, revenue, adjusted operating profit and cash."

Overview

Following an encouraging performance in 2022/23 the Group's performance for the year improved again with strong growth in revenue, profit, order intake and cash. Overall, the results were ahead of market expectations. Sensors and Effectors performed strongly, offsetting the slightly weaker Communications and Intelligence division. In Sensors and Effectors, Chess continued its improvement whilst SEA also delivered a better result on higher volume. In Communications and Intelligence, the expected fall back at MCL was not fully compensated by EID, which made a smaller loss than last year. Cash performance was also better than expected, resulting in another strong positive net funds position at the year end. Order intake was a record high, and the resulting record order book of over half a billion pounds gives us a solid base for 2024/25 and beyond. We see good prospects for further significant new orders in the year ahead.

Financial performance

The Group's revenue of £202.5m (2023: £182.7m) was 11% higher than last year and delivered an adjusted operating profit of £21.1m (2023: £19.1m), 11% higher than last year. Work on naval systems has made a major contribution to performance, particularly within the Sensors and Effectors division.

The Group's statutory operating profit of £21.2m (2023: £15.3m) reflects the amortisation of other intangible assets, a £3.1m non-cash charge in 2024 (2023: £3.7m charge) and the Research and Development credit (RDEC) of £2.9m (2023: £0.9m) which in turn is offset by a higher tax charge.

Adjusted earnings per share increased by 18% to 42.89 pence per share reflecting the improved performance as well as tax credits received in overseas territories.

Group net funds grew by 48% to £23.1m. As well as the improved adjusted operating performance, this benefited from delays to the planned capital expenditure on the new site in Germany, a result of bad winter weather. This delay in expenditure is expected to be caught up in 2024/25, and the Group net funds are expected to partially decline as a result.

Strategic progress

The Group has continued to make progress this year, achieving 11% organic growth in revenue and adjusted operating profit, in line with our target for double-digit growth. The record order intake, particularly in key areas of naval systems, has, as we have seen in recent years, increased and lengthened our order book. We continue to see a good pipeline of prospects, both in our domestic and export markets. Key developments have included:

- The selection of Ancilia, the new decoy launcher system, to protect the Royal Navy's surface fleet against modern missile threats. As well as being a major revenue and profit opportunity in its own right (it is the Group's largest ever single contract win), it represents a strong endorsement of Ancilia from an internationally respected customer. That is a boost to the system's wider export opportunities.
- Chess's various offerings into ground-based air defence systems, especially against drones, have seen a strong demand in 2024 and this continues.
- SEA secured its first customer for its complete Anti-submarine Warfare systems based upon its thin-line towed sonar array, Krait. As with Ancilia, this opens up wider export markets, especially in the Asia Pacific region.
- ELAC SONAR secured the order to provide its Sphere sonar technology for the third Italian Navy submarine, confirming the customer endorsement of this ground-breaking technology.

The closing order book and pipeline provide a firm base for us to continue to deliver on our strategy and to also push our overall net margin for the Group from its current 10–11% towards our target % of low to mid-teens within the next three to five years.

In addition, the Group's strong net funds and available banking facilities provide sufficient capital for us to continue to look for suitable businesses to add to the Group, either within an existing Group business or as a new standalone business, further accelerating the growth in revenue and adjusted operating profit.

Find out more

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Our people

All the Group's capabilities and customer relationships ultimately derive from our people, and the success we have enjoyed is a result of their efforts. They have risen to the challenge of the stronger demand we have seen this year, and in doing so have made a material contribution to the national security and defence of our nations and allies as well as to the performance of the Group. I would like to take this opportunity to express my sincere thanks to all employees of Cohort and its businesses.

At the year end, Shane Knight retired as Managing Director of MCL. His successor is Claire King, who has been with MCL for 12 years and formerly held the role of Business Development Director.

Like many high-skill businesses, we are facing challenges in recruiting qualified and experienced people to meet our customer demands and our own investment strategies. As our order book has grown, so have our employee numbers and the Group now has just over 1,300 employees compared with nearly 1,130 this time last year, a 15% increase. We will continue to add more resources in the coming year, especially at Sensors and Effectors, although we expect at a slower rate.

Acquisitions

On 31 May 2024, our subsidiary MCL (part of the Communications and Intelligence division) completed the acquisition of 100% of ITS for an enterprise value of £3.0m. 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. This business typically works in the land domain, primarily on the UK military vehicle fleet either directly for the British Army or via prime contractors. The final completion accounts are expected to be concluded before the end of July 2024 (see note 29).

Andrew Thomis
Group Chief Executive

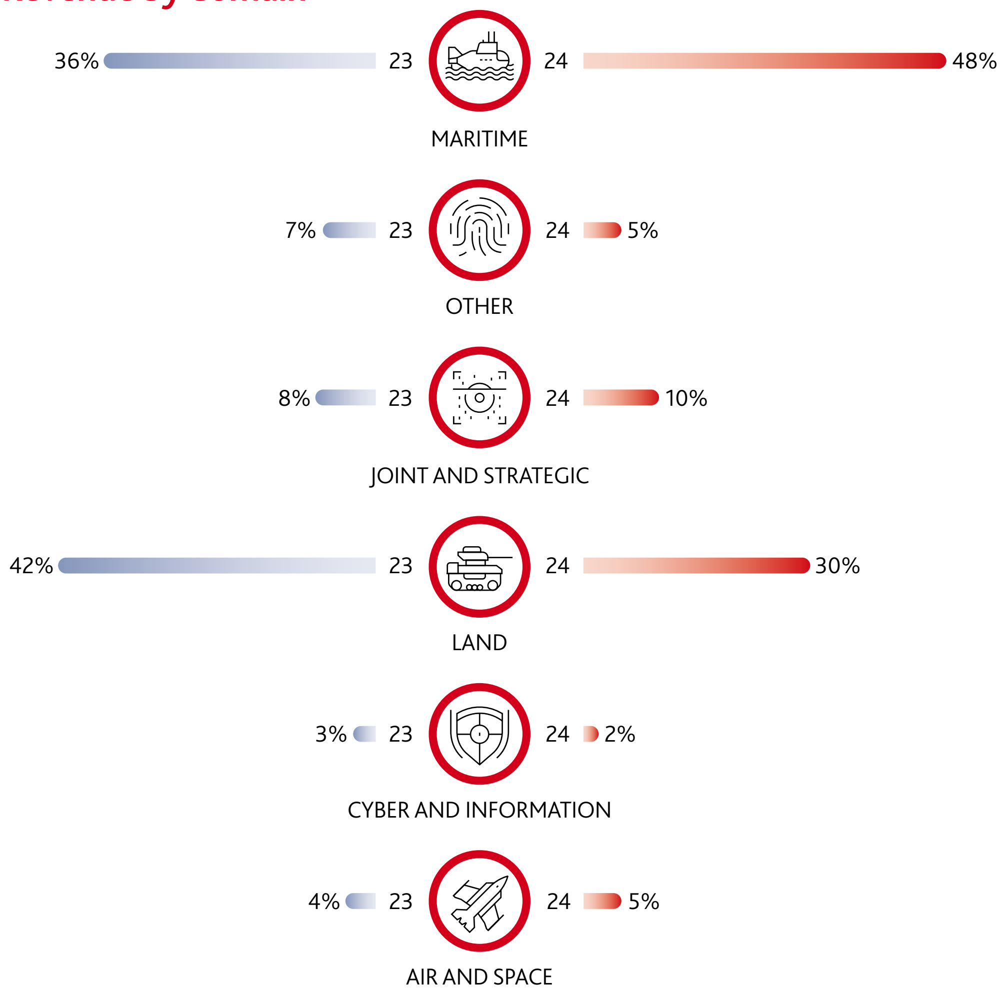
Capital allocation

Our capital allocation policy is set out in the Chairman's statement. This is exemplified as follows:

1. Continuous investment in research and development, maintaining product offerings at the forefront of demanding environments and developing new technologies within the Group's core competencies. Increasing by 26% to £14.8m in year.
2. Complementary acquisitions driving growth in core areas where the Group can leverage industry knowledge. ITS was acquired in May 2024.
3. A progressive dividend policy. An increase of 10% for the sixth year running.

Applying advanced technology to protect and secure, we nurture agile partnerships across our markets

Revenue by domain



Defence and security

- We supply electronics, software, electromechanical solutions and knowledge-based services to defence customers, across all domains, with a focus on maritime and land.
- Direct customers include Ministries of Defence, platform providers, system integrators and infrastructure operators in national and international markets.

Other (non-defence and security) revenue

- We provide high-integrity software and hardware solutions for transport systems. The Group also continues to support legacy products and services in non-defence areas with related technologies.

Operating domain

Maritime
Equipment, systems and services operated primarily by navies for use on or below the surface, the shore and the airspace linked to the maritime domain.

Land
Equipment, systems and services operated primarily by armies on or from the land. This includes certain airborne assets such as uncrewed air systems, where deployed in support of the land domain.

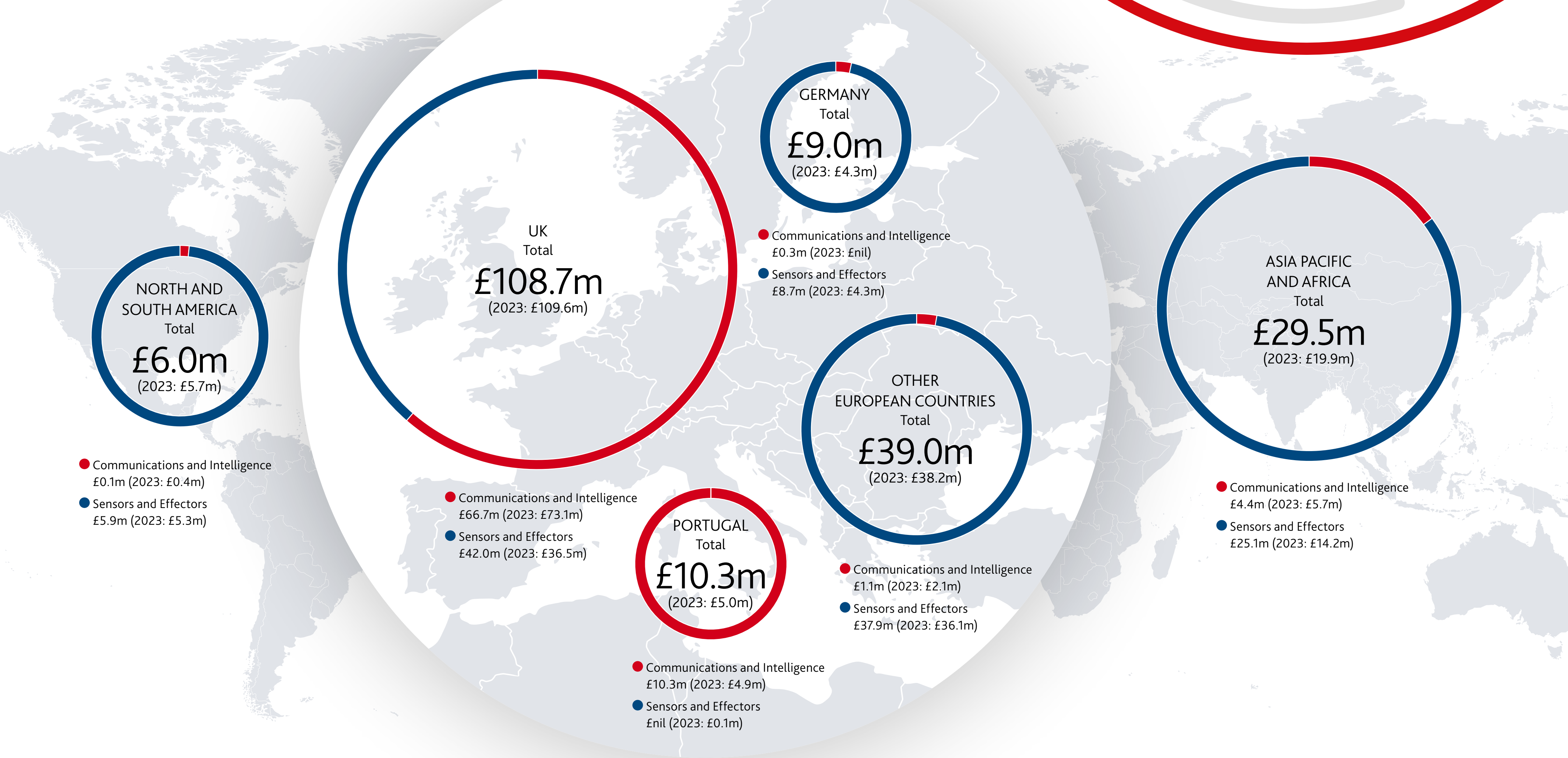
Air and Space
Equipment, systems and services for use in the air, in space, or in support of airborne or spaceborne assets.

Joint and Strategic
Equipment, systems and services supplied for use in a joint/multi-domain operating environment or in strategic-level headquarters and departments.

Cyber and Security
Equipment, systems and services operated by the armed forces, government and public and private sectors within the information and security environment.

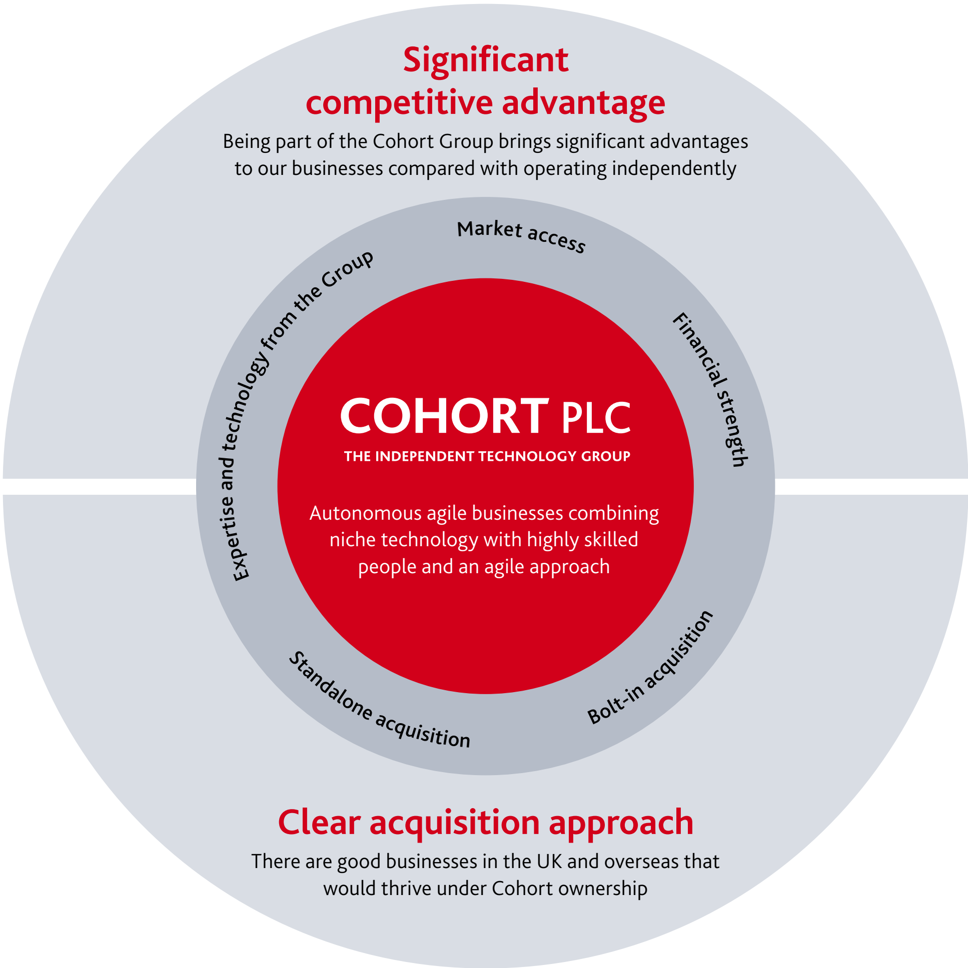
GEOGRAPHIC ANALYSIS

Revenue by division and geography



FULL DETAILS AVAILABLE IN THE FINANCIAL STATEMENTS

Significant competitive advantage



Our purpose

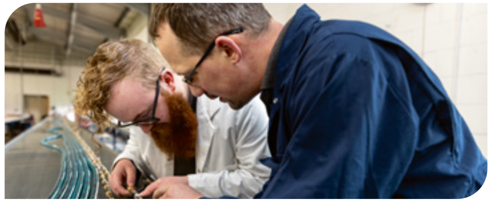
Cohort delivers trusted and valued technology that protects us all. Through innovation, acquisition and organic business growth and acquisitions, we provide real value to our people, customers and shareholders.

We support an entrepreneurial culture enabling our businesses to build solutions for the future of security and defence. We operate with deep-rooted knowledge and foster trusted relations with our customers and shareholders alike.

How we create value

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, nourished by the strength and resilience of a supportive parent. Bringing the power of the Group to the ingenuity of our businesses. To deliver purposeful innovation that protects us all.



Our people

Our capabilities and customer relationships all ultimately derive from our people. Guided by our values, all employees across the Cohort Group can fulfil their potential, develop their careers, make a difference through the roles that they undertake, and feel rewarded for what they do.

Our suppliers and partners

Our suppliers and partners are critical to the success of our business. We work closely with them to build long-term relationships. We ensure that they are paid in line with our commitments for goods and services received.

Our shareholders

We are committed to delivering value to our shareholders and ensuring that they benefit from our success. We are focused on delivering high standards of corporate governance and providing clear, consistent communication.

Our communities

We recognise the importance of engaging with our local communities. We do this through education, work experience, fundraising and sponsorship initiatives, and engage with many military and veterans' charities. Across the Group we employ armed forces veterans and reservists and are proud to be a signatory of the UK Armed Forces Corporate Covenant.

Our customers

Our global customers depend on us to deliver reliably. We use innovation to stay at the forefront of defence and security technology solutions for our customers, aiming to be their trusted partner of choice. Our culture of openness and support makes us easy to do business with.

A clear strategy for growth

Three key objectives form our clear strategy for growth.

Consistently grow profits and cash generation organically through our subsidiaries.

Organic growth

Delivered through

- A focus on developing long-term customer partnerships.
- Encouraging innovation and responsiveness.
- Identifying and pursuing growth opportunities in new and existing markets.
- Developing high-quality leadership teams and a high-performance culture.

What we did in 2023/24

- Strong organic revenue growth driving adjusted operating profit performance for the Group of £21.1m, up £2.0m (over 10%) on 2022/23.
- Record closing order book and improved visibility. On order cover for 2024/25 at record high of over 90% of latest external forecasts. Length of order book out to 2037.
- Group headcount increased from 1,132 to 1,309 over the year to meet the demands to deliver the growing order book.

Our priorities for 2024/25

- Continue to improve long-term order book across the Group.
- Continue to expand pipeline, improve order intake and build a robust order book at EID.
- Seek opportunities from increased focus on defence stance, especially in NATO and Southeast Asia.
- Monitor and proactively manage supply chain and recruitment challenges.
- Improve efficiency of delivery to drive a better overall net margin.

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

Acquisition

Delivered through

- Proactive engagement with businesses that can add value to the Group.
- Maintaining a strong acquisition team.
- Demonstrating a structure and culture that are attractive to potential sellers.
- Creativity and flexibility in structuring transactions to bridge value gaps.

What we did in 2023/24

- Evaluated numerous acquisition opportunities.
- Negotiated the acquisition of ITS, by MCL, completed in May 2024.

Our priorities for 2024/25

- Continue to seek value-adding acquisitions with strong market positions in relevant sectors.

Ensure good corporate governance, sound management of subsidiaries and effective communications to shareholders.

Maintaining confidence

Delivered through

- Management of subsidiaries through a framework of financial control, strategy review, performance management and leadership development.
- An effective operational strategy providing support and guidance when circumstances change.
- Providing clear and consistent investor communications through all channels.

What we did in 2023/24

- Operational control improvements at Chess achieved. Improved delivery and profitability, with net margin increasing from just over 2% to over 10%. Legacy issues closed out.
- Commenced a transformation programme at EID to improve its business winning and delivery performance.

Our priorities for 2024/25

- Continue to embed risk management including climate-related reporting.
- Complete the transformation at EID.

Operating strategy

Organic growth

Cohort reports through its two divisions: Communications and Intelligence; and Sensors and Effectors. Each of these divisions encompasses three of the Group's six operating businesses.

- The Communications and Intelligence division, comprising MASS, MCL and EID, has a focus on communications systems, intelligence gathering, secure information management and electronic warfare. They provide this through development and supply of products and the delivery of services including training and the development of EW countermeasures.
- The Sensors and Effectors division, made up of Chess, SEA and ELAC SONAR, is focused on technology, products and systems which enable our customers, primarily in the naval and land domain, to detect, track and respond to threats, whether land, air or sea based.

Within our markets we have sought to identify niches where prospects are attractive and where we have some sustainable competitive advantage. Growth strategies and opportunities vary around the Group.

Being part of the Cohort Group brings material advantages to our operating businesses. The Group's strong balance sheet gives customers the confidence to award large or long-term contracts that we are well able to execute technically but which might otherwise be perceived as risky. Examples in the very recent past include the award of a £135m order for decoy launchers for the Royal Navy and sonar systems for the Italian Navy's new class of submarine (now near to €70m in value). We have also received orders for developing and supplying communication and related systems on the UK's new Dreadnought class of submarine, a very significant and strategically important programme as well as significant orders across the Group for communications, torpedo launch systems and fire control systems for the New Zealand, Canadian and Australian navies respectively.

The Group's directors have long experience of operating in the defence sector and have contacts and working relationships with senior customers in the UK and internationally that would be hard for independent smaller businesses to establish. Our six operating businesses, while remaining operationally independent, have formed close working relationships with each other and benefit from sharing technical capabilities, customer relationships and market knowledge within the bounds imposed by our various confidentiality obligations. We will continue to work to promote the Group's services and products in wider markets, including through a joint presence at major exhibitions and targeted business development visits.

These strategies have generated long-term customer relationships and good opportunities that give us confidence that we can continue to win substantial new business in the years ahead.

Looking forward, this year has begun well with some key export wins for ground based air defence systems and upgrades to existing submarine platforms, both in Europe. After some considerable delay due to a protracted procurement process, we have secured the first of what we hope will be several long-term development and delivery contracts from the Portuguese armed forces.

Acquisitions

Alongside our organic growth strategy, we continue to see opportunities to accelerate our progress by making further targeted value enhancing acquisitions. We believe that there are good businesses in the UK and overseas that would thrive under Cohort ownership, whether as standalone members of the Group or as "bolt-in" acquisitions to our existing subsidiaries.

The most likely candidates for bolt-in acquisitions are businesses with capabilities and/or customer relationships that are closely linked to one of our existing subsidiaries. We would expect to integrate an acquired business of this nature fully within the relevant subsidiary. This could lead to both cost savings and benefits from shared access to markets and technologies.

For standalone acquisitions we are looking for agile, innovative businesses that have reached a stage of development where there will be mutual benefit in joining Cohort. It is likely that candidates will be operating in the defence and security markets either in the UK or internationally, and broadly within the capabilities of one of our divisions, as that is where the Group can add most value. Growth prospects, sustainable competitive advantage, and the ability to operate as part of a publicly quoted UK group will all be important.

We have reviewed a significant number of possible acquisitions over the last year, in some cases leading to active discussions. Our experienced executive team is conscious of the various potential risks that arise from acquisitions and takes a careful approach, with only a small proportion of the opportunities we see being brought to fruition. When we do identify an opportunity that we believe to be value creating, the close involvement of our senior team means we can be very flexible in terms of transaction structure and quick in decision making. That gives us some advantage compared to slower-moving competitors, even if they have larger resources available.

Maintain confidence

Cohort's management approach is to allow its subsidiary businesses a significant degree of operational autonomy to develop their potential fully. At the same time, we provide rigorous financial and strategic controls at Group level to manage and control risks and ensure legislative and regulatory compliance. Our experience is that our customers prefer to work with businesses where decision making is streamlined and focused on solving their immediate problems. This model provides us with a degree of competitive advantage over some larger rivals where the decision-making process can be more extended. It is also cost effective as it avoids the need for additional layers of management involved in coordination activities and for a large headquarters team. High-calibre employees find our business model attractive and more rewarding as it allows them to be involved in decisions affecting the business, even at a relatively junior level, rather than being constrained to a narrow or purely technical role. This positions us well with customers where such attributes are highly valued.

Our head office function continues to provide commercial support to the subsidiaries, particularly for export business, and assists in dealing with the ever-growing tide of compliance requirements. This includes increasingly wide and onerous external audit requirements, which are reflected in rising audit fees, and the need for external support for environmental and other reporting.

Addressing new markets through partnerships

Countering the drone threat

The war in Ukraine has been characterised by the deployment of thousands of drones for surveillance, artillery guidance and delivering ordnance. Countering these fast-moving and agile drones requires new ground based air defence (GBAD) systems which can quickly identify and neutralise the incoming threat.

Chess's strategy is to build upon its combat proven technologies and platforms, tailoring them to meet the evolving threats of modern warfare. As an existing class-leading supplier of electro-optical fire control and targeting systems, Chess was well placed to develop a wide range of solutions to address the expanding scope of GBAD requirements. The well-established SeaEagle naval tracking system was adapted to meet the requirements of mobile land platforms. Developments included modifications to the tracking and stabilisation system, new sensors, land gun interfacing and specific ruggedisation and size improvements. These addressed the growing need for mobile multipurpose weapon systems to counter the increasing threat of drones.

A key pillar of Chess's strategy is to partner closely with its prime contractor customers to make a real contribution to successful product development. Positioning Chess as a key differentiating element of an overall GBAD solution has allowed it to expand into this high growth area.

Chess has also evolved its existing Hawkeye multi-sensor product family to provide a Counter Uncrewed Air System (CUAS) capability with the latest in sensor detection and jamming technology. The new system integrates micro-doppler radar, passive radio frequency detection, acoustic and optical sensors to maximise the probability of drone detection and minimise false alarm rates. The electro-optical subsystem comprises daylight and thermal cameras with a laser range finder and employs Chess's proprietary AI-powered Deep Embedded Feature Tracking (DEFT) algorithm to detect and track drones. The system can then slew a multi-band jammer capable of disrupting navigation and control signals to a target at a range of several kilometres.

Both developments are contributing to Chess's strategic objective of growing its land domain fire control business line.

Cooperating internally for growth

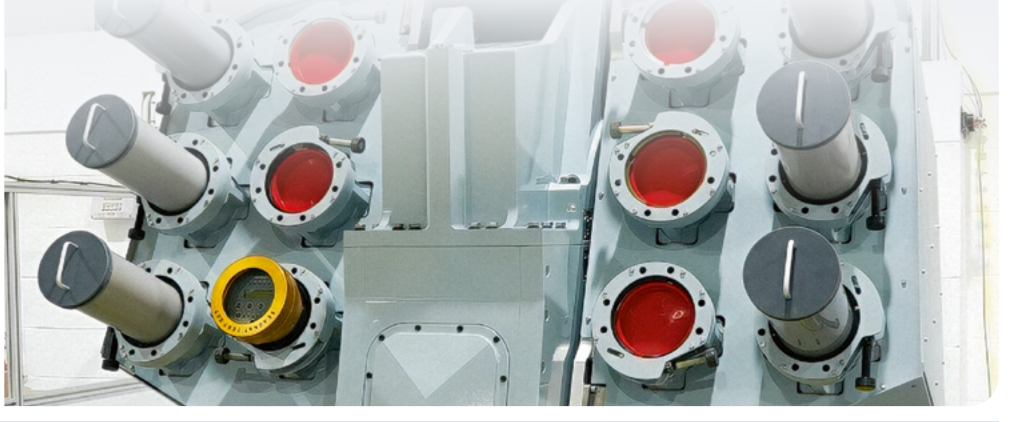
Enhancing the survivability of naval vessels

SEA has a long-standing history of supplying decoy launchers for naval vessels to provide protection against missile attack. However, the effectiveness of the traditional fixed position decoy launcher has been materially reduced as a result of the large investment in advanced anti-ship missiles being made by countries including China and Russia. Due to the speed of these threats, the time taken from identification of an incoming missile to the deployment of the decoy into the best location relative to the platform significantly reduces their effectiveness. This has resulted in a paradigm shift in countermeasure performance in the contemporary maritime electromagnetic warfare landscape.

SEA responded to this threat by developing Ancilia, a trainable decoy launcher, ahead of its competitors. The product is a step-change in technology as it removes the need to manoeuvre the vessel to counter incoming missile threats. The ability to fire multiple decoy types in varying positions provides a truly flexible countermeasures solution.

The development of Ancilia demonstrated the strategic value of close cooperation between two Cohort companies to solve a customer problem. Chess contributed its expertise in the design of high-performance turntables on naval platforms. Both companies invested in rapid and focused development, collaborating in a creative and innovative way to mature the product to the appropriate technology readiness level. The team drove the Ancilia design to be as compact and lightweight as possible so that Ancilia can be easily accommodated and rapidly installed on a wider array of vessels, enhancing its export potential.

SEA has been awarded a £135m contract for Ancilia by the UK MOD to provide the Electronic Warfare Countermeasures Increment 1a capability to the Royal Navy as part of its Maritime Electronic Warfare Programme (MEWP). It is the largest order a Cohort company has received to date and is a major contributor to SEA's strategic objective of growing its ship and fleet protection business line globally.



Competing through innovation

Increasing the effectiveness of submarine surveillance

For many years, hunter-killer submarine commanders have been asking ELAC SONAR to help increase the combat power of their boats through more timely detection and rapid localisation of hostile contacts long before their own boat is detected. This has become more challenging as submarines have become much quieter. A solution to the problem is to increase the size of the hydroacoustic sensor arrays.

ELAC SONAR has developed an innovative Vertical Aperture Sonar (VAS) ahead of the competition. In competing systems, the hydrophones are arranged on each side of a submarine in the horizontal plane only. The VAS system uses a large number of hydrophones to provide several thousand channels in both the horizontal and vertical planes. It consists of over a hundred modules covering a length of around 40m on both sides of the submarine. All channels are now digitised outside of the submarine's pressure hull under extreme conditions of pressure, salt water, widely fluctuating temperatures and water flow. VAS incorporates matched field processing, a new technique incorporating environmental information into the signal processing algorithms. This means that localisation and depth estimation of targets is possible much more rapidly without the manoeuvre changes required for classical target motion analysis approaches. Submarine operations are increasingly taking place in shallow waters where acoustic transmission is particularly affected by the properties of the ocean. The improved localisation capability of VAS is especially useful in this environment. The system has also been optimised to take account of the limited power and cooling available on non-nuclear submarines. ELAC SONAR has successfully tested VAS and is the only company producing exportable systems using match field processing.

The VAS innovation is a key enabler in meeting ELAC SONAR's strategic objective to grow its Sphere based large sonar system business line by helping to drive sales and increase market share globally.

KEY PERFORMANCE INDICATORS

Measuring our progress

Good progress in KPIs.
Cash conversion consistently strong.

Change in revenue

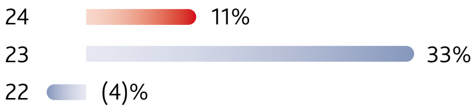
Indicates the change in total Group revenue compared with prior years.

Why is it important?

Revenue growth gives a quantified indication of the rate at which the Group's business activity is expanding over time.

RESULTS

11%



Comment on results

The Group revenue was up on last year, increasing from £182.7m to £202.5m with strong contribution from the Sensors and Effectors division.

Change in adjusted operating profit

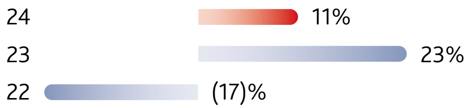
Change in Group operating profit before exceptional items, amortisation of other intangible assets, research and development expenditure credits and non-trading exchange differences, including marking forward exchange contracts to market.

Why is it important?

The adjusted operating profit trend more accurately captures the business' contribution to shareholder value than a pure cash measure. It is also an indication of whether additional revenue is being gained without profit margins being compromised.

RESULTS

11%



Comment on results

On the back of the higher revenue, the trading result of the Group improved by a similar level.

Order book visibility

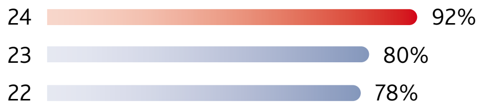
Orders for the next financial year expected to be delivered as revenue, presented as a percentage of market revenue forecasts for the year as at 30 April 2024.

Why is it important?

Order book visibility, based on expected revenue during the year to come, provides a measure of confidence in the likelihood of achievement of future forecasts.

RESULTS

92%



Comment on results

This is a further improvement on the last three years, reflecting the continuing progress in the size and longevity of the order book, with orders now stretching out to 2037 (2023: 2032). The order book cover for 2024/25 had further increased to over 95% by mid-July 2024.

KEY PERFORMANCE INDICATORS CONTINUED

Change in adjusted earnings per share

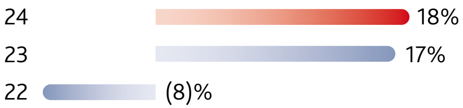
Annual change in earnings per share, before exceptional items, amortisation of other intangible assets and non-trading exchange differences including marking forward exchange contracts to market, all net of tax.

Why is it important?

Change in adjusted earnings per share is an absolute measure of the Group's return to shareholders (net of tax and interest).

RESULTS

18%



Comment on results

The 18% increase compares to an 11% increase in the adjusted operating profit, reflecting a lower tax rate due to overseas R&D tax credits.

Operating cash conversion

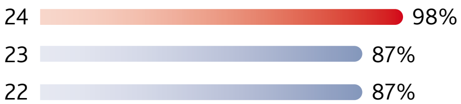
Net cash generated from operations (net of interest and net capital expenditure) before tax as compared to the profit before tax and interest, excluding amortisation of other intangible assets over a rolling four-year period.

Why is it important?

Operating cash conversion measures the ability of the Group to convert profit into cash.

RESULTS

98%



Comment on results

The conversion in the last year improves a high conversion ratio of the last two years and was as a result of strong cash control in the Sensors and Effectors division. We expect the cash conversion in the coming year to decline slightly as the capital expenditure at ELAC SONAR for its new facility reaches a peak.

International revenue

Total sales to markets outside the UK, Germany and Portugal.

Why is it important?

International markets are important to the organic growth of the business and reduce our dependence on domestic markets.

RESULTS

£74.5m

Comment on results

The increase in 2024 export revenue is driven by higher export sales in Sensors and Effectors, especially for naval customers of SEA.

Technology innovation that protects us all

Andrew Thomis
Chief Executive

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

In this review the focus is on the adjusted operating profit of each division, which we consider to be a more appropriate measure of performance year on year. The adjusted operating profit is reconciled to the operating profit in the Consolidated income statement, and this is broken down by reporting segment in note 1.

The adjusted operating profit margin (net margin) of the Group was 10.4%, in line with that achieved in 2022/23. The net margin was slightly lower in Communications and Intelligence with lower UK MOD sales at MCL partly offset by the slightly better performance at EID, which made a smaller loss than last year. In Sensors and Effectors, the net margin was higher. This was mostly driven by the significantly improved performance at Chess, partly offset by a weaker mix at SEA.

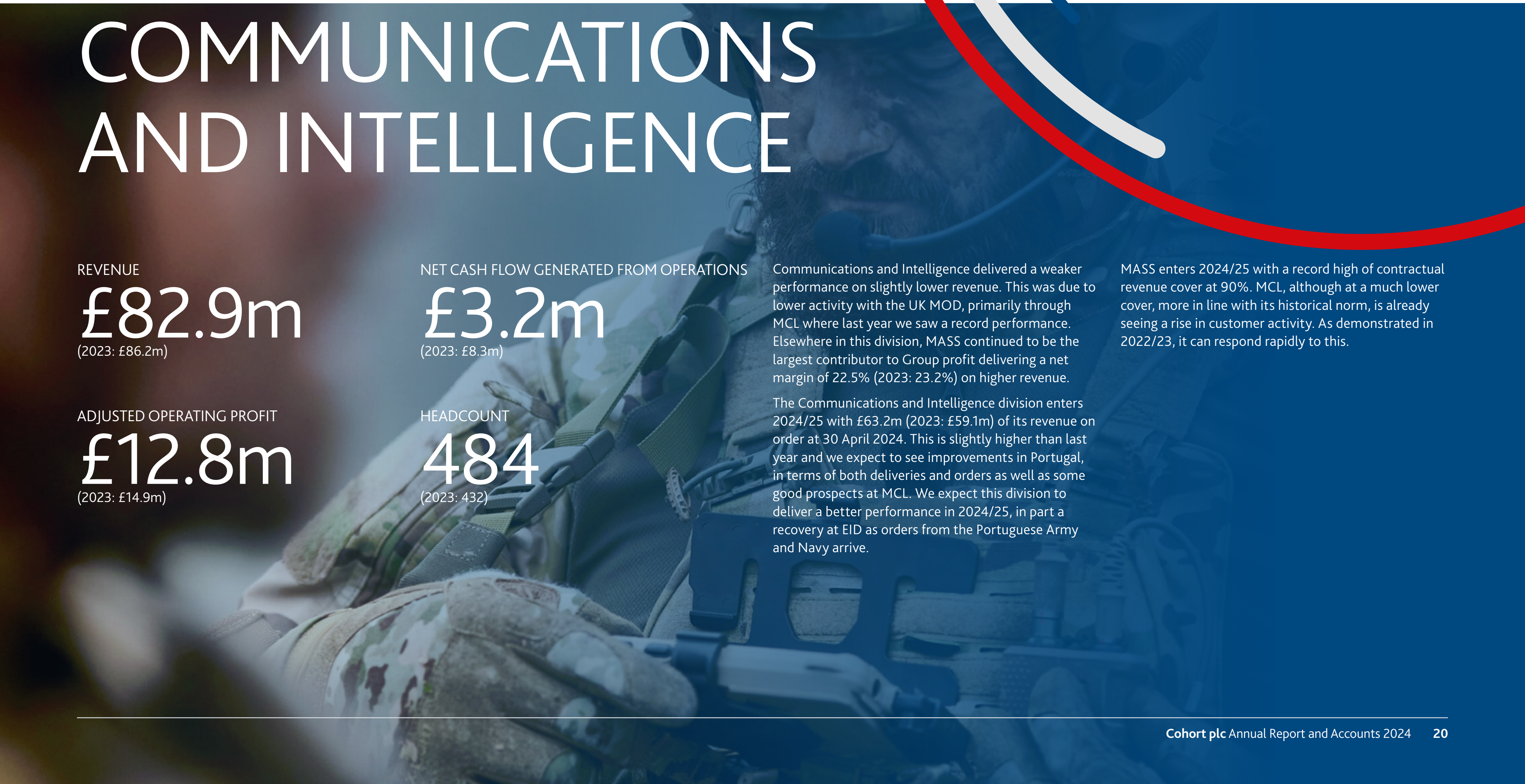
As we have indicated previously, we are expecting these net margins to increase over the mid-term. We expect Sensors and Effectors to be able to yield net margin percentages in the mid-teens. This should be achieved from the delivery of the strong order book, especially at SEA, with the overhead footprint of the SEA and Chess businesses now established at a suitable level to deliver their current order books for the next few years. At ELAC SONAR, the last few years have seen cautious trading on the Italian sonar project as it progresses through its development phases, holding ELAC SONAR's net margins down. Early production work has now commenced, and this will begin in earnest in 2024/25. We will review the approach to project margin as major milestones are achieved.

In the Communications and Intelligence division, MASS continues to deliver net margins in excess of 20% and we expect that to continue. As expected, MCL's net margin fell back from its high of last year as its volume reverted to a lower level. MCL's net margin is typically low double digit with the occasional uplift. EID has traded poorly for the last few years and posted another loss albeit smaller than last year. The net margin for EID remains unacceptably low. With the first of the expected new orders now received this should begin to recover in the current year. Overall, we expect the Communications and Intelligence division to deliver a net margin percentage in the high teens.

When the above are combined with the central costs, we are targeting an overall net margin for the Group in the mid-teens percent in the next three to five years.

Adjusted operating profit by reporting segments:

	Adjusted operating profit		Adjusted operating margin	
	2024 £m	2023 £m	**2024 %**	2023 %
Communications and Intelligence	**12.8**	14.9	**15.6**	17.3
Sensors and Effectors	**12.8**	9.4	**10.5**	9.7
Central costs	**(4.5)**	(5.2)	**—**	—
	21.1	19.1	**10.4**	10.4



COMMUNICATIONS AND INTELLIGENCE

REVENUE
£82.9m
(2023: £86.2m)

NET CASH FLOW GENERATED FROM OPERATIONS
£3.2m
(2023: £8.3m)

ADJUSTED OPERATING PROFIT
£12.8m
(2023: £14.9m)

HEADCOUNT
484
(2023: 432)

Communications and Intelligence delivered a weaker performance on slightly lower revenue. This was due to lower activity with the UK MOD, primarily through MCL where last year we saw a record performance. Elsewhere in this division, MASS continued to be the largest contributor to Group profit delivering a net margin of 22.5% (2023: 23.2%) on higher revenue.

The Communications and Intelligence division enters 2024/25 with £63.2m (2023: £59.1m) of its revenue on order at 30 April 2024. This is slightly higher than last year and we expect to see improvements in Portugal, in terms of both deliveries and orders as well as some good prospects at MCL. We expect this division to deliver a better performance in 2024/25, in part a recovery at EID as orders from the Portuguese Army and Navy arrive.

MASS enters 2024/25 with a record high of contractual revenue cover at 90%. MCL, although at a much lower cover, more in line with its historical norm, is already seeing a rise in customer activity. As demonstrated in 2022/23, it can respond rapidly to this.

SENSORS AND EFFECTORS

REVENUE
£119.6m
(2023: £96.5m)

NET CASH FLOW GENERATED FROM OPERATIONS
£21.5m
(2023: £5.9m)

ADJUSTED OPERATING PROFIT
£12.8m
(2023: £9.4m)

HEADCOUNT
805
(2023: 682)

The Sensors and Effectors division delivered a much improved operating performance on significantly higher revenue. Revenue grew at all three businesses in the division, with SEA and Chess also showing strong profit growth.

The division saw growth in revenue to export customers, including in Europe, South America, Canada and the Asia Pacific region. Following significant order wins last year from customers in Germany and the UK, revenue increased to these two countries and going forward, as a result of the Ancilia contract, the UK MOD revenue will continue to rise. Other significant orders included follow on orders for Italy and New Zealand and new orders for Canada and Australia as well as a range of other European and Asia Pacific customers.

Looking forward, this division is well underpinned for 2024/25 with over £120.9m (2023: £83.6m) of revenue on order at 30 April 2024. The significant order book and good prospects, some of which have already been secured, gives us confidence that this division will grow in the coming few years. Over that period we expect that its net margin, as a percentage, should rise into the early teens.

The amount of activity between our businesses has grown in the year, as typified by SEA and Chess' collaboration on the Ancilia product and subsequent winning of the MEWP project for the Royal Navy, and we expect that to continue. We will ensure that the necessary coordination and oversight to manage this is provided both within the respective businesses and from our head office to ensure that we are able to deliver these more complex programmes while maintaining the autonomy and agility that are so important for our operating businesses.

Andrew Thomis
Group Chief Executive

Record operating performance

Simon Walther
Finance Director

"Record revenue driven by exports. Record order intake and a record closing order book, dominated by Sensors and Effectors."

Revenue analysis

The Group reports its segmental revenue through its two divisions: Communications and Intelligence; and Sensors and Effectors.

The revenue for the Group is also analysed into three separate breakdowns:

1. market (and geography) (see table below);
2. product or service (see table below); and
3. domain (see "Our markets" section).

The Group revenue continues to be dominated by defence and security customers with £191.6m (2023: £169.8m) delivered to these markets, 95% of Group revenue (2023: 93%).

Overall, the Group increase in revenue has been driven by an increase in export and activity with our domestic customers in Germany and Portugal. UK MOD revenue decreased slightly to £96.8m (2023: £98.5m), but as a proportion of Group revenue was lower at 48% (2023: 54%) due to the increase in exports.

Export defence markets grew by 23% (2023: 20%), and as a proportion of the overall revenue increased from 32% last year to 36% this year. The increase was in deliveries to European customers, mostly land domains, and, as expected, into Asia Pacific for naval customers.

In our other domestic markets, as expected we again saw growth in both Portugal and Germany. In Portugal, EID's revenue reflects the current importance of its domestic customer. Depending upon the timing of orders we expect this revenue to grow and remain an important element of EID's revenue stream over the next few years.

Non-defence revenue, including transport and legacy hydroacoustic products, was slightly lower. Both are reported within Sensors and Effectors.

REVENUE
£202.5m
(2023: £182.7m)

ADJUSTED OPERATING PROFIT
£21.1m
(2023: £19.1m)

CASH GENERATED FROM OPERATIONS
+£29.6m
(2023: +£17.9m)

The Group continues to see the larger proportion of its revenue from product (hardware and/or software). The increase in the absolute revenue this year was driven by export orders, especially naval systems to Asia Pacific and Europe partly offset by the expected decline at MCL. The service element of the Group's revenue increased from last year, driven by higher revenue at MASS and a marked increase in support work to the Royal Navy at SEA. In the past, the service revenue has typically been around 40%; this has fallen in recent years as the product and systems activity, especially at Chess, ELAC SONAR and SEA, has increased. Going forward, we continue to work on increasing the support and services work at Chess and EID.

The Group's revenue this year has driven an increase in statutory gross margin percentage from 36% to 38%. The main cause of the increase in statutory reported gross margin was an improvement in margins in Sensors and Effectors, particularly at Chess where the changes we made have seen it close out most of its legacy low margin projects and improve its margins on new work. ELAC SONAR's gross margin was consistent with last year. SEA's gross margin was also slightly weaker due to the mix of work, especially an export contract containing a large element of sub-contractor effort which we expect to completely close out in 2025/26.

In Communications and Intelligence, the gross margin saw improvement at MCL due to mix and weaker margin at EID due to more deliveries to its domestic customer. MASS was unchanged.

The analysis of the Group's revenue by domain is set out in the Our markets section. This shows that the Group's revenue is dominated by maritime and land, a combined 78% of Group revenue (2023: 78%). The next significant area is Joint and Strategic at 10% (2023: 8%) which is mostly Communications and Intelligence support to the UK's Joint Warfare capability. The growth in maritime is due to an increase in exports in Sensors and Effectors, mainly SEA. Land domain has fallen back from its peak last year due to the expected fall back to more historically normal levels at MCL in Communications and Intelligence. Going forward, we expect the maritime domain to remain dominant although we should see growth in other security work, albeit a small element of the overall Group revenue.

Revenue by market and geography

	Communications and Intelligence		Sensors and Effectors		Group			
	2024 £m	2023 £m	**2024 £m**	2023 £m	**2024 £m**	**%**	2023 £m	%
Direct to UK MOD	**58.0**	62.1	**10.7**	0.2	**68.7**	**34**	62.3	34
Indirect to UK MOD where the Group acts as a sub-contractor or partner	**5.0**	7.3	**23.1**	28.9	**28.1**	**14**	36.2	20
Total UK defence	**63.0**	69.4	**33.8**	29.1	**96.8**	**48**	98.5	54
UK security	**3.6**	3.7	**—**	—	**3.6**	**2**	3.7	2
UK other (non-defence and security)	**0.1**	—	**8.2**	7.4	**8.3**		7.4	
Total UK	**66.7**	73.1	**42.0**	36.5	**108.7**		109.6	
Portuguese defence and security	**10.3**	4.9	**—**	—	**10.3**	**5**	4.9	3
German defence and security	**0.3**	—	**8.7**	4.3	**9.0**	**4**	4.3	2
Total non-UK domestic defence and security	**10.6**	4.9	**8.7**	4.3	**19.3**	**9**	9.2	5
Export defence and security								
– Other European countries	**1.1**	2.1	**36.4**	33.7	**37.5**		35.8	
– Asia Pacific and Africa	**4.4**	5.7	**24.4**	12.3	**28.8**		18.0	
– North and South America	**0.1**	0.4	**5.5**	4.2	**5.6**		4.6	
Total export defence and security	**5.6**	8.2	**66.3**	50.2	**71.9**	**36**	58.4	32
Export other (non-defence and security)	**—**	—	**2.6**	5.5	**2.6**		5.5	
	82.9	86.2	**119.6**	96.5	**202.5**	**100**	182.7	100

Revenue by type of deliverable

	Year ended 30 April 2024		Year ended 30 April 2023	
	£m	**%**	£m	%
Product	**148.4**	**73**	140.8	77
Communications and Intelligence	**45.1**	**22**	53.8	29
Sensors and Effectors	**103.3**	**51**	87.0	48
Services	**54.1**	**27**	41.9	23
Communications and Intelligence	**37.8**	**19**	32.4	18
Sensors and Effectors	**16.3**	**8**	9.5	5
Total revenue	**202.5**	**100**	182.7	100

Operational outlook

Order intake and order book

	Order intake		Order book	
	2024 £m	2023 £m	**2024 £m**	2023 £m
Communications and Intelligence	**64.3**	94.5	**108.0**	126.7
Sensors and Effectors	**327.8**	126.4	**410.7**	202.4
	392.1	220.9	**518.7**	329.1

The increase in the Group's order book reflects the very strong order intake in Sensors and Effectors. As expected, the Communications and Intelligence order intake was lower than last year, which was impacted by very high activity seen last year at MCL.

The 2023/24 order intake was 194% (2023: 121%) of the Group's revenue for the year.

The revenue on order (order cover) for the coming year was over 90% (2023: 80%) as at 30 April 2024, based on the latest external revenue forecasts. This had risen to over 95% in July.

The Group's order intake and order book are the contracted values with customers and do not include any value attributable to frameworks or other arrangements where no enforceable contract exists. The order intake and order book take account of contractual changes to existing orders including extensions, variations and cancellations.

Communications and Intelligence

Order intake at Communications and Intelligence was 32% lower than last year and represented 78% of its annual revenue for 2023/24 (2023: 110%). The lower order intake was a result of MCL coming off of its record performance of last year. Elsewhere in this division, MASS has continued to deliver on its long-term contracts which are not due for renewal until 2026 at the earliest. This results in an expected step down in the order book from year to year and the order cover against revenue being lower between renewal years. EID had another weak year of order intake, but we expect a stronger order inflow in 2024/25 as orders are received from its domestic customer.

This division is dominated by activity with the UK MOD where £41.1m of its order intake (2023: £70.4m) was ultimately intended for that customer. The decrease was at MCL following high demand last year for communication equipment including hearing protection and intercoms. Important orders secured in the year included renewals and extensions of long-term contracts for our support to the UK's Joint Forces Command (£8.5m), electronic warfare capability and the UK's strategic deterrent. The Group has been providing services in all these areas for several decades.

Orders from other UK Government security departments was £13.5m (2023: £3.4m), primarily in cyber services that MASS provides.

Sensors and Effectors

Order intake at Sensors and Effectors was very strong, 159% higher than last year at £327.8m, representing 272% of its 2023/24 annual revenue (2023: 131%). The much higher order intake reflects the large long-term contracts secured by SEA and continuing good momentum at Chess.

This year was dominated by the large order (over £135m) for our Ancilia system from the Royal Navy. This order will supply and support systems for seventeen surface ships and runs until 2037. Other important Royal Navy work included orders for the next batch of Type 26 frigates and the Dreadnought submarines. In export markets, the division secured various product orders for Australia and Canada (Type 26) and New Zealand (ANZAC frigates). SEA also secured an important export customer for its Anti-submarine Warfare system based on its thin-line towed sonar array, Krait.

In Europe we continue to win work, including orders of nearly £7m for the German Navy. A follow-on order for the Italian sonar programme (Boat 3) was received by ELAC SONAR, endorsing its solution for the new class of Italian submarines.

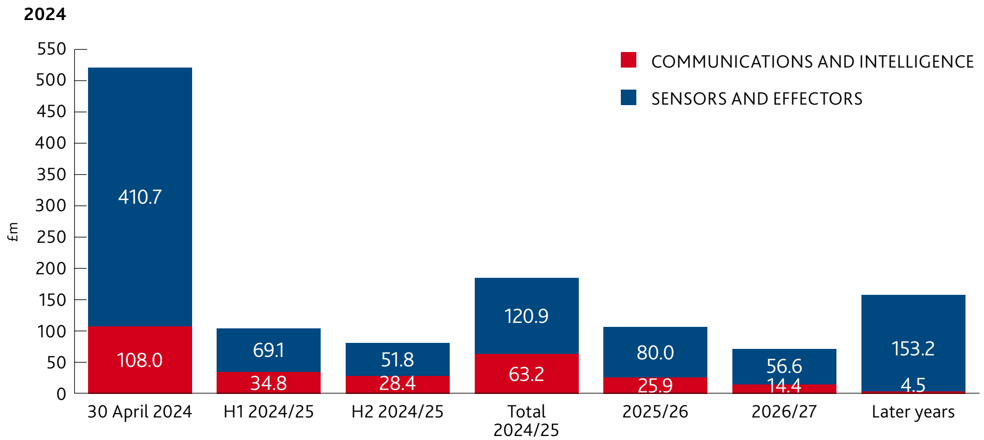
We continue to see good prospects in the maritime domain for our products, both in export markets as well as our domestic markets, and the success of Ancilia adds to this pipeline.

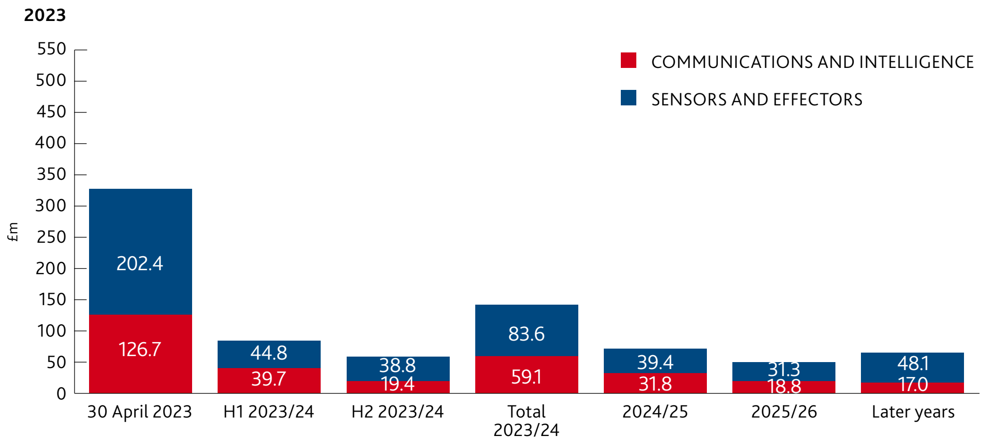
In the land domain, Chess has seen a marked increase in demand for its stabilised fire control and tracking systems, particularly in countering drones as part of ground-based air defence solutions. This demand is mostly focused in Europe and Chess secured around £17m of orders with some good prospects for the coming year and beyond.

Sensors and Effectors continued

Delivery of the Group's order book into revenue

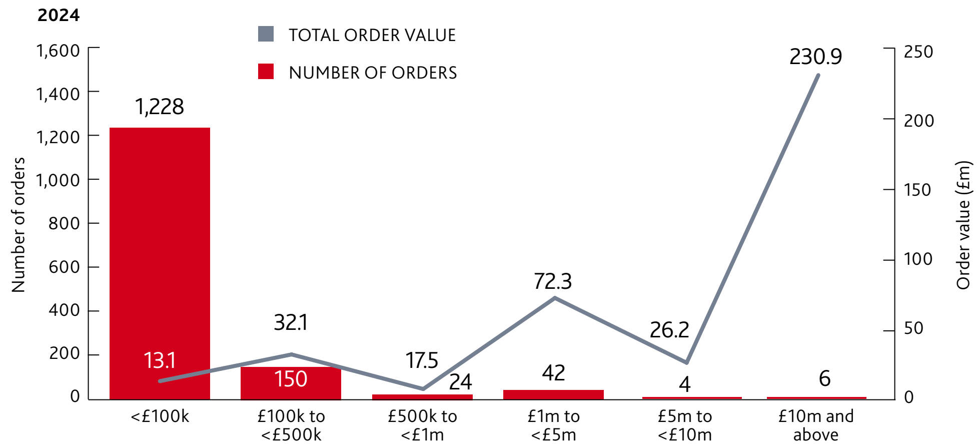
The table below shows the expected delivery of future revenue from the current order book.

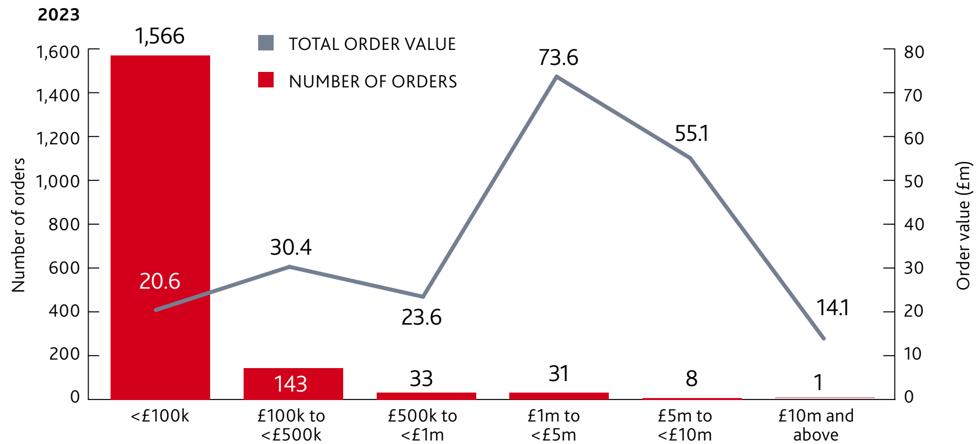




"The Group order book underpins over 90% of the 2023/24 latest analyst forecasts for revenue. This has increased to over 95% in July."

Order intake analysis





Sensors and Effectors continued

Delivery of the Group's order book into revenue continued

Cohort's order book has again increased in size and lengthened in duration. We already have on order for delivery in 2024/25 over 90% of the external expectations for the year. The order book for Sensors and Effectors is both larger and longer than for Communications and Intelligence, which is what we expect with the greater proportion of long-term delivery projects for naval customers. In Communications and Intelligence, the longevity of the order book is dominated by the multi-year support contracts for the UK MOD through MASS, the first of which is due for renewal in 2026.

The short-term nature of some of the business in Communications and Intelligence, especially the product delivery of MCL and the shorter delivery contracts in training and cyber by MASS, means that this division will typically enter a financial year with less revenue on order. This work is often short in duration. We do expect to see some increase in the longevity of this division's order book in the coming year when anticipated orders for the Portuguese Navy arrive.

Sensors and Effectors has a number of large multi-year programmes, both for delivery and support, with work now stretching out to 2037. The prospects for this division in the coming year to further increase the size of the order book are good, both in the UK and export markets.

The Group's businesses are not dependent upon a single critical order to achieve their respective revenue targets for 2024/25. The Group infill for the coming year of under 10% is a historically low level and this had further reduced to under 5% in July 2024.

We introduced last year an analysis of the number of orders secured by a range of order size. This is shown in the "Order intake analysis" chart on page 25. This shows that 95% (2023: 95%) of the Group's orders (by number) secured are of less than £0.5m in value, accounting for 11% (2023: 23%) of the Group's total order intake value. The remaining 5% of orders account for nearly 90% (2023: 77%) of the Group's total order value. The Ancilia order secured by SEA in March 2024 (announced at £135m) has distorted some of the value comparatives but as we have seen over the last few years, the Group is winning more large individual orders. This year it has won ten (2023: nine) orders larger than £5m and a total order value of £257.1m (2023: £69.2m). As a policy, we usually only announce individual orders with a value of over £10m.

Funding resource and policy

At 30 April 2024, the Group's cash and readily available credit was £58.1m (2023: £50.6m). A very high proportion of our ultimate customers are governments or government agencies, with a clear need to invest in defence and security. The international and domestic security environment still calls for greater resources to be devoted to defence and counterterrorism in the UK and many other countries, especially in light of continuing events in Ukraine and rising tensions in the South China Sea. As already mentioned, over 90% of our revenue (based on latest analyst forecasts) for 2024/25 was on contract at 30 April 2024, providing further assurance, and this has since increased to over 95%. The Board therefore considers the Group to be a going concern.

As set out in our capital allocation policy, the Group retains a robust financial position and continues to be cash generative, enabling it to continue to invest in internal R&D and other value-adding projects on a carefully considered basis as well as maintaining its progressive dividend policy. The Group's cash position and banking facility also provide it with the resources to conduct its acquisition strategy.

The Group completed a renewal of its banking facility on 18 July 2022. The facility was initially for three years to July 2025, and this has been extended, again, following exercise of an option, in May 2024, to July 2027. The revolving credit facility (RCF) is for an initial £35m with an option (accordion) to draw a further £15m. The facility is provided by three banks: NatWest, Lloyds and Commerzbank. There are no further options to extend this current facility and we will enter discussions with our banks in 2025/26 to renew the facility which is due to expire July 2027.

The Group's bank borrowings have been reported as due after one year as the facility in place as at 30 April 2024 was due to expire in July 2026.

NatWest is the Group's primary bank in the UK, especially for clearing purposes and day-to-day transactions. Commerzbank undertakes a similar role in Germany for ELAC SONAR.

The Group's facility in place as at 30 April 2024 was for £35m, of which £16.5m was drawn, leaving £18.5m available to be drawn down. The facility itself provides the Group with a flexible arrangement to draw down for acquisitions and overdraft. The Group's banking covenants were all passed for the year ended 30 April 2024. Looking forward, we expect this to continue out to 31 July 2025 and beyond.

The facility is available to the UK and German members of the Group and is fully secured over the Group's assets. EID's assets are excluded but the shares that the Group owns in EID are included as part of the Group's security package with the banks.

In the UK, the Group has separate bilateral facilities with each of NatWest and Lloyds for instruments such as forward exchange rate contracts, bank guarantees and letters of credit. In addition, the Group is free to arrange such facilities with other banks where pricing and operational efficiency warrant it. For example, we have a forward exchange facility with Investec Bank. The Group has a bilateral facility in place with Commerzbank for provision of similar banking instruments to ELAC SONAR in Germany.

The Group takes a prudent approach to treasury policy with its overriding objective being protection of capital. In implementing this policy, deposits are usually held with institutions with credit ratings of at least Baa3. Deposits are generally held on short (less than three months) duration to maturity on commencement. This matches the Group's cash resources with its internal monthly 13-week cash forecasts, retaining flexibility whilst trying to ensure an acceptable return on its cash.

Most of the Group's UK cash (that is not on short-term deposit) is managed through a set-off arrangement, enabling the most efficient use of the Group's cash from day to day, under the supervision of the Group's finance function.

EID's bank facilities are managed locally in Portugal. The cash is spread across a number of institutions to minimise capital risk.

EID provides no security over its assets and its wide range of banks enable it to be well supported in executing export business, specifically in respect of foreign exchange contracts, guarantees and letters of credit.

EID has a local overdraft facility of €2.5m with Santander. This was undrawn as at 30 April 2024.

The Group regularly reviews the ratings of the institutions with which it holds cash and always considers this when placing a new deposit.

The Group's net funds at 30 April 2024 were £23.1m (30 April 2023: £15.6m), better than expected due to a marked improvement in working capital management at MCL and SEA and lower capital expenditure spend on its new facility by ELAC SONAR due to adverse winter weather. The increase in activity and order book has resulted in a marked increase in both the Group's trade and other receivables and trade and other payables. The impact is minimal with an increase of only £1.3m in net trade related liabilities since last year.

Looking forward, we expect the Group's net funds at 30 April 2025 to be lower, as the timing advantage is expected, in part, to unwind. We expect to see the impact of greater expenditure on the facility work in Germany and also the recently completed purchase of Interactive Technical Solutions for £3.0m in cash. As at 30 April 2024 the Group had invested £4.1m in the new German facility with a further £10.0m due to be spent in the current year.

The Group expects to see an increase in net funds by 30 April 2026 from 2025, if there is no further corporate activity.

Funding resource and policy continued

In addition to its cash resources, the Group has in issue 41.6m ordinary shares of 10 pence each. Of these shares 0.9m (2023: 0.7m) are owned by the Cohort plc Employee Benefit Trust (EBT), which waives its rights to dividends. In addition, the Group has issued options over ordinary shares through Key Employee Share Option and SAYE schemes to the level of 1.9m at 30 April 2024 (2023: 1.7m).

The Group's exposure to foreign exchange risk arises from two sources:

1. the reporting of overseas subsidiaries' earnings (currently EID and ELAC SONAR) and net assets in sterling; and
2. transactions in currencies other than our Group reporting currency (£) or subsidiary reporting currency where different (currently € at EID and ELAC SONAR).

The first risk is a translation rather than a transaction risk and we do not hedge the translation of earnings.

In terms of reporting asset values, we have in place a natural hedge of borrowing in euros to acquire a euro asset (ELAC SONAR) but over time, as the asset grows and the loan diminishes, this hedge will wane.

We take a prudent approach to transactional foreign exchange risk requiring all significant sales and purchases to be hedged at the point in time when we consider the transaction to be certain, usually on contract award. We mark these forward contracts to market at each reporting date, recognising any gain or loss in the income statement.

The Group has maintained its progressive dividend policy, increasing its dividend this year by 10% to a total dividend paid and payable of 14.80 pence per share (2023: 13.40 pence).

The last five years' annual dividends, growth rate, earnings cover and cash cover are as follows:

	Dividend Pence	Growth over previous year %	Earnings cover (based upon adjusted earnings per share)	Cash cover (based upon net cash inflow from operations)
2024	**14.8**	**10**	**2.9**	**3.7**
2023	13.4	10	2.7	3.0
2022	12.2	10	2.6	3.9
2021	11.1	10	3.0	3.6
2020	10.1	11	3.7	2.8
2019	9.1	11	3.8	2.3

Looking forward the Group plans to maintain a policy of growing its dividend each year at a rate reflecting growth in earnings per share and capital requirements.

In summary, the Group's cash performance in 2023/24 was as follows:

	2024 £m	2023 £m
Adjusted operating profit	**21.1**	19.1
Depreciation and other non-cash operating movements	**3.4**	3.0
Working capital movement	**1.8**	(5.5)
	26.3	16.6
Acquisition of the non-controlling interest of Chess	**—**	(1.0)
Tax, dividends, capital expenditure, interest and other investments	**(18.8)**	(11.0)
Increase in funds	**7.5**	4.6

The higher cash outflow in tax and dividends, etc. was mostly due to tax paid (£4.6m higher), net investment in own shares of £1.1m, £0.6m higher than last year, and capital expenditure (£1.5m higher). The balance was higher dividends and a lower level of new shares issued. The higher tax payment included a payment in Germany of £2.7m (2023: nil) which was an alignment of the local tax base with IFRS. The higher capex was mostly a result of initial investment in our new German facility and certain key items of capital equipment for the Italian sonar programme. We expect the capital expenditure in the coming year on this facility build to peak as we approach completion in the summer of 2025. Looking forward, we retain the flexibility to use newly issued shares as well as EBT shares to satisfy employee share options.

The Group's customer base of governments, major prime contractors and international agencies makes its debtor risk low. The year-end debtor days in sales were 55 days (2023: 33 days). This calculation is based upon dividing the revenue by month, working backwards from April, into the trade debtors balance (excluding revenue recognised not invoiced) at the year end. This is a more appropriate measure than calculating based upon the annual revenue as it takes into account the heavy weighting of the Group's revenue in the last quarter of each year. The increase has been mostly in Sensors and Effectors due to high deliveries at the year end, particularly in Canada.

Tax

The Group's tax charge for the year ended 30 April 2024 of £4.5m (2023: charge of £2.7m) was at a rate of 22.9% (2023: 19.2%) of profit before tax. This includes a current year corporation tax charge of £6.4m (2023: £3.2m), a prior year corporation tax credit of £0.6m (2023: £0.4m) and a deferred tax credit of £1.3m (2023: £0.1m), mostly in respect of the current year.

The Group's overall tax rate of 22.9% was below the standard UK corporation tax rate of 25.0% (2023: 19.5%). The decrease is due to an R&D credit recognised in Portugal, as there was in 2023, partly offset by a higher contribution from Germany (at 31.6%).

The Group has reported research and development expenditure credits (RDEC) for the UK in accordance with IAS 20 and shown the credit of £2.9m (2023: £0.9m) in cost of sales and adjusted the tax charge accordingly. The RDEC has been reversed in reporting the adjusted operating profit for the Group to ensure comparability of operating performance year on year.

Looking forward, the Group's effective current tax rate (excluding the impact of RDEC reporting) for 2024/25 is estimated at less than 20% compared with 13% of the pre-RDEC adjusted operating profit less interest for 2023/24. The Group maintains a cautious approach to previous R&D tax credit claims for tax periods that are still open, currently 2022/23 and 2023/24 as well as the potential outcome of a tax audit in Portugal.

Adjusted earnings per share

The adjusted earnings per share (EPS) of 42.89 pence (2023: 36.48 pence) are reported in addition to the basic earnings per share and exclude the effect of amortisation of intangible assets and exchange movement on marking forward exchange contracts to market, all net of tax.

The adjusted earnings per share exclude non-controlling interest of EID (20%). The reconciliation from last year to this year is as follows:

	Adjusted operating profit £m	Adjusted earnings per share Pence
Year ended 30 April 2023	19.1	36.48
100% owned businesses throughout the year ended 30 April 2024	1.4	3.02
Impact of businesses with minority holding	0.6	1.04
Change in tax rate (excluding RDEC): 12.7% (2023: 14.8%)	—	0.93
Other movements including interest and lower weighted average share capital	—	1.42
Year ended 30 April 2024	**21.1**	**42.89**
Increase from 2023 to 2024	11%	18%

The adjustments to the basic EPS in respect of exchange movements and other intangible asset amortisation of EID only reflect that proportion of the adjustment that is applicable to the equity holders of the parent.

Accounting policies

There were no significant accounting policy changes in 2023/24.

Simon Walther
Finance Director

Our stakeholders

Stakeholders are those groups likely to be affected by the actions of a company, or whose actions can affect the operation or business model of the company. The Board has identified the Group's key stakeholders and has taken the following steps to engage with them in order to inform the decisions that the Board takes about the products or services provided by the Group, its strategic direction, its relationship with its workforce and other relevant matters.

Shareholders

Who engaged:
Non-executive directors, executive directors and Company Secretary.

Key areas of interest:
Financial performance, dividends, share price, strategy, business model, remuneration and behaviours towards other stakeholders.

How we engaged:
- We released communications such as trading updates and other important announcements via a regulatory news service. We made our Annual Report available to all shareholders and other interested parties together with notices of general meetings.
- Live Q&As were hosted for shareholders after the preliminary results and interim results webcast presentations.
- Cohort hosted two investor days during the year at Chess in Horsham and at SEA in Barnstaple. Both events were well attended and provided an opportunity for engagement with members of the Cohort Board and the managing directors of the relevant subsidiaries.
- Regular meetings were held with institutional shareholders and prospective shareholders.
- We made regular updates to information in the Investors section of our corporate website.

What we have done:
- We continued to explore strategic investment opportunities for the Group and approved the acquisition of Interactive Technical Solutions by MCL.
- We further developed our reporting on the long-term executive remuneration plan in this year's Remuneration Committee report to reflect the feedback received from shareholders.
- We continued to comply with the Quoted Companies Alliance Corporate Governance Code (the QCA Code) and have committed to applying the new 2023 QCA Code from 1 May 2024.
- We were awarded the Small Cap Network Investor Relations Success Award 2024 for consistent and transparent communication with shareholders and the award for Dividend Hero of the Year.

FURTHER INFORMATION IS AVAILABLE IN: STRATEGY, CORPORATE GOVERNANCE, BUSINESS MODEL AND SUSTAINABILITY

Investor day – April 2024

Peter Lynas at Small Cap Awards collecting Dividend Hero of the Year Award

Our people

Who engaged:
Non-executive directors, executive directors, subsidiary managing directors and Group Head of HR.

Key areas of interest:
Safe working environments, development and progression, diversity and inclusion, competitive remuneration and workplace policies.

How we engaged:
- The Board visited all subsidiaries and the directors were able to tour the sites and engage with employees.
- The Board received monthly health and safety reports which included updates on safety incidents involving employees throughout the Group.
- The directors and subsidiary managing directors attended the Cohort Business Excellence Awards to commend individuals for their achievements.
- Board members contributed to Q&A sessions held for the Leadership Development Programme.
- The Board requested and received quarterly updates from the Group Head of HR to gain a better understanding of employee recruitment and retention, employee engagement and diversity and inclusion metrics across the Group.

What we have done:
- We have developed our understanding of our employees' environments and challenges, which has helped to influence our decision-making process.
- We have supported the development of the cross-Group Leadership Development Programme to nurture leadership talent. The current programme commenced in May 2024 and has 17 participants from across the Cohort Group.
- We have supported an increase in the total number of employees to 1,309 (2023: 1,132).
- We have provided the Board with reports on employee recruitment and retention across the Group on a regular basis.
- SEA, a member of UKNEST, promoting engineering, science and technology in the naval sector, is selecting candidates to participate in the FutureNEST project, which provides personal development opportunities for apprentices, graduates and young professionals in the naval and maritime sectors, and develop innovation in defence capability.
- SEA invited graduates to visit key suppliers to provide exposure to manufacturing environment opportunities as part of their career development.
- SEA held its first open recruitment event in November 2023 at the Barnstaple site giving prospective employees the opportunity to meet our experts and to give an insight into life at SEA.

FURTHER INFORMATION IS AVAILABLE IN: SUSTAINABILITY

FutureNEST visit to Navy Command HQ

Board meeting ELAC SONAR award winners

Cohort BE Awards – NROL Team

Customers

Who engaged:
Non-executive directors, executive directors and subsidiary managing directors.

Key areas of interest:
Innovative solutions, product development, long-term relationships, value and product availability.

How we engaged:
- The Board received regular updates on key customers through the monthly reporting mechanism, in the presentations to the Board meetings by the subsidiary managing directors, and through input from the subsidiary managing directors into the strategy planning.
- Members of the Board met with selected customers at the Cohort Group stand at the DSEI exhibition in London and at other events throughout the year.
- A number of the non-executive directors worked directly with the project teams in our subsidiaries to support product development to satisfy customer requirements.
- We appreciate that communication is a critical element of the product delivery process and our subsidiary management teams actively engaged with the customer, often over long-term programmes of work. This fostered strong relationships with our key customers and enabled us to understand our customers' initiatives and priorities.

What we have done:
- Through regular engagement and open communication with our customers, the Cohort Group has established a clear understanding and a responsive service which we can align to our customers' requirements; this is supported by our Group engagement principles endorsed by the Board.
- The executive directors attended a number of each subsidiary's monthly management meetings and provided support on engagement with customers.
- We continued to develop and improve key performance indicators and processes to ensure customer delivery and needs remain a priority.
- Chess developed a CGI-based video to promote its offering in the custom sector and also hosted a 30th anniversary celebration in June 2023.
- MASS used customer feedback to build its brand narrative and promoted virtual learning by providing online training courses.

FURTHER INFORMATION IS AVAILABLE IN: STRATEGY, BUSINESS MODEL AND SUSTAINABILITY

DSEI 2023

Suppliers

Who engaged:
Executive directors and subsidiary managing directors.

Key areas of interest:
Ethical and social impact, payment practices and long-term partnerships to develop innovative products and solutions.

How we engaged:
- The Board received updates on relationships with key suppliers and strategic partners through the monthly reporting mechanism and the year-end compliance reports.
- Subsidiary management visited suppliers to develop the robustness of our supply chain, and to ensure quality and timeliness of delivery.
- We engaged with our key suppliers to understand their businesses and governance arrangements as part of our due diligence process and at a number of trade exhibitions throughout the year including DSEI in London.

What we have done:
- To ensure that Cohort's business is conducted ethically, all suppliers need to comply with the principles of the Cohort policies on anti-bribery and anti-slavery.
- The executive directors attended a number of each subsidiary's monthly management meetings and provided support on engagement with key suppliers as required.
- Subsidiaries worked with our suppliers to ensure the supply chain is robust. We are continually reviewing our supply chain and stock levels to ensure we have timely supplies for our needs.
- SEA attended Make UK Defence Meet the Buyer event in Birmingham.

FURTHER INFORMATION IS AVAILABLE IN: SUSTAINABILITY

Communities

Who engaged:

Non-executive directors, executive directors and subsidiary management teams.

Key areas of interest:

Improving quality of life, environmental and social impact and diversity and inclusion.

How we engaged:

- We are committed to supporting the communities in which we operate and the Board received regular reporting on engagement by our businesses throughout the year.
- Our businesses continued to engage with local schools and colleges supporting them in developing skills for industry, especially in STEM subjects.
- Through supporting community schemes and charitable events which allow our businesses to leave a lasting positive impact.
- We engaged with our advisers and businesses to review our governance arrangements regarding climate-related risks.

What we have done:

- We have supported communities and charities that have a link to our activities (often supporting military veterans or service men and women) with financial donations and a matching scheme for employee funds raised, including SSAFA, and also charities and fundraisers local to our operations.
- The Group hosted school visits and work experience in STEM subjects at some of our operations.
- We reviewed, assessed and developed our climate-related risks and responses across the Group and set KPIs and metrics in alignment with the CFD recommendations.
- MASS launched a partnership with Silverstone University Technical College to introduce a cyber security qualification.
- SEA were proud to receive the Gold Award in the 2023 Ministry of Defence Employer Recognition Scheme (Armed Forces Covenant), providing career opportunities for individuals transitioning from the military, recognising and accommodating the requirements of reservists and considering veterans for job positions based on their military qualifications.

FURTHER INFORMATION IS AVAILABLE IN: SUSTAINABILITY AND STRATEGIC REPORT

Gold Armed Forces Corporate Covenant Employer Recognition Scheme

Supporting STEM events at Great Torrington School

SECTION 172(1) STATEMENT

The directors confirm that, throughout the year, in accordance with Section 172 of the Companies Act 2006, they have continued to act in such a way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, have had regard (amongst other matters) to the matters set out below:

Section 172 matters	How the Board has had regard to these matters	Page reference
The likely consequences of any decision in the long term	The Board oversees the Group's strategy and recognises that their decisions regarding strategy will affect the Group's long-term success. The Board closely monitors progress against strategic goals throughout the year both at Group and subsidiary level. The Board believes that the strategy will result in long-term success and increased value for all stakeholders. The Board also carefully considers the Group's commercial and operational risks and how to protect shareholder value. MORE DETAILS OF HOW THE GROUP MANAGES RISK CAN BE FOUND IN THE RISK MANAGEMENT REPORT	49
The interests of the Company's employees	The Board recognises that our people are essential to our success and growth and the Board takes a keen interest in the development and retention of employees across the Group. The Board actively supports the leadership development programme and effective employee engagement initiatives. The Board visited each of the Group's subsidiary businesses during the year to better understand the businesses, their employees and their culture and attended employee and management events.	28 to 31
The need to foster the Company's business relationships with suppliers, customers and others	While there are circumstances where the Board engages directly with certain stakeholder groups or on certain issues, the structure of the Group means that engagement with suppliers and customers takes place most often at a subsidiary level. The Board supports the senior management teams at the subsidiaries to foster good relationships with their customers and suppliers and, if appropriate, will engage directly, usually through the executive directors. The Board monitors the relationship with key customers and suppliers through the executive directors and the monthly reports from each subsidiary managing director. MORE DETAILS OF HOW THE BOARD ENGAGES WITH STAKEHOLDERS IS INCLUDED IN OUR STAKEHOLDER ENGAGEMENT REPORT	28 to 31
The impact of the Company's operations on the community and environment	The Board recognises the importance of the impact of its decisions on the community and the environment. In accordance with the Group Environmental Policy endorsed by the Board, each subsidiary carefully manages its impact on the environment as further reported in our Sustainability report. Our subsidiaries engage with their local communities through a variety of mechanisms including charity events, equipment sponsorship for local teams' sporting activities, providing work experience and university, school and college support.	28 to 31
The desirability of the Company maintaining a reputation for high standards of business conduct	Through our Ethics Policy and our values, the Board sets out the values and standards of behaviour expected from all of its employees and representatives. This is supported by our governance and compliance framework which requires compliance with the law in each jurisdiction where the Group operates and adherence to a wide range of Group policies and standards including comprehensive anti-bribery procedures and our whistleblowing policy. We integrate our values into our businesses and all of our interactions with our customers, partners and suppliers. Our Business Excellence Awards are based on the application of and demonstration of our values by our employees.	28 to 31, 34 to 41
The need to act fairly as between stakeholders of the Company	The Board recognises that it has to balance competing interests in reaching its decisions. Where there are conflicting interests, the Board will act as equitably and fairly as it is able to take into account the implication for each stakeholder.	28 to 31

How this works for the Cohort Group

The structure of the Cohort Group means that day-to-day management decisions for our subsidiary businesses are undertaken by the senior management teams within the businesses within their levels of delegated authority.

The Board has put in place and oversees a detailed governance and delegation structure. In particular, the Cohort Board oversees the activities and decisions of its subsidiary businesses in the areas of strategy, finance, compliance, human resources, and commercial and risk management.

Principal decisions made during the year

As outlined above, the Board engages with all of our stakeholders throughout the year and takes account of the feedback received, including, through the monthly reporting structure in place, feedback received by our subsidiaries direct when making its decisions and fulfilling its duties under S.172 of the Companies Act 2006. Some of the key decisions considered by the Board are set out below:

Principal decisions and stakeholders considered	Board's decision-making process	Long-term considerations
Acquisitions Shareholders, operating companies, suppliers, our people, future customers and employees and professional advisers	Throughout the year the Board considered information relating to a number of potential acquisitions taking into account the Group strategy as well as the impact on the various stakeholders of the Group including visits by Board members to several potential targets. In April 2024 the Board approved MCL's acquisition of Interactive Technical Solutions Limited which completed in May 2024.	The long-term benefit of the investment for shareholders and employees was considered by the Board.
Material contracts Shareholders, operating companies, customers, suppliers, our people, future employees and community	The Board reviews and approves the terms of all material contracts entered into by the Group. The Board carefully considered the proposal made by SEA and Chess to the UK MOD to provide a Trainable Decoy Launcher.	The Board considered the beneficial impact on winning this £135m contract on a range of stakeholders including shareholders, employees, suppliers and the local community in Barnstaple. The Board recognised that SEA will have to expand and train its workforce creating and safeguarding jobs.
New site for ELAC SONAR Customers, suppliers, our people and community	The directors monitored the progress of the building of the new site including a site visit in March 2024 and received regular updates from the management team on the expected timeframe and how this will impact upon employees, operational undertakings, customers and suppliers.	The Board was keen that the new facility would be completed in accordance with the agreed timeframe and that the new site would be a flexible and energy efficient space that would retain its value, ensure future sustainability and create growth potential for ELAC SONAR.
Board and senior management appointments Shareholders, operating companies, customers, suppliers and our people	In January, the directors appointed a new non-executive director, Peter Lynas, to bring financial and other skills and experience to the Board to provide a successor for the role of Chair of the Audit Committee. This year also saw approval for the appointment of Claire King, who replaces Shane Knight as managing director of MCL following his retirement in May.	The Board was mindful that Jeff Perrin would shortly need to step down as Chair of the Audit Committee upon his nine-year tenure and of the need to recruit a director with the correct blend of skills and experience to transition into the role. The Board appointed an individual with the skills and experience required to ensure a swift and seamless transition between managing directors.
Establishment of a Climate Impact Forum Shareholders, operating companies, customers, suppliers, our people and community	In recognition of the growing importance of climate-related and environmental reporting, the directors established a new forum with membership from each subsidiary and chaired by Beatrice Nicholas, who is the director with responsibility for environmental matters.	The Board aims to ensure that the Group is well positioned to meet the challenge of various climate-related scenarios with the development of actions and mitigations to secure the sustainability of the Group.

Cohort Board visit to the new site in Kiel, Germany

Group commitment to sustainability

As a Group we are aware of the increasing importance of sustainability and are focused on our environmental, social and governance priorities. We are committed to monitoring how our business activities impact on our stakeholders and acting in accordance with high levels of ethics and governance.

Environmental sustainability

The Group is committed to managing the environmental impact of its activities, and to improving resource efficiency and reducing waste. As part of the Group's commitment to sustainability, the Board has created and endorsed a Group Environmental Policy. This outlines how our businesses work together with our employees, contractors, suppliers, customers and communities to ensure high standards of environmental protection through a variety of actions including:

- compliance with all relevant environmental legislation;
- preparing and publishing environmental reports for our stakeholders;
- reviewing the environmental impact of our activities and following good business practices to manage this;
- improving resource efficiency and reducing waste wherever we can;
- having measures in place for effective and expedient incident control, investigation and reporting;
- where relevant, having regard to environmental factors in business decisions; and
- engaging and communicating with our employees and other stakeholders on environmental matters.

Ownership of our Environmental Policy rests with the Cohort plc Board which is responsible for providing the strategic vision and direction on all environmental related matters. The Board is also committed to supporting our subsidiaries and ensuring that this policy is effectively implemented across the Group.

A new Climate Impact Forum, chaired by Beatrice Nicholas, has been established this year and all our subsidiaries participate. You can read more about the work of the forum in our CFD report on pages 42 to 48.

Each subsidiary's managing director has responsibility for implementing an Environmental Policy and procedures appropriate for that business, and for communicating that policy to their employees to ensure that they are aware of their responsibilities. They must also ensure that environmental issues are given adequate consideration in the planning and day-to-day undertaking of all business activities. All the UK-based Cohort subsidiaries have electric vehicle leasing schemes in place for employees.

In addition, the Board expects all employees in the Group to be ambassadors of good environmental practices and to report any practices that do not meet the required standards.

Performance – energy and greenhouse gas (GHG) reporting

Cohort reports its environmental performance in accordance with the UK Government's Streamlined Energy and Carbon Reporting (SECR) guidance as required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The GHG emissions have been assessed following the GHG Protocol Corporate Accounting and Reporting Standard and has used the 2022 emission conversion factors published by the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows the dual reporting approach for assessing scope 2 emissions from electricity usage. The financial control approach has been used.

The tables to the right summarise the GHG emissions for reporting year: 1 May 2023 to 30 April 2024. As a business we have been assessing our carbon emissions since 2019 and have provided both last year's assessment results and the baseline year for comparison.

Environmental sustainability continued

Performance – energy and greenhouse gas (GHG) reporting continued

Table 1 provides the carbon emissions for just the UK operation, which have been assessed since 2019. Table 2 includes the emissions associated with our international operation, which we have been assessing since 2022.

Table 1: UK GHG emissions

Scope	Activity	2019/20 tCO_2e	2022/23 tCO_2e	**2023/24 tCO_2e**
Scope 1	Site gas	167.32	136.62	**132.37**
	Van travel and distribution (owned)	67.19	39.53	**7.30**
	Company car travel	70.63	80.25	**83.55**
	Site gas oil	38.74	—	**—**
	Refrigeration and A/C	0.84	—	**1.92**
Scope 1 subtotal		344.71	256.10	**225.14**
Scope 2	Electricity generation (location based)	536.47	307.10	**312.14**
Scope 2 subtotal		536.47	307.10	**312.14**
Scope 3	Flights	1,725.18	1,276.34	**922.94**
	Grey fleet	138.24	143.95	**106.05**
	Electricity transmission distribution	45.55	28.09	**27.01**
	Hire cars	39.60	24.07	**56.19**
	Rail travel	23.08	9.03	**10.44**
	Taxi travel	4.88	2.80	**4.05**
	Bus travel	<0.01	0.10	**0.01**
Scope 3 subtotal		1,976.52	1,484.37	**1,126.69**
Total location-based tCO_2e		2,857.71	2,047.57	**1,663.97**
Total market-based tCO_2e		N/A	2,072.39	**1,473.32**
Market-based tCO_2e per employee		4.45	2.43	**1.48**
Market-based tCO_2e per £m turnover		23.58	13.57	**9.06**
Total energy consumption (kWh)[1]		3,791,999	3,395,507	**2,422,061**

1. Total energy consumption includes electricity, gas, company vehicles, grey fleet and hire cars.

Environmental sustainability continued

Performance – energy and greenhouse gas (GHG) reporting continued

Table 2: Group GHG emissions (inc. EID and ELAC SONAR)

Scope	Activity	2022/23 tCO_2e	2023/24 tCO_2e
Scope 1	Site gas	136.32	**132.37**
	Van travel and distribution (owned)	39.53	**7.30**
	LPG	—	**4.46**
	Company car travel	187.87	**180.74**
	Refrigeration and A/C	61.52	**114.34**
Scope 1 subtotal		425.24	**439.21**
Scope 2	Electricity generation (location based)	622.13	**559.74**
	District heating	184.22	**186.89**
Scope 2 subtotal		806.34	**746.63**
Scope 3	Flights	1,769.88[2]	**1,292.74**
	Grey fleet	211.90	**106.05**
	Electricity transmission and distribution	57.29	**77.50**
	Hire cars	26.44	**57.94**
	District heating transmission and distribution	9.70	**9.84**
	Rail travel	9.05	**10.68**
	Taxi travel	7.75	**6.50**
	Bus travel	0.67	**0.01**
Scope 3 subtotal		2,092.68	**1,561.26**
Total location-based tCO_2e		3,324.26	**2,747.10**
Total market-based tCO_2e		3,367.00	**2,643.48**
Market based tCO_2e per employee		2.42	**2.02**
Market based tCO_2e per £m turnover		15.01	**13.05**
Total energy consumption (kWh)[2]		6,355,779	**4,678,415**

2. Flight emissions adjusted downwards to account for improved data quality.

Energy efficiency

Our subsidiaries continue to develop and monitor their energy efficiency commitments and the majority have now introduced or increased the existing provision of EV charging points at their sites to encourage employees to move away from petrol and diesel vehicles and are replacing diesel pool cars with electric or hybrid vehicles as leases expire. SEA has installed new energy efficient doors and windows in their Barnstaple production area. Chess now uses green energy across all sites. ELAC SONAR has made energy efficiency a focus of the development of their new facilities which recycle process water, run solely on electricity and have a green roof over 60% of the roof area.

Energy initiatives

The subsidiaries of the Cohort Group have implemented a range of energy efficiency and waste reduction initiatives. All UK sites have continued to develop and adopt carbon reduction plans, in accordance with PPN 06/21. SEA is currently investigating energy generation across all its sites and continues to monitor and provide environmental awareness training to all employees. MASS continues to offset its carbon footprint by planting trees.

All of the UK subsidiaries offer schemes for employees to lease electric cars as part of their employee benefits offering. ELAC SONAR implemented an electric bicycle leasing scheme as a benefit for all employees.

Waste and recycling

As part of its commitment to continue to be a zero to landfill business, our companies continue to seek opportunities to build on the recycling initiatives of previous years.

ISO 14001

Chess, EID and SEA are ISO 14001 accredited; MCL and ELAC SONAR continue to work towards accreditation. Following an ISO 14001 audit, SEA implemented the one resulting recommendation and has introduced subtle changes to increase awareness and improve reporting.

Looking forward

SEA is investigating introducing further use of returnable/recyclable packaging and energy generation at all sites and will reinforce a UK sourcing policy for direct materials.

Environmental incidents

There have been no internal or external environmental incidents throughout this reporting period at any of our locations. Relevant employees receive training updates to enable them to effectively manage such events if they occur. Chess has put an emergency preparedness plan in place.

People

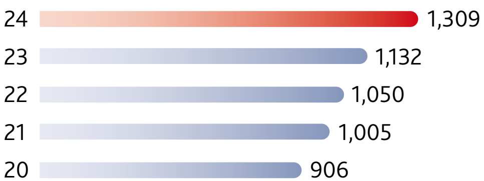
Our capabilities and customer relationships all derive from our people. Across the Group, our people can make a difference, fulfil their potential, develop their careers and are rewarded for what they do.

We recognise that our success hinges on the attitudes and behaviours of our people. We create a climate and culture that encourages them to deliver outstanding performance for our customers while operating with uncompromising ethics. We encourage our people to role model our values that capture and articulate the spirit of the Group.

Gatwick Diamond Business Awards – Chess winning Manufacturing Business of the Year 2024

NUMBER OF PERMANENT EMPLOYEES AT 30 APRIL 2024

1,309



Employee engagement

It is critical to the success of our business that our employees feel valued and engaged and are well informed about events at Group level as well as within their own businesses and their subsidiary peers.

At SEA in July 2023, there was a SEA all-employees one team day. SEA has also launched a revamped peer-to-peer and thank you award scheme.

Board visits to subsidiaries

The Board places great importance on visiting subsidiary sites throughout the year to engage directly with local management and employees. This enables the directors to understand the priorities for local management so that they can have regard to their interests in decision making.

This year the Board members visited each of the subsidiaries in person. The Board undertook a varied programme including a site tour at each subsidiary, providing an opportunity to engage with employees informally in the workplace.

Group communications

The Group cascades employee communications to the subsidiary businesses through a Group intranet, update presentations and direct all-employee emails. The Group intranet features regular updates from the Chief Executive and updates at key times of the reporting calendar, as well as sharing important information about internal activities happening across the subsidiaries. The Chief Executive is currently providing in-person Group strategy presentations to all the Group subsidiary businesses. Employees have good awareness of the financial and economic factors affecting the Group's performance. Where possible, communications are translated into the local language.

Internal communications

Each subsidiary has its own internal communications programme, delivered across a variety of channels appropriate to each business. Regular town hall meetings and informal employee briefings, where employees' questions can be answered by local leadership, and online communications continue to support hybrid working.

Employee feedback

All of our subsidiaries conduct regular employee engagement surveys and the key outcomes are put into an action plan for the local management team to implement. Several of the businesses' employee engagement results were very high and is testament to the hard work of the teams. The results of these surveys are reported to the Cohort plc Board.

Diversity and inclusion

SEA is a Disability Confident employer level 2.

> "We are very proud to have attained Disability Confident Employer level 2. We applied for this to demonstrate our commitment to inclusivity and to ensure that anyone considering a role with SEA can be confident of that commitment and our approach."
>
> **Valerie Steadman**
> SEA HR Director

Cohort is a signatory of the Women in Defence Charter. The Charter was launched to improve gender balance in the defence enterprise in both public sector and private sector.

Our values

We believe in playing our part

We dedicate our expertise to advancing defence technology. It is our contribution to national interest and security, protecting people and keeping them safe. It is our way of making a difference. We work at the highest levels of strategic capability and take great pride in our collective expertise. We operate with uncompromising ethics and offer up our talent and resources for the greater good of nations.

We believe in being results driven

We are an agile group of smart thinkers, with the ability to create solutions and the tenacity to see things through. If we say we'll do something, then we'll do it. We're interested, committed and personally invested in purposeful technology that delivers and makes good commercial sense.

We believe in independent thinking

Small teams do big things when they have the autonomy to think and to see the bigger picture – when they're given the space and encouragement to explore, free of unnecessary process. Independent thinking and an entrepreneurial spirit help us inspire each other to find better ways of working and create the conditions for new ideas to unfold. It's how we come to better understand the challenges before us and adapt swiftly to reach the most effective solution.

People continued

Reward and recognition

Each year we host the Cohort Business Excellence Awards, where we acknowledge the key achievements and dedication of those teams and individuals who have exemplified our values, made a real difference to the success of our business or been commended by our customers. The awards lunch was attended by the Board and senior management of the Group.

The winner of this year's Gold award in the Team category was a cross subsidiary team from Chess and SEA. We also had very strong Gold winners in the Individual and the new Early Career categories.

The larger subsidiaries also run their own annual employee recognition events and smaller thank you awards. This year SEA also held its Long Service awards.

Several of the Cohort businesses have received recognition in external awards. Chess won Manufacturing Business of the Year in the Gatwick Diamond Business Awards and SEA won the International Trade and Exports award in the North Devon Business Awards for its success in exporting defence capabilities to armed forces across the globe.

Cohort Group Anniversary Celebrations

On 27 June 2023, EID held an event at Estufa Fria in Lisbon to celebrate its 40th anniversary. The EID family brought together employees, special guests, friends, former employees, partners and customers. The audience toasted to the longevity and success of EID in providing its excellent military communications systems to customers around the globe.

On 14 June 2023, Chess held an event at HMS Belfast celebrating its 30th anniversary. Guests included a mix of customers, suppliers and colleagues across the Cohort plc Group. There were also other celebrations at the Chess sites.

International Trade and Exports award winners

EID celebrates 40 years of business

Chess 30th year anniversary event at HMS Belfast

Chess 30th anniversary event at Horsham site

SEA Long Service award

"A year of achievement across the Group."

People continued

Training and development

The success of our business depends on our ability to deliver innovative solutions to our customers. This drives us to attract and nurture the best talent and to nurture this ability within our employees, providing them with a stimulating workplace and career development, and supporting the creation of long-term value for our business. Many training schemes operate at subsidiary level, including the use of online solutions such as LinkedIn Learning and Skillcast.

At Group level, our Leadership Development Programme (LDP) is designed to equip our current and future leaders with the skills to deliver the strategic priorities of the business effectively and to respond to the competitive and changing environment we operate within. Following completion of the last LDP in February 2024, we commenced the latest round in May with a group of 17 participants from across the Cohort Group. The Group's executive directors and senior representatives of the subsidiary businesses attended the launch event and will play an important part in the key events of the LDP process.

Cohort Leadership Development 2024 launch day

Apprenticeship and graduate programmes

Across the Group we run several apprenticeship and graduate programmes, incorporating both technical and non-technical specialists. There are currently 21 (2023: 14) graduates in the MASS and SEA graduate schemes, 23 (2023: 12) apprentices and 20 (2023: 2) internships/student placements in our schemes across the Group. The UK-based Cohort businesses are utilising their apprenticeship levy funding for new apprentices or to add to the skills of existing employees. We have supported the National Apprenticeship Week with presentations on apprenticeships and career paths at local schools.

We have continued to work with local schools, colleges or universities across all the Cohort businesses.

SEA graduate and apprentice intake 2023

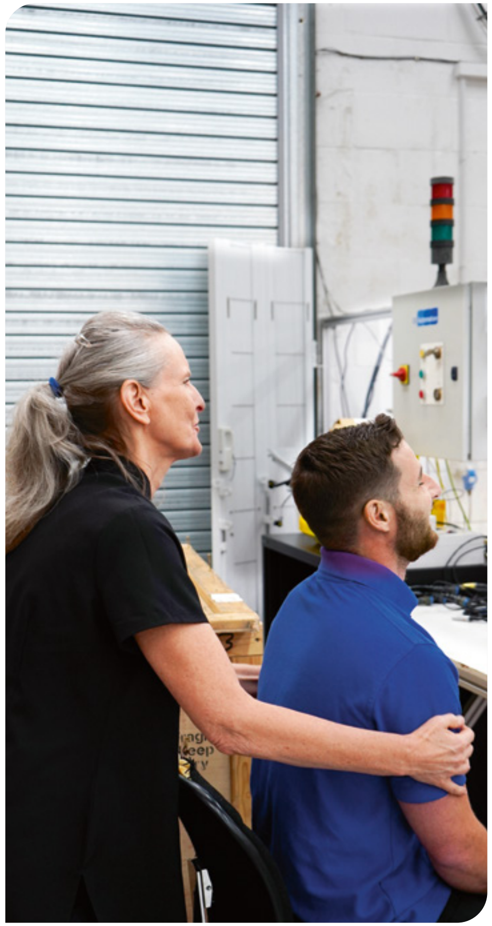
Health and wellbeing

The subsidiaries took part in many activities during the year to promote the health and wellbeing of their people. Our employee assistance programmes are regularly promoted along with other employee benefits. In response to the cost-of-living crisis and the current economic situation we have been supporting employees with various schemes including wellbeing days, enhanced employee benefits offerings, financial seminars and pension updates.

All of the businesses have been reviewing their benefits offering for employees.

Once again Mental Health Awareness Week was given particular focus. Some of the activities included:

- Chess Dynamics highlighted the Time to Talk campaign, encouraging people to start a conversation and open up about their mental health. The aim was to reduce mental health stigma and create a supportive community where people can feel empowered to seek help when needed. There were webinars on men's mental health, stress and resilience, healthy eating and combating loneliness. There were also wellbeing lunchtime walks and mini massages.
- Chess also chose The Wave Project as the chosen charity for 2023. The Wave Project is a non-profit organisation that uses surf therapy to improve the mental health and wellbeing of young people. Through surfing, The Wave Project helps young people develop resilience, self-confidence, and coping skills.
- MASS offered a Financial Wellness Programme where topics covered included financial resilience, debt support advice and mortgage advice for employees looking to own their own home.
- SEA launched wellbeing days for all employees with the next one planned for October 2024.



Chess stress awareness day mini massage

Social sustainability

STEM

At a Group level we maintain close links with academic institutions, and we are Enterprise Partners of the Institute of Engineering and Technology. MCL is a member of Business in the Community (BITC) – His Majesty The King's Responsible Business network – and signatory for the BITC Race at Work Charter which is a commitment to improving equality of opportunity in the workplace.

We actively promote Science, Technology, Engineering and Maths (STEM) locally by supporting schools and colleges, providing opportunities for work experience and graduate thesis sponsorship and promoting our businesses at careers fairs. Students are sponsored at various levels across the Group, including at Kiel University, the University of Liverpool and the University of the West of England as part of the UKNEST Scholarship Programme.

We sponsor awards at several local schools and share industry knowledge as part of the technical modules on these programmes.

MASS has sponsored a high-tech cyber lab at Longsands Academy in St Neots. Up to 25 students can use the lab at any one time to learn about and explore further aspects of computing and cyber. This project comes as part of our commitment to invest in the younger generation, helping their development into future cyber and tech careers.

In its partnership with Silverstone UTC, MASS delivered weekly cyber security workshops to year 12 and 13 students. These have covered various topics including social engineering, Linux proficiency, open-source intelligence and encryption. We welcomed a group of students to our offices in St. Neots on summer placements.

MASS cyber lab launch at Longsands Academy

Chess and SEA continue to be members of United Kingdom Naval Engineering, Science and Technology (UKNEST).

UKNEST is a not-for-profit organisation that promotes the engineering, science and technology interests of UK naval defence.

An SEA employee is the FutureNest Chair at UKNEST. FutureNest encourages early career professionals to develop knowledge and understanding of the sector through networking, site visits and visioning concept work.

MASS's business development manager, Chris Shaw, won Gold for Leader of the Year Award at the Scottish Veterans Awards.

Chris Shaw Gold award Leader of the Year Award at the Scottish Veterans Awards

Communities and charities

We recognise the enormous contribution that our Armed Forces make to protect our nation and the work that we do helps them carry out their vital tasks more effectively. Across the Group, we employ many military veterans and current reservists, and celebrate their achievements during Armed Forces Week.

Three SEA employees took part in the Reginald Fessenden Challenge at the Royal Southern Yacht Club on the Hamble River. The event raised money for The Not Forgotten charity and the Submarine Family.

The Not Forgotten provides events for wounded serving personnel and disabled veterans, which improve physical and mental health, address isolation and loneliness and promote a sense of community and balance. This enables beneficiaries to live a normal, if not better life. They've already supported over 10,000 beneficiaries, and events like these allow them to continue that support.

The Submarine Family brings together all parts of the submarine community: serving, veteran, family and supporter; it provides a framework for fundraising and coordinated support for benevolence, commemoration, heritage and projects which support the "family" in any way.

We are proud to be a signatory to the Armed Forces Covenant and under the Defence Employer Recognition Scheme we hold one Gold award at SEA, two Silver Awards at MASS and Cohort plc and a Bronze Award for Chess.

SEA was awarded the Gold award in the 2023 Ministry of Defence Employer Recognition Scheme (ERS), having previously held the Silver ERS; this recognition demonstrates our continued commitment to ex-service personnel.

MASS's participation in the National Three Peaks Challenge saw employees from across the business raising money for charity.

MASS also supported organisations as part of the National Cyber Security Centre (NCSC) and the IASME Consortium as a credited Assured Service Provider. These NCSC funded Cyber Essentials and Cyber Essentials Plus Programmes have enabled MASS to support charities and legal aid organisations in becoming Cyber Essentials certified. The cyber team at MASS also worked alongside the Eastern Cyber Resilience Centre (ECRC) to provide cyber resilience advice and support to local SMEs in the eastern region of the UK.

Our subsidiaries are active participants in their local communities, engage in local initiatives and provide charitable support. SEA launched Pay It Forward Day whereby employees can use eight hours of paid time for charity work or helping in local schools. One of the events at Chess's Christmas party raffle resulted in a donation of more than £1,000 for The Wave Project, Chess's chosen charity for 2023.

CHARITY DONATIONS IN 2023 BY THE GROUP

£24,000

(2023: £33,000)

SSAFA

Cohort plc is proud to be an active sponsor of the UK Armed Forces charity SSAFA Corporate Friends scheme. In 2023/24, the Group sponsored the SSAFA Christmas carol concert and industry networking events.

Reginald Fessenden Challenge

Governance

Cohort is committed to the highest standards of governance and ethics. The Group has a strong ethical culture, supported by our Ethics Policy as published on our website (cohortplc.com). We see a company as a social unit with an economic output and the success of our social unit depends on the values of honesty, trust, loyalty and working together, with a healthy balance of competition and cooperation, just as in any other unit of society. We try to run our businesses this way.

Ethical business conduct

It is Cohort's policy to conduct our business in an honest and ethical manner. Our Ethics Policy sets out the values and standards of behaviour expected from all those working for or on our behalf. It requires all of our representatives to comply with the laws and regulations in the countries in which we operate and we require anyone who becomes aware of behaviour which may contravene our policy to report it and to seek advice. We provide a confidential and anonymous externally hosted whistleblowing facility to support this.

Anti-bribery

Cohort has a culture of zero tolerance towards bribery and corruption. The Group has an Anti-Bribery Policy and each of its businesses has implemented that policy and adequate procedures described by the Bribery Act 2010 (the Act) to prevent bribery. Each business within the Group reports annually to the Board on its compliance with the policy and procedures. The Cohort Finance Director is the Board member responsible for the Group's compliance. As part of its procedures, the Group has implemented training on compliance with the Act for its employees on joining. Employees in roles with a greater risk of exposure to bribery are required to undertake annual refresher training.

The Group's Anti-Bribery Policy is reviewed at least every two years or more often if necessary. The policy was last reviewed and updated in March 2024. Our policy is supported by comprehensive procedures to be followed when any member of the Group works with third parties to ensure thorough due diligence is carried out and repeated at regular intervals and that our agents and other third parties have satisfactory standards and procedures in place.

Cyber risk and data security

The Group introduced an Information Security Policy (ISP) in January 2019, replacing its previous Security Policy Framework.

The ISP covers the physical and cyber security of our information, including that held on behalf of third parties. It also addresses business continuity and disaster recovery procedures and encompasses our responsibilities in respect of data protection and other non-personal information we handle.

Each business within the Group reports annually to the Board on its compliance with the ISP and this compliance is currently audited by an internal team of information assurance and cyber experts from MASS. MASS's own compliance with the ISP is audited externally.

The Group's ISP is frequently reviewed, taking account of best practice and requirements in government and industry.

We continue to monitor phishing attempts and other cyber threats and to raise awareness of these risks across the Group.

Our data protection policies and processes are embedded in our culture through mandatory training for all employees which must be undertaken at least every two years.

The Group's ISP policy will be updated in 2024/25 and a review of how the Group monitors its compliance will be undertaken.

Modern slavery

The Group has an Anti-Slavery Policy to address the aspects of modern slavery as set out in the Modern Slavery Act 2015 (MSA). In accordance with the requirements of the MSA, each UK member of the Group has published a statement on their respective websites setting out the steps the Group and they have taken to ensure that slavery and human trafficking are not taking place in their respective businesses and supply chains. A copy of the statement can be found on the Corporate Governance page of our website (cohortplc.com). The Group's Anti-Slavery Policy was first adopted in April 2016 and was updated in September 2020.

We require the same high standards from our suppliers, contractors and other business partners.

Whistleblowing

Our whistleblowing line is hosted by SafeCall and provides a channel for confidential and anonymous reporting in more than 68 languages. Details of the service are provided in the local language at our European subsidiaries. The Chief Executive reviews all whistleblowing reports, and every report is investigated with support from the General Counsel and Company Secretary. The Senior Independent Director acts as the escalation contact for whistleblowing reports. Our Whistleblowing Policy provides protection and support for whistleblowers raising a genuine concern. The Group's Whistleblowing Policy was reviewed and updated in April 2023.

FURTHER DETAILS OF OUR CORPORATE GOVERNANCE STRUCTURE ARE SET OUT IN THE CORPORATE GOVERNANCE REPORT AND THE MATTERS RESERVED FOR THE BOARD ARE AVAILABLE ON OUR WEBSITE

Non-financial and sustainability information statement

This is our second year of reporting our climate-related financial disclosures in accordance with Sections 414CA and 414CB of the Companies Act 2006 (CFD). With the support of an external sustainability consultancy, Ever Sustainable, we advanced our process this year, focusing on more in-depth scenario analysis and meeting the disclosure requirements of CFD, outlined in the compliance table below. The process was completed with input from each of our six subsidiaries to ensure that the scenario analysis results represented the risks posed to the entire business. We recognise that there are steps yet to be taken across the business to fully integrate climate-related risks and opportunities into our strategic approach and we have identified areas of focus to build on this year's work. Below is a table summarising our compliance against CFD requirements.

CFD requirement	Compliant	Relevant content
(a) a description of the governance arrangements of the company or LLP in relation to assessing and managing climate-related risks and opportunities	Yes	Pages 42 and 43
(b) a description of how the company or LLP identifies, assesses and manages climate-related risks and opportunities	Yes	Page 48
(c) a description of how processes for identifying, assessing and managing climate-related risks are integrated into the overall risk management process in the company or LLP	Yes	Page 48
(d) a description of – (i) the principal climate-related risks and opportunities arising in connection with the operations of the company or LLP, and (ii) the time periods by reference to which those risks and opportunities are assessed	Yes	Pages 44 to 46
(e) a description of the actual and potential impacts of the principal climate-related risks and opportunities on the business model and strategy of the company or LLP	Yes	Pages 44 to 46
(f) an analysis of the resilience of the business model and strategy of the company or LLP, taking into consideration different climate-related scenarios	Yes	Pages 46 and 47
(g) a description of the targets used by the company or LLPs to manage climate-related risks and to realise climate-related opportunities and of performance against those targets	Yes	Page 48
(h) the key performance indicators used to assess progress against targets used to manage climate-related risks and realise climate-related opportunities and a description of the calculations on which those key performance indicators are based	Yes	Page 48

Governance

Board and management oversight of climate change

The Board is ultimately responsible for the oversight of the Group's strategy and risk management framework which includes both climate-related risks and opportunities, as well as ensuring the suitability of any climate-related controls in place. To ensure that climate risks and opportunities are given due focus by the Board and senior management, Beatrice Nicholas, Non-executive Director, has responsibility for oversight of climate-related risks and opportunities.

The Group's Climate Impact Forum (CIF), chaired by Beatrice Nicholas and comprised of senior representatives from each subsidiary, develops amongst other things, the Group's businesses' individual and collective response to climate-related risks and opportunities, and reviews the effectiveness of climate-related risk management and compliance with applicable laws and regulations. The CIF meets a minimum of twice a year and the outcomes are reported to and considered by the Board after each meeting.

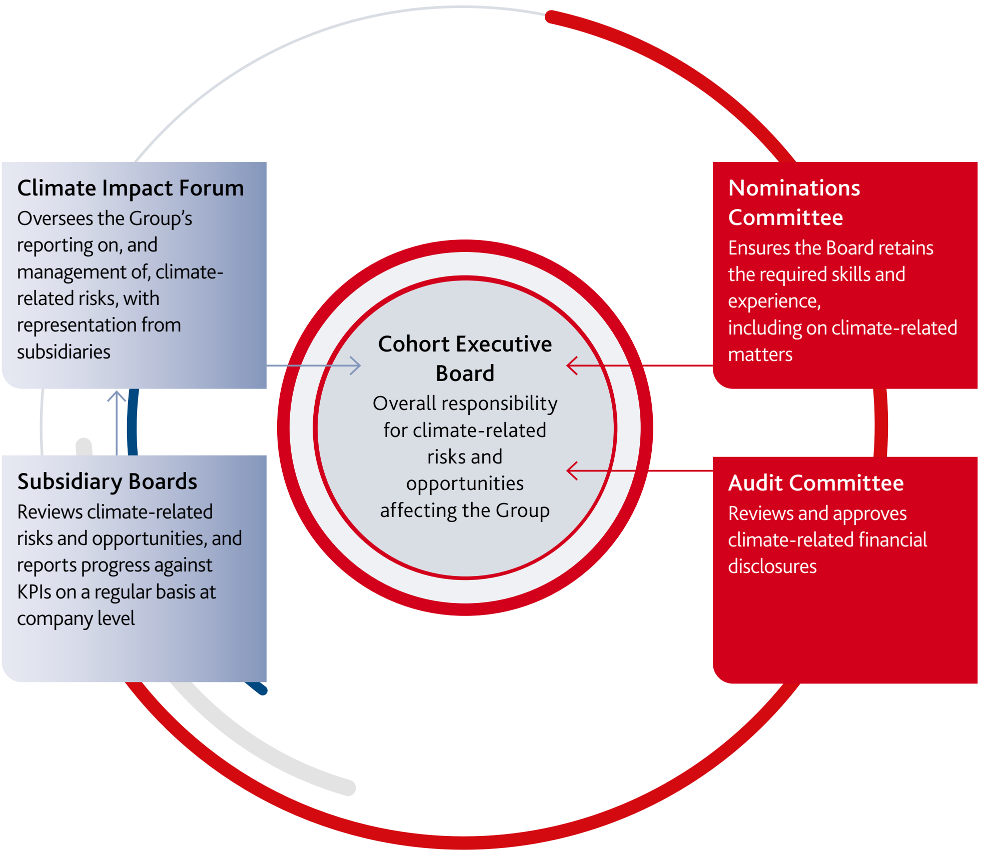
At a subsidiary level, the risks and opportunities relating to climate change are identified, considered and managed by the finance directors of each of the six subsidiaries. If a climate-related risk is considered material, then it is the responsibility of the finance director to ensure that this is included on that business' risk register and managed appropriately. Cohort reviews all risks quarterly, including any climate-related risks, as part of our risk management system. The CIF will review all climate-related risks across the Group annually.

The Audit Committee is responsible for reviewing the climate-related disclosures.

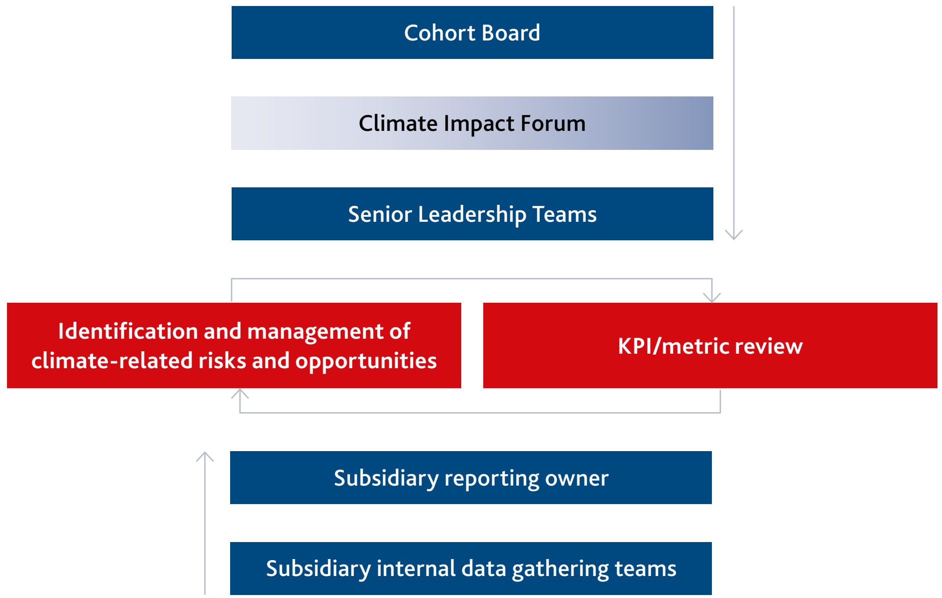
Governance continued

Board and management oversight of climate change continued

Climate-related corporate governance structure and responsibilities



Flow of climate-related information



THE BOARD'S SKILLS, EXPERIENCE AND CAPABILITIES ARE REPORTED UNDER PRINCIPLE 6 OF THE QCA CODE WITHIN THE CORPORATE GOVERNANCE REPORT

Strategy

Our climate-related risks and opportunities

In the first half of 2024 we refined our climate risk approach and categorisation to align with the CFD requirements and to feed into the scenario analysis which we conducted. We considered our exposure to and the potential impact of acute and chronic physical risks, transition risks and transboundary risk drivers across short, medium and long-term horizons.

We have defined our timeframes to align with our business planning approach: short term: one to three years; medium term: three to ten years; and long term: more than ten years. The result of this process is an updated climate risk and opportunities register which identifies thirteen climate-related potential risks and three opportunities that could impact the Group.

The potential impacts from climate change vary across Cohort's six subsidiaries. The table on page 47 amalgamates the Group's thirteen climate-related risks.

Summary of Cohort's climate risk register

Physical risk

1. Acute: Extreme temperatures

Time horizons: Short, Medium, Long	**Value chain segments:** Supply chain, Operations, Customers
Potential impacts Extreme heat can impact the performance of sensitive equipment and change the operational requirements in locations where record-breaking temperatures have been recorded and are expected to worsen. Likewise, extreme cold associated with abnormal weather variations may change product requirements. Extreme heat in Cohort's key geographies may also decrease employee productivity and health and wellbeing during heatwaves.	**Managing our risk exposure** Investment may be required to mitigate these impacts, working with customers to create specific temperature specifications. We conduct research into temperature-resistant materials that can be used in our products. We are also taking steps to protect the health and wellbeing of our employees during prolonged periods of extreme heat such as changing shift patterns.

2. Acute: Flooding and storms

Time horizons: Short, Medium, Long	**Value chain segments:** Supply chain, Operations
Potential impacts Floods and storms are already impacting the global supply of key materials and our operations. This may affect Cohort's product sourcing and delivery, logistics channels, or damage physical assets and inventory.	**Managing our risk exposure** Cohort will continue to monitor the exposure of its assets and geographies to extreme weather events and will monitor all operational sites to identify areas for further consideration. Procurement and finance teams are working to identify materials that are sourced from areas most at risk of extreme weather events and engaging with suppliers or identifying an alternative source where possible.

3. Acute: Drought

Time horizons: Medium, Long	**Value chain segments:** Supply chain
Potential impacts Drought events can carry significant disruption to supply chains, manufacturing processes and overall human health and wellbeing. Disruption to water supply or sewage systems may impact the ability of global suppliers to deliver vital components such as semiconductors to Cohort. Drought events could generate significant costs to minimise the impacts, particularly when coupled with other events like heatwaves.	**Managing our risk exposure** Cohort will continue to monitor the exposure of its key materials and components to drought events. Procurement and finance teams are working to identify materials that are sourced from areas most at risk of drought events and using this to develop an alternative source or engage with partners to develop strategies where possible.

4. Chronic: Extreme heat

Time horizons: Short, Medium, Long	**Value chain segments:** Supply chain, Operations, Customers
Potential impacts Increasing temperatures can affect working and manufacturing conditions, while simultaneously putting increased pressure on supply chains. Chronic temperature increases can increase the number of days when temperatures exceed levels that can impact Cohort's key supply chain partners, key regions of product use, human health, wellbeing and productivity, and increase costs related to cooling requirements.	**Managing our risk exposure** Investment may be required to mitigate these impacts, working with customers to create specific temperature specifications. We conduct research into temperature-resistant materials that can be used in our products. Procurement teams will engage with suppliers and work to identify such materials. We are also taking steps to protect the health and wellbeing of our employees during prolonged periods of extreme heat such as changing shift patterns.

5. Chronic: Water stress and drought

Time horizons: Medium, Long	**Value chain segments:** Supply chain
Potential impacts Long-term drought and water stress can carry significant disruption to supply chains, manufacturing processes and overall human health and wellbeing. Prolonged periods of water supply disruption may significantly impact the ability of global suppliers to deliver vital components such as semiconductors to Cohort.	**Managing our risk exposure** Cohort will continue to monitor the exposure of its key materials and components to water-stressed or drought-prone regions. Procurement and finance teams are working to identify materials that are sourced from areas most at risk and using this to develop an alternative source or engage with partners on mitigation strategies where possible.

Strategy continued

Summary of Cohort's climate risk register continued

Transition risk

6. Market: Energy cost and availability

Time horizons: Short, Medium	**Value chain segments:** Supply chain, Operations, Customers
Potential impacts An increase in energy prices will not only increase the price of raw materials and the cost to manufacture and utilise products, but it is also likely to impact employees and the cost of living.	**Managing our risk exposure** We will be evaluating our opportunities to reduce energy consumption and access cheaper and renewable sources of energy.

7. Market: Inflation fuelled by climate change

Time horizons: Medium, Long	**Value chain segments:** Supply chain, Operations
Potential impacts It is possible that climate change will have long-term impacts on inflation globally. This is fuelled by the physical impact climate change will have on food production, energy, manufacturing and logistics.	**Managing our risk exposure** As a Group we are continually monitoring and measuring the financial impact inflation will have on the business, including the influence climate change has on the rising cost of materials.

8. Market: Increasing investor expectations

Time horizons: Medium, Long	**Value chain segments:** Operations
Potential impacts As a result of climate change, financial providers and insurers might look to reduce portfolio climate risk or increasingly link capital and loans to ESG performance. Investors may increase their expectations of the Company's approaches to analyse both the climate's impact on the Company and the Company's impact on the environment.	**Managing our risk exposure** Our subsidiaries continually conduct research to identify new and innovative products, including assessing sustainability and climate resilience. Each of our businesses monitors and reports on their energy use and associated greenhouse gas emissions through our SECR reporting and each of our UK businesses has adopted a carbon reduction plan.

9. Policy: Cost of carbon

Time horizons: Medium, Long	**Value chain segments:** Supply chain, Operations
Potential impacts Increased demand and offset credits and/or inclusion within an emissions trading scheme covering operations or supply chain partners and associated credit costs could increase operational and material costs significantly. High-carbon products could also see their prices rise as suppliers look to cover the costs of offsetting their own impact.	**Managing our risk exposure** Whilst a risk, the immediate impacts are unknown. Cohort is not currently captured by any emissions trading schemes. We track emissions from our subsidiaries. The Board will monitor costs and raise concerns accordingly.

10. Liability: Policies and compliance

Time horizons: Short, Medium, Long	**Value chain segments:** Operations, Customers
Potential impacts There is increasing activity by regulators to align Company activity to a low-carbon economy. There is a cost associated with meeting and aligning practices to these requirements, as well as potential costs for non-compliance. There is also reputational risk that stakeholders might perceive our response to climate change as insufficient or inaccurate.	**Managing our risk exposure** The Group will continue to review emerging policy and regulation that may impact our subsidiaries and will take appropriate action as and when required.

11. Liability: Litigation

Time horizons: Short, Medium, Long	**Value chain segments:** Operations, Customers
Potential impacts Climate change litigation as a result of a perceived failure on behalf of a company to consider, mitigate or adapt to the risks associated with climate change, or where the company has been unable to meet contractual requirements as a result of climate change impacts.	**Managing our risk exposure** Cohort monitors its regulatory and contractual requirements closely to ensure its exposure to litigation remains minimal.

Strategy continued

Summary of Cohort's climate risk register continued

Transboundary risk	
12. Supply chain disruption	
Time horizons: Medium, Long	**Value chain segments:** Supply Chain, Operations, Customers
Potential impacts Supply chains that rely on specialised commodities and key infrastructure can be disrupted by climate events impacting supply facilities and causing production shortages. Demand for key materials may also cause disruption.	**Managing our risk exposure** Each of our subsidiaries will conduct a review of key suppliers and identify those that may be impacted.
13. Civil unrest	
Time horizons: Medium, Long	**Value chain segments:** Supply Chain, Operations
Potential impacts Climate change impacts on life-sustaining systems such as shifts in agricultural systems and water sources, exposure to extreme weather events, and loss of homes could contribute to conflicts and unrest across the world. Transboundary migration or conflict driven by climate impacts can have significant domino effects across global value chains.	**Managing our risk exposure** The Group will continue to monitor how this emerging risk will impact our sector.

Climate-related opportunities

Many of the themes arising from the mapping and scenario analysis of our climate-related risks also manifest as strategic opportunities. We believe Cohort is well positioned to take advantage of increasing investor and customer focus on the transition to a low-carbon economy through the development of climate-resilient products and supporting our customers to reach their own net zero commitments.

Opportunity	Description
1. Innovating in climate-resilient products	Investing in innovative equipment that helps customers adapt their defence capability to extreme weather events and climatic conditions.
2. Responding to climate-driven security threats	Climate change will have an impact on natural resource distribution and habitability in some parts of the world. This could lead to aggressive conflicts either to gain control of natural resources or to divert internal unrest. The UK and its allies will need to ensure that they are ready to deal with such aggression, and the Group offers products and services that will assist in this.
3. Helping countries to manage increased migration	Increased migration flows from the regions most affected by climate change will pose a political and security challenge for destination countries including the UK and its allies. The Group provides sea-based and land-based sensor systems that are an essential element in responding to this.

Strategy continued

Scenario analysis

This year, we advanced our qualitative approach to scenario analysis to consider the potential implications of climate change for our business and the impacts of each risk under each defined scenario and timeframe, as defined below. With the help of our advisers, Ever Sustainable, we developed three bespoke scenarios to capture and test a range of possible futures relevant to all of our identified risks. The developed scenarios combined characteristics and data from publicly available and reputable sources that align to those used frequently within our industry. These are described below.

The results of the scenario analysis are shown below. The risk level results align to the Group-wide risk scoring methodology.

This exercise allowed us to consider how our identified climate risks may play out under varying plausible futures. We will use the results to develop a suite of mitigation actions, contingency strategies and metrics and targets to monitor and manage our most prominent and immediate risks.

Scenario	Reference scenario sources	Strategic impact and key impacts
Net Zero 2050	**IEA:** Net Zero by 2050 **IPCC:** RCP2.6/SSP1-1.9 **NGFS:** Net Zero 2050	Transition risks are most prominent in this scenario. The most significant of which will be: the cost, resource and alignment of complying with policy and regulation; the cost and disruption associated with the energy cost and availability impacts of the transitioning energy system; and the potential cost of carbon emissions, should Cohort or our supply chain be subject to carbon trading schemes. Physical risks will also increase compared to current levels.
Stated Policies	**IEA:** Stated Policies Scenario **IPCC:** RCP4.5/SSP2-4.5 **NGFS:** Nationally Determined Contributions	Both physical and transition risk impacts will manifest to a significant degree under this scenario. Intensification and increased frequency of climate events and associated physical risks could impact Cohort's entire value chain and operations. Transition risks are still relevant as the current policy landscape and transition efforts are sustained.
Taking the Highway	**IPCC:** RCP8.5/SSP5-8.5	This scenario poses the most significant threat to Cohort's business. Flooding and storms have the potential to severely impact operations, inventory and key supply chain partners. Extreme temperatures will push the limits of our products while simultaneously stressing our employees and those within our supply chain. Overall, the potential disruption impact that increased severity and frequency of climatic events will have on our supply chain is our largest risk.

Risk scoring process

To score our climate-related risks, we took a structured approach to ensure that the Group's scenario analysis results are representative of each of our subsidiaries and the Group as a whole. The finance directors from each subsidiary and key members from Cohort Group attended a half-day scenario analysis workshop in March 2024 and participated in a series of activities hosted by our sustainability consultants to identify and discuss the impact of our risks under each scenario.

Following the session, risk scores were captured from attendees and refined with Cohort Group to reach the final scores presented here, which we deem representative of the Group as a whole, noting that the relevance and impact of each risk may vary on a subsidiary basis.

		Scenario:	Net Zero 2050			Stated Policies			Taking the Highway		
		Timeframe:	Short	Medium	Long	Short	Medium	Long	Short	Medium	Long
		Risk									
Physical risk	Acute	Extreme temperatures	Low	Low	Low	Low	Low	Medium	Low	Medium	High
Physical risk	Acute	Flooding and storms	Low	Low	Medium	Low	Medium	Medium	Medium	High	High
Physical risk	Acute	Drought	Low	Low	Low	Low	Low	Medium	Low	Medium	High
Physical risk	Chronic	Extreme temperatures	Low	Low	Low	Low	Low	Low	Medium	Medium	High
Physical risk	Chronic	Water stress and drought	Low	Low	Low	Low	Medium	Medium	Low	Medium	High
Transition risk	Market	Energy costs and availability	Medium	Medium	Low	Low	Medium	Low	Low	Low	Low
Transition risk	Market	Inflation fuelled by climate change	Low	Low	Low	Low	Low	Medium	Low	Medium	High
Transition risk	Market	Increasing investor expectations	Low	Medium	Medium	Low	Medium	Medium	Low	Low	Medium
Transition risk	Policy and Legal	Cost of carbon	Low	Medium	Medium	Low	Low	Medium	Low	Low	Low
Transition risk	Policy and Legal	Policies and compliance	Low	Medium	Medium	Low	Medium	Medium	Low	Low	Low
Transition risk	Policy and Legal	Litigation	Low	Low	Low	Low	Low	Low	Low	Low	Medium
	Trans-boundary	Supply chain disruption	Low	Medium	Medium	Low	Medium	High	Low	High	High
	Trans-boundary	Civil unrest	Low	Low	Low	Low	Low	Low	Low	Medium	Medium

Timeframes: Short (1 – 3 years), Medium (3 – 10 years), Long (10+ years)

Risk score key: Low Medium High Extreme

Risk management

Setting out of risk identification process

During 2023/24 Cohort has begun integrating climate-related risks into its business risk management process, with many identifying the climate-related element of existing business risks in terms of supply risk, etc. This is now reported up from subsidiary businesses on a quarterly basis as part of the risk management process.

The Group's climate risk register is reviewed annually and updated accordingly and has been modified this year to capture the categories aligned to the CFD requirements. To identify our climate-related risks, we took a structured approach to ensure that the Group's climate risk register is representative of each of our subsidiaries. The finance directors from each subsidiary attended a full day workshop in March 2023 and participated in a series of activities hosted by our sustainability consultants to identify and begin to measure the impact of a wide range of climate-related risks. At a subsidiary level, management teams are responsible for identifying and assessing new risks, as well as managing existing risks, including the identification of new and emerging climate-related risks.

Risk mapping process

The information obtained through this process allowed us to prioritise our top risks, which were further refined this year and fed into the scenario analysis discussed above.

Metrics and targets

We do not consider that climate-related risks currently pose a significant risk to our business model. However, we will continue to review our assessment on an annual basis. The outcome of this year's scenario analysis indicated that our main climate-related risk takes the form of physical risks from extreme weather conditions such as floods and storms and scarcity of key resources such as water and electricity impacting our supply chain. However, we recognise that the risk faced by each of our subsidiaries will be slightly different and this is reflected in our selection of metrics and targets.

We already aim to reduce our emissions through our climate reduction plans and this has not been identified as a key risk at this stage.

Climate-related risk	Climate-related target	Metric	Target date
Physical risk: Supply chain may be impacted by climate-related events	The Group will identify key strategic partners and suppliers of goods and services and will engage with them regarding their exposure to and management of climate risk.	Engagement with 100% of strategic partners and suppliers (as identified by each subsidiary taking into account alternative sources of supply and vulnerability of key suppliers to climate change).	30 April 2026
	Embed assessment of climate-related risks into the procurement process of each business.	Assessment of climate-related risks for all new material suppliers and partners across the Group as part of our existing due diligence process.	30 April 2026
Physical risk: short-term acute physical risks	Each site to have an up-to-date assessment regarding its exposure to extreme weather events.	100% of all sites under the control or ownership of the Group to be assessed.	30 April 2025
Physical risk: medium to long-term physical risks	Identify sites located in areas exposed to climate risk and adopt suitable adaptation measures.	All sites considered at risk to have adopted suitable adaptation measures.	30 April 2030

We will continue to review our metrics and targets on an annual basis and, as our climate governance process evolves, we may adapt these or adopt new metrics and targets in the event of emerging risks. The CIF will monitor and assess progress in meeting the targets set on an annual basis.

Cohort has been reporting scope 1 and 2 and limited scope 3 emissions since the introduction of the Streamlined Energy and Carbon Reporting (SECR) regulations in 2019. This has focused the Group's awareness of carbon over the past three years and our ability to substantiate our overall environmental impact.

OUR FULL SECR REPORT CAN BE FOUND ON PAGE 35

Focus areas for 2024

Governance

- Continue to develop the skills of the Board and senior management regarding climate-related risks and opportunities

Risk management

- Continue to embed climate-related risks and opportunities into our risk management framework
- Review mitigation measures put in place for any material climate-related risks identified

Metrics and targets

- Consider adopting further metrics and targets that would allow the Group to monitor and track its material climate-related risks and opportunities

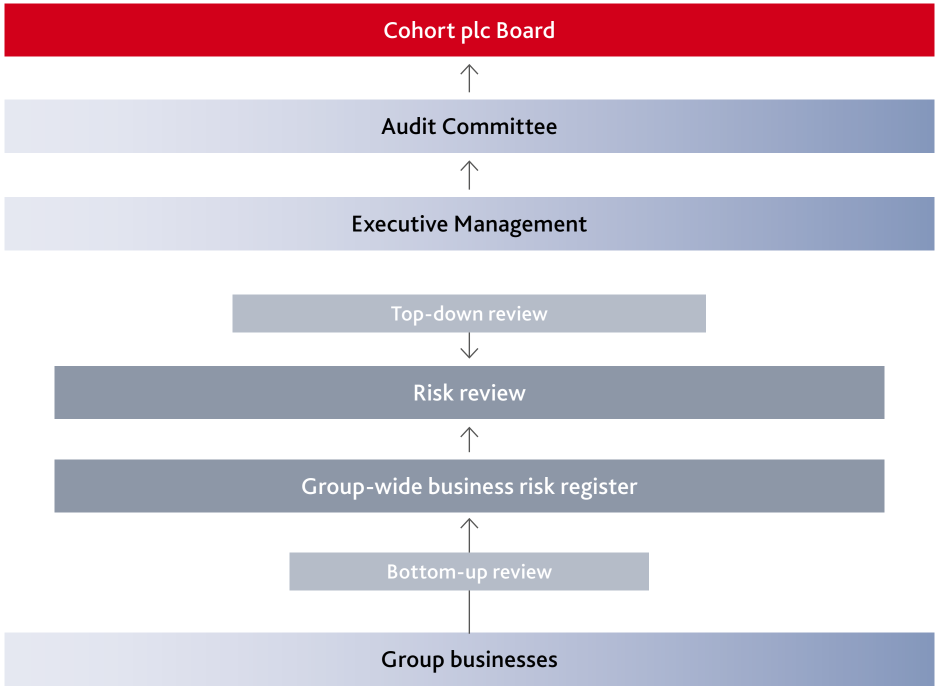
Risk management

Risk management

The key risks and the approach we take to their management are set out below. Certain additional risks are explained elsewhere in the Annual Report. Specifically, the impact of the war in Ukraine and resulting economic market risks are discussed in the Chairman's statement and Operating review and the cyber risk to the Group is discussed within the Corporate governance report, alongside our ethical and behavioural risks. Our risk in respect of our key resource, our employees, is explained within this Risk management section but also expanded upon in the Business model and Stakeholder engagement sections of this report. Our risks in respect of the environment, including climate change, are addressed specifically in our CFD reporting. These should be considered alongside this section to give a complete picture of our risks and their management and control.

The Group reviews, analyses and addresses the risks it faces through the Audit Committee, Board, Group Executive and subsidiary management meetings, and subsidiary project and functional reviews.

Depending upon the nature of the risk, review and action may be on an annual basis. In most cases the review is more frequent. Project risks are generally reviewed monthly.



"The Group reviews, analyses and addresses the risks it faces through the Audit Committee, Board, Group Executive and subsidiary management meetings, and subsidiary project and functional reviews."

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Unchanged Increased Decreased

Nature of risk	Mitigation and progress	Change
Business risk		
Capacity to grow the Group		
As an AIM-listed group, Cohort's strategy is to grow, both organically and by acquisition. This gives rise to the risk of the Group not having the capacity to grow in line with our strategic objectives. Specific elements of this risk include our ability to win new business and design new and competitive products and solutions, whilst ensuring that we meet our obligations to our customers and identify and execute suitable value-adding acquisitions. It also includes having sufficient people of the right skill sets to deliver our existing commitments and develop our future products and solutions (see "Employees" below).	The elements of this broad business risk are addressed below, especially the risks in respect of customers, operations, acquisitions and treasury. At a higher level, our federated model of relatively small, independent businesses enables us to respond more quickly to changing market and business conditions. Through this independence, each business is able to retain a good degree of innovation and responsiveness. This model also allows our businesses to keep close to customer requirements and technical changes to enable them to identify the need for new products and solutions and how best to achieve this, whether through our own development or utilising third-party technologies. To ensure that the business growth opportunities are value adding, whether new business, products, services or acquisitions, appropriate controls are in place in our subsidiaries' businesses and at Group level to lessen the risks of such undertakings.	Unchanged
Market risk		
Customers		
The Group's single most important customer remains the UK MOD, 48% of our revenue (2023: 54%) and £228m (58%) of our order intake (2023: £131m; 60%) came ultimately from this customer. £68.7m of the revenue came directly from this source in 2024 (2023: £62.3m), 34% (2023: 34%) of Group revenue. In addition, £28.2m (2023: £36.2m) of Group revenue, 14% (2023: 20%), was sourced ultimately from the UK MOD but received via other contractors. Any event which affects the Group's reputation with the UK MOD could also put this revenue at risk.	The decrease in the proportion of the Group's revenue to its ultimate primary customer in 2024 compared with 2023 reflects the expected weaker performance at MCL within the Communications and Intelligence division. In the future we expect the revenues, direct and indirect with the UK MOD, to increase from this absolute level, but as we see a recovery in revenue at EID and increased export activity, particularly in Sensors and Effectors, the proportion of the Group's revenue with the UK MOD is expected to remain at around this proportionate level. Revenue from the Portuguese MOD, which is also a home market for the Group, was higher at £10.9m (5%) in 2024 (2023: £4.9m; 3%). The increase in revenue from the Portuguese domestic customer was a result of increased sales of communications equipment. We expect this revenue stream to increase over the coming few years, once long-awaited orders are secured. Germany, our third home market for the Group saw revenue of £9.0m (4%) in 2024 (2023: £4.3m; 2%) following increased activity with the German Navy. £71.8m of revenue (35%) was delivered to defence and security export customers this year compared with £58.4m (32%) in 2023. The absolute increase is largely due to the Sensors and Effectors division, primarily sales into Asia Pacific by SEA. On the back of orders secured in 2024, we expect this revenue stream to grow in the coming few years. £54.8m (2023: £45.1m), 27% (2023: 25%) of Group revenue, representing 57% (2023: 46%) of revenue derived from the UK MOD, was in relation to the Astute and other submarine programmes, nuclear deterrent programme, decoy launchers and operational support to the Royal Navy, Royal Air Force and Joint Forces, all of which have been confirmed as high-priority areas following the UK Government's latest Strategic Defence and Security Review. This revenue stream is expected to be maintained in the coming financial year following order wins during 2023/24.	Unchanged

Unchanged Increased Decreased

Nature of risk	Mitigation and progress	Change
Operational risks		
Employees		
The Group's main resource is our employees. We are not a capital intensive business and as such our value, and our customers' value, derives from the ability of the Group to recruit, retain and train employees with the right skills and flexibility. In some of our key areas, resources are limited, and it is a risk if we cannot maintain sufficient numbers and appropriate skills.	As highlighted in the People section of our Sustainability report, we endeavour to provide an environment in which skilled employees are attracted to our business through the nature and variety of work and the level of responsibility we can provide. We maintain close links with our military and security customers, which provide a primary source of domain experts for our businesses. We, in return, are keen to support people initiatives for and within those organisations, including the UK MOD's Armed Forces Covenant. We maintain close links with academic institutions in our neighbourhoods and further afield where appropriate skills exist. We have apprenticeship and graduate recruitment schemes which ensure that the Group is able to develop its own people and that skills are maintained into the future, especially in light of shrinking military establishments. In the last year, as our order book has continued to expand, we have been expanding our workforce across the Group, especially at MASS, Chess, ELAC SONAR and SEA. In some cases, we have experienced a challenging environment to recruit the right skills with challenges in both availability and cost, especially software and cyber. In all cases we have continued to engage closely with our employees, ensuring we develop and compensate them appropriately and continue to offer a working environment that they find both interesting and rewarding. We have put in place an Employee Value Proposition programmes at Chess and MASS and are developing this elsewhere in the Group to ensure we attract and retain the key skills the Group requires now and into the future.	Unchanged
Suppliers		
As is typical in the defence sector, the Group is reliant on certain key suppliers for specific elements of its technical and product offerings. This reliance is long term, with product duration in this sector often being tens of years.	This risk is managed through close liaison with suppliers, good project management and having contingency plans to contract with alternative suppliers or bring the work in house. The long-term life of many defence products requires a regular review of product life and capability, and the Group supports the customer in this respect through funded ongoing product support and re-life tasks. As for last year, lead times have remained steady, but in some cases remain longer than we had previously seen pre-COVID-19 and where appropriate we have increased stock levels of certain components in order to meet customer expectations. The impact of inflation has also abated somewhat in the last year. As discussed below in operations, we continue to try and manage this inflation risk by looking for alternatives or passing on costs where we can through higher pricing. Many longer-term contracts include an index-based price adjustment which automatically compensates for some or all supply inflation. In most cases, bought-in parts and equipment are a small proportion of total cost, so any inflationary impact can be managed.	Decreased

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Unchanged Increased Decreased

Nature of risk	Mitigation and progress	Change
Operational risks continued		
Operations (project development)		
The subsidiary trading and business risks are similar across divisions. i. Bid risk – the businesses bid on contracts where the scope of work may not be well or fully defined by the customer. ii. Fixed-price contracts – these are often of a long-term nature (greater than 12 months) and typically include delivery of hardware and software, some of which may be developed as part of the contract. iii. Due to the nature of their niche technical skills requirement, Chess, EID, ELAC SONAR, MASS and SEA all have a fixed level of core software and hardware engineering and technical expertise.	This is typical in defence and is managed through bid/no bid reviews at the appropriate level using experienced personnel, including the Cohort Executive and Board. These projects are managed by dedicated project management teams, monthly reviews by the subsidiary board and regular interaction with the customer and key suppliers. Revenue and costs are recognised taking account of risk and the estimated cost at completion (including any contingency). This cost base is carefully monitored at budget time and by rolling quarterly forecasts to identify any potential risk of low utilisation and thus under-recovery of cost, or over-utilisation leading to the inability to meet customer commitments. Risks from higher inflation and lengthening delivery times have been seen in the past few years across the Group. We have increased stock holdings of key components to ensure delivery risk is mitigated as far as possible. In the case of inflation, we have tried to fix prices with our supplier base and where this is not possible have used index-based pricing, particularly in long-term contracts, to protect our margins. Where we have seen component prices rises, we have as far as possible reflected these costs in bids and tenders. The risk of employee shortages is mitigated, in the short term, by the use of sub-contractor employees. In the long term, a programme of skills assessment and training is in place to ensure continued flexibility of the Group's engineering and technical resources. As highlighted previously, operational, project and commercial weaknesses at Chess were identified and changes made through 2020–2022. Legacy issues were closed out in 2023 and we have seen marked improvement in Chess's performance in 2024 (net margin over 10% compared with just over 2% last year) and the development of its pipeline and order-winning capability. ELAC SONAR securing the large Italian submarine sonar contract was a significant development and delivery step for the business and the Group put in place a Project Advisory Committee (PAC) to act as a review panel for the project and to be able to advise ELAC SONAR and the Cohort Board. This PAC, which continues to operate today, comprises individuals with extensive experience in the submarine and sonar domains. In recent years, EID has struggled to secure sufficient orders to ensure the business operates at a satisfactory level of performance, including delivering net margin % in the mid-teens. During 2023/24, following the appointment of Martin Bennett as Managing Director of EID, the business, supported by members of the Cohort Board commenced a business-wide review. This review is expected to conclude in 2024/25.	Unchanged
Operations (MCL)		
MCL's revenue visibility is short at typically three to six months. This carries risk to employee utilisation and predictability of revenue and profit.	MCL's employee levels are low, 2024: 50 (2023: 43), and its people are flexible and possess multiple skills, enabling them to take on design, integration and support tasks across the full range of MCL's product offering. MCL has a long-term strategy to improve its visibility by securing longer-term contracts, utilising the Group's size and financial stability. Its year-end order cover for 2024/25 is lower than the record highs seen over the past two years at 30% (2023/24: 60%; 2022/23: 80%); however, this is expected to rise rapidly as a result of continued activity from the UK MOD, already securing a further 60% order cover in the first few months of trading. MCL has significant exposure to the UK MOD (over 90% of its revenue) The quick bid to win cycle at MCL means that MCL acts very much as the Group's weathervane in respect of UK MOD spend activity.	Unchanged

RISK MANAGEMENT AND PRINCIPAL RISKS CONTINUED

Unchanged Increased Decreased

Nature of risk	Mitigation and progress	Change
Operational risks continued		
Managed service contracts		
The Group (through both of its divisions) operates a number of off-site managed service contracts. These contracts are long term in nature (typically five years at commencement) and have dedicated project managers. The contracts are fixed price in terms of revenue with opportunities for additional tasks enhancing volume and return. The long-term nature of these contracts does expose the Group to the impact of high inflation.	The Group carefully manages the partnership with its customer and supplier base in all these cases to ensure the customer receives value for money, with skilled Group employees providing a dedicated, flexible and responsive approach. The primary risk to these managed service contracts is termination or loss through competition. We mitigate this risk through the partnering approach adopted by the Group and our close engagement with customers to ensure their needs are met. The major UK MOD support contracts are at MASS (within the Communications and Intelligence division). MASS has operated these contracts for several decades and the current renewal dates for the two main support contracts are 2026 and 2027. The Group manages the inflation risk in these contracts through index-based pricing. Elements of these long-term contracts are contracted by the customer as required (e.g. purchases of spares) and are priced at that point in time, taking account of actual costs.	Unchanged
Export contracts		
The Group's subsidiaries seek to win and deliver solutions and services outside its geographical home markets, the UK, Germany and Portugal. The risks that arise for the Group relate to the need to comply with local and domestic legislation, and to ensure we receive payment in circumstances where political and credit risk may be much higher than in our domestic markets. There is also a risk that export licences may not be granted or may be cancelled. The timing of some export contracts can be more difficult to predict.	The Group's long-term strategy is to grow its export business, both in terms of volume and markets. This provides mitigation against reliance on any single customer, in particular the UK MOD. Total export activity in 2024 represented 35% (2023: 32%) of the Group's revenue. Revenue derived directly and indirectly from the UK, German and Portuguese defence ministries represents 48% (2023: 54%), 4% (2023: 2%) and 5% (2023: 3%) of the Group total respectively. Our commercial employees are highly experienced at dealing with the various regulatory processes associated with the export of defence goods and services, including export licence applications and information security requirements. In particular, we have a strong Group-wide Anti-Bribery Policy to ensure compliance with the UK's 2010 Bribery Act. Delays seen in 2022/23 and earlier to export licence approvals in Germany which had delayed revenue have now receded and the number of outstanding licence approvals is small with the time to approve now in weeks rather than months. The Group has experienced a very low level of bad debts, including from export contracts. We take a case-by-case approach to payment risk, making use of various treasury and commercial arrangements where necessary to ensure payment. We regularly monitor any potential political risk to any of our export markets, and we do not commit resources to markets where export licences might be difficult to obtain. Cost pressures driven by the Ukraine war and COVID-19 tailwinds, which are still impacting a small percentage of our export markets, have placed individual customer defence budgets under pressure. We have seen more positive demand drivers from export markets arising from changes in regional security stances and disputes, notably Ukraine and Southeast Asia. The unpredictability of some export contracts, especially in terms of timing, remains a risk. There has been in the last year a more focused stance on defence (and thus spending) by NATO members. We have seen positive outcomes of this in a number of areas, including orders for ground-based air defence systems (counter-drone).	Unchanged
Partners		
The Group, especially in the defence sector, often secures business through teaming and partnering with other suppliers and this is often a requirement of securing work with the UK MOD in order to ensure the end customer receives the best solution. This creates a risk that the Group's revenue or profit will be affected by poor performance of partner business.	The Group takes an active part in these arrangements and, through regular (usually monthly) project review meetings and other communication, ensures that the team (including our partners) delivers to the customer and meets the needs of the individual team members.	Unchanged

Unchanged Increased Decreased

Nature of risk	Mitigation and progress	Change
Strategic risk		
Acquisitions		
The buying (and selling) of businesses is a risk in respect of value, distraction, integration and ongoing obligations and undertakings.	The Group's acquisition risk is mitigated as far as practicable by the acquisition process being led at the Cohort Board level, making use of a skilled and experienced internal team augmented by external expertise and resources as and when required. Our approach to acquisitions is set out more fully in our Business model. During the year ended 30 April 2024, the Group continued to review potential businesses with a view to them joining the Cohort Group. On 31 May 2024, Interactive Technical Solutions was acquired by MCL, through which it will report.	Unchanged
Financial risks		
Treasury		
A key risk is that the Group deposits monies with banks that are a credit risk, putting our cash resources at risk. A risk for the Group is that its pools of cash and facilities, in the UK, Germany and Portugal, are insufficient for local needs. In addition to our own cash, the Group has facilities with banks to provide debt (structured and overdraft) and other financial products (bonds, foreign exchange instruments, etc.) to enable us to carry out our operations efficiently and to execute our strategy of growth by acquisition and organically. Under the facility agreement with its banks, the Group is required to meet certain covenants every quarter. There is a risk that the Group does not meet some or all the covenants and that the facility is amended or cancelled as a consequence.	The Group prepares a monthly cash forecast to ensure that cash in the UK, Germany and Portugal is sufficient for local needs over the following three-month period. The shareholder agreement in respect of EID enables dividends to be paid from EID to the UK. In July 2022, the Group completed a new banking facility with Commerzbank, Lloyds and NatWest. NatWest remains the Group's primary bank in the UK, especially for clearing purposes and day-to-day transactions. Commerzbank performs a similar role in Germany. The facility is a revolving credit facility for three years out to July 2025 with options to extend for a further two years to July 2027. In June 2024 the facility was extended by further one year to July 2027. The facility is for £35.0m with an accordion in place to extend it by a further £15.0m to £50.0m in total. Of the Group's existing facility at 30 April 2024 (£35.0m), £16.5m was drawn at 30 April 2024. The existing and new facilities provide the Group with a flexible arrangement to draw down for acquisitions and overdrafts. The Group's banking facility for three years and our strong net funds position as at 30 April 2024 (£23.1m) provide the Group with a robust financial strength for at least the next 12 months. The Group's bank facility is available to all the Group's entities (excluding EID) through an offset arrangement. EID has facilities with local banks in Portugal, none of which have security over its assets. These facilities are for clearing bank purposes, overdraft, foreign exchange contracts, guarantees and letters of credit. The Group regularly monitors its covenant position and considers the impact of proposed transactions upon our banking covenants to ensure that they are not breached. It also has regular (no less than twice yearly) meetings with its banking providers to ensure that any potential issues or risks are identified and communicated early and that any implications for covenants can be addressed. The Group has remained in compliance with its banking covenants in 2024 and expects to continue to do so. The impact of IFRS 16 'Leases' is ignored for the purpose of our banking covenants.	Unchanged

Unchanged Increased Decreased

Nature of risk	Mitigation and progress	Change
Financial risks continued		
Currency risk		
The Group has contracts with overseas customers and suppliers requiring payment or receipt in currencies other than sterling (in the UK) and euros (in Germany and Portugal). The Group's exposure to credit risk at 30 April 2024 in respect of financial derivatives (forward foreign exchange contracts) was £1.6m of payable and £8.1m of receivable (2023: £13.3m of payable and £18.6m of receivable). The financial derivatives at 30 April 2024 were held with NatWest (30 April 2023: NatWest and Investec Bank). These are disclosed in detail in the Financial Statements.	The Group manages its exposure to currency risk by using forward foreign currency exchange contracts. The level of forward cover is determined on an individual contract basis, taking into account the net currency exposure to receipts and purchases. Forward contracts are only put in place when the award of customer contracts has taken place or is considered highly probable. There is a risk of weaker margin or bid loss if exchange rates materially deteriorate from the Group's perspective between bid and contract. There is also an opportunity of margin improvement from favourable exchange rate movements in the same period. The Group does not enter into speculative forward exchange contracts. At 30 April 2024, the Group's primary foreign exchange contracts were to cover exposures to the US dollar at SEA, which has a number of sales in US dollar. The Group does not hedge the exposure to euro/sterling fluctuations that arise from its ownership of either EID or ELAC SONAR. The currency risks the Group faces have remained constant through the last year. Looking forward, most of currency exposure will be to the US dollar and the Euro.	Unchanged
Revenue		
The Group has risk in respect of: i. milestone and acceptance failure on projects; and ii. unrecoverable trade debts. The recognition of revenue is discussed at length in the accounting policies and critical accounting judgements of the notes to the financial statements and, as such, may from time to time have a degree of risk. The 2024 net bad debt charge was £0.1m (2023: £0.7m) on Group revenue of £202.5m (2023: £182.7m). Financial assets exposed to credit risk at 30 April:	The Group takes a prudent approach to revenue and credit risk, and any work done at risk is minimal, authorised at the appropriate level and reviewed on a monthly basis. The Group uses project control processes and regularly reviews project progress to ensure recognition of revenue and takes account of external milestones and customer acceptance as well as the internal costs incurred. The calibre of the Group's customers and the control processes in respect of revenue capture and invoicing ensure minimal bad debts. The Group also uses letters of credit and other methods of payment guarantee, including customer advances, especially in respect of overseas customers, to ensure any export debt risk is minimised. Significant debt receivable in foreign currency is hedged using forward exchange contracts. Although we have seen marked increase in the trade receivables and other receivables, from £55.6m to £79.4m, we have seen a similar rise in trade payables and other payables, from £55.9m to £81.0m. Both represent similar proportions of annual revenue at around 40%. The credit risk of the major debtor of the Group, the UK MOD, is considered very low. The Group's risk to trade receivables is higher in some of our non-defence markets where our customers are not all government bodies. The Group also has a risk, even for government business, where we contract via a prime contractor. This risk has been low historically, especially in the defence sector, but collapses such as Carillion in the past highlight that prime contractor risk needs to be monitored. The cash and bank deposit risks are discussed under the Treasury section above.	Unchanged

	2024 £m	2023 £m
Trade receivables	**38.6**	22.9
Other receivables including contract assets	**40.8**	32.7
Cash and cash equivalents	**39.7**	41.5

- Member of the Board of Directors
- Member of the Remuneration Committee
- Member of the Audit Committee
- Member of the Nomination Committee
- Chair

Board of Directors

Nick Prest CBE
Chairman

Nick became Chairman of Cohort on flotation in March 2006.

After graduating from Oxford in 1974 Nick joined the UK MOD. In 1982 Nick moved to Alvis plc, the defence contractor, undertaking a variety of roles before becoming Chief Executive in 1989 and Chairman and Chief Executive in 1996. Nick left Alvis following its acquisition by BAE Systems in 2004, by which time the company had become a leading international business in military land systems. Nick was also Chairman of Aveva Group plc from 2006 until 2012 and Chairman of Shephard Media until 2020.

Andrew Thomis
Chief Executive

Andrew took over as Chief Executive of Cohort in May 2009.

Andrew graduated with an MEng degree in Electrical and Electronic Engineering from Imperial College London in 1987. He spent nine years in science, technology and policy roles in the UK MOD. He left in 1996 and, after a period working with public and private sector clients at Capita plc's management consultancy arm, he joined Alvis in a role covering strategy, M&A and business development. Following the acquisition of Alvis by BAE Systems in 2004, Andrew worked with Nick Prest and Stanley Carter on the creation of Cohort plc, acting as Finance Director during the flotation and subsequently Corporate Development Director. From 2007 to 2009 he was Managing Director of MASS. Andrew is a Fellow of the Institution of Engineering and Technology.

Simon Walther
Finance Director

Simon joined Cohort as Finance Director in May 2006.

After graduating with a BSc in Toxicology and Pharmacology from University College London, Simon went on to qualify as a Chartered Accountant with Touche Ross in 1992. Simon moved to the Peninsular and Oriental Steam Navigation Company (P&O) in 1993 where he was appointed as Chief Accountant for P&O European Ferries in 1995. He has over 25 years' industry-relevant experience, with previous senior finance roles at Alvis and BAE Systems.

Edward Lowe
Independent Non-executive Director

Edward was appointed to the Board on 1 July 2019 and became Chair of the Remuneration Committee on 23 July 2019.

Edward joined Racal Electronics in 1980 and, over a 20-year period, undertook a variety of commercial, sales and managerial roles. In 2000, he was appointed Vice President within Thales UK with responsibility for the commercial, sales and strategy functions. In 2005 he was appointed Managing Director of the Thales UK naval activities and led the international business line for naval platforms and services. In 2010 he was appointed Chief Operating Officer for Thales UK with operational responsibility for all Thales UK activities.

BOARD OF DIRECTORS AND COMPANY SECRETARY CONTINUED

- Member of the Board of Directors
- Member of the Remuneration Committee
- Member of the Audit Committee
- Member of the Nomination Committee
- Chair

Peter Lynas
Independent Non-executive Director

Peter was appointed to the Board on 2 January 2024. He is a member of the Audit, Remuneration and Nomination Committees.

Peter is a qualified Fellow of the Chartered Association of Certified Accountants (FCCA) who spent the early part of his career in a variety of financial roles, primarily with GEC Marconi. From 2000 he was at BAE Systems, first as Group Controller and then as Group Finance Director from 2011 until his retirement in 2020.

Peter brings with him a wealth of expertise across all aspects of finance within the international defence and aerospace sector, encompassing financial control and reporting, treasury, tax, risk management, mergers and acquisitions and investor relations. He also brings considerable experience of programme management and strategy development and execution.

Peter is also a non-executive director of FirstGroup plc and he served as a non-executive director of SSE plc from 2014 until 2023.

Jeff Perrin
Independent Non-executive Director and Senior Independent Director

Jeff joined Cohort in July 2015. He is Chair of the Audit Committee and was appointed Senior Independent Director on 23 July 2019.

A Chartered Certified Accountant, Jeff has held a number of senior financial positions including roles within Unilever, Oriflame and the defence businesses of GEC and Radstone Technology Plc. In the latter company, he was also Chief Executive for four years until his departure a year after its acquisition by the General Electric Company in 2006. He was Chairman of the private equity-backed defence company Chess Technologies Limited from 2008 until the acquisition of a majority share by Cohort on 12 December 2018.

Jeff will retire from the Board at the conclusion of the 2024 AGM.

Beatrice Nicholas
Independent Non-executive Director

Dr Beatrice Nicholas joined Cohort on 1 September 2021.

Beatrice started her career at the GEC Hirst Research Centre in 1984, moving to GEC Marconi Avionics in 1995, where she held several senior management positions. As part of the wider consolidation in the sector, GEC Marconi Avionics became part of BAE Systems in 1999 and then Selex Galileo Limited in 2012, subsequently part of the Leonardo Group.

In 2010, she was appointed Senior Vice President with responsibility for leading the electronic warfare business. In 2013, she was appointed Director of Engineering for the Airborne and Space division of Leonardo UK Limited, with responsibility for the execution of all engineering projects within the division.

Between 2017 and early 2022, she established and operated an independent consultancy, Beatrice Nicholas Consulting Limited, advising on diversity and inclusion.

Raquel McGrath
Company Secretary and General Counsel

Raquel was appointed as Company Secretary and General Counsel from 1 October 2020.

Raquel graduated from the University of Bristol in 1991 with a Bachelor of Laws LLB (Hons) followed by Law Society Finals at the College of Law, Chester, in 1993. She started her career as a Solicitor and Articled Clerk with Slaughter and May in London before moving to Melbourne to work with Allens as a Senior Associate. Raquel has held the role of General Counsel and Company Secretary at a number of UK AIM-listed and large private companies. Raquel joined Cohort plc in November 2019 before taking over the role of Company Secretary from Simon Walther in October 2020, in addition to being appointed General Counsel for the Cohort Group.

Corporate governance report

Nick Prest CBE
Chairman

Introduction

Cohort has placed a great importance on corporate governance since its flotation in 2006 and has, as far as practicable, modelled its corporate governance structure on a recommended corporate governance code.

Since 2018 Cohort has applied the QCA Corporate Governance Code (the QCA Code), being appropriate for a company with the size and structure of Cohort, and our Corporate governance report for the year ended 30 April 2024 is based upon the 2018 QCA Code. From 1 May 2024, the Company has begun to apply certain principles of the new 2023 QCA Code and will work toward full application by the end of our next financial year.

The QCA Code sets out ten principles in three broad categories and I have set out below the Group's application of each principle to the extent that the Board considers these to be appropriate to Cohort. Where our practices depart from the expectations of the QCA Code, I have clearly highlighted these and given an explanation as to why, at this time, it is appropriate for the Group to depart from the QCA Code.

As Chairman of the Board, I take primary responsibility for corporate governance. An important part of my role is to build strong relationships with shareholders and other stakeholders and to ensure that the views expressed by shareholders are communicated to and considered by the Board.

The voting pattern at our 2023 AGM indicated a broad measure of shareholder support in relation to corporate governance matters. We nevertheless continue to keep these matters under close review and to pay careful attention to shareholder views.

The principal means of communicating our application of the QCA Code are this Annual Report and our website (cohortplc.com).

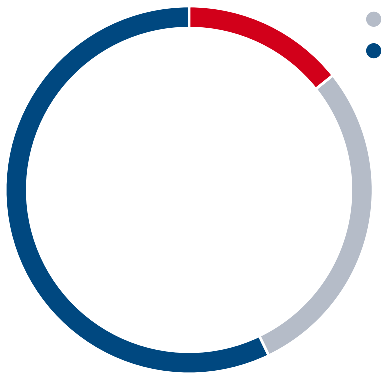
Governance structure

Corporate governance framework

The Board of Directors[1]
Nick Prest CBE (Chair), Jeff Perrin (Senior Independent Director),
Edward Lowe, Peter Lynas, Beatrice Nicholas, Andrew Thomis (Chief Executive),
Simon Walther (Finance Director)

Audit Committee	Remuneration Committee	Nomination Committee
Jeff Perrin (Chair)	Edward Lowe (Chair)	Nick Prest CBE (Chair)
Edward Lowe	Peter Lynas	Edward Lowe
Peter Lynas	Beatrice Nicholas	Peter Lynas
Beatrice Nicholas	Jeff Perrin	Beatrice Nicholas
	Nick Prest CBE	Jeff Perrin

Board composition



Chairman	1
Executive	2
Non-executive	4

1. Peter Lynas joined the Board on 2 January 2024.

Deliver growth

Principle 1. Establish a strategy and business model which promote long-term value for our shareholders

The Board, led by the Chairman, sets the Group's strategic direction and is responsible to Cohort's stakeholders for the leadership, oversight and long-term success of the Group.

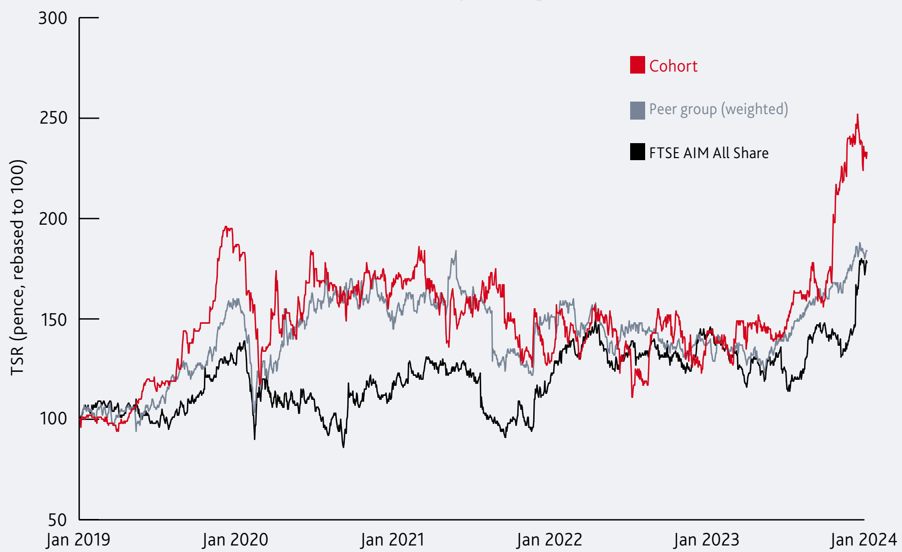
The Group's Business model is set out in our Strategic report. We believe this promotes long-term value for our shareholders as demonstrated by our five years' financial performance (see page 125) and our key performance indicators (shown for the last three years).

Our progressive dividend policy and share performance over the last five years are also indicators of long-term value for our shareholders with total shareholder return shown below.

In addition to our scheduled Board meetings, the Board meets for an annual strategy day at which it conducts an in-depth annual review of the strategy and business plans of Cohort and its subsidiaries. This provides the executive directors and the non-executive directors, in particular, with an opportunity to discuss execution and delivery of strategy in depth and to challenge the Group's corporate strategy. The Board also visits the subsidiary managing directors for an in-depth review of the execution of strategy at each business throughout the year. In between our formal annual strategy reviews, strategic issues and emerging risks are frequently discussed by the Board.

Remaining on AIM is of long-term value to our shareholders as it offers a combination of access to capital markets, flexibility to make acquisitions, incentives and rewards to management through share schemes, and a regulatory environment appropriate to the size of the Company.

Total shareholder return five-year performance



The weighted peer group companies comprise Avon, Babcock, Chemring, QinetiQ and Ultra Electronics.

Some of the key activities which we have undertaken to promote long-term value are set out in our Section 172 statement.

Principle 2. Seek to understand and meet our shareholders' needs and expectations

Cohort places a great deal of importance on communication with all shareholders and details of how we achieve this are set out in Stakeholder engagement. The Company also meets with its institutional shareholders and analysts and receives regular feedback from its institutional shareholders, either directly or via its NOMAD, Investec. The Board is keen to ensure that shareholders are provided with the opportunity to engage with the Board and has continued to host live Q&A sessions following the 2022/23 financial year announcement in July 2023 and the interim results announcement in December 2023. Recordings of these sessions can be accessed on our website (cohortplc.com). Cohort also hosted two investor days during the year at Chess in Horsham and at SEA in Barnstaple. Both events were well attended and provided an opportunity for engagement with members of the Cohort Board and the managing directors of the relevant subsidiaries.

We also carefully consider any voting guidance reports received from organisations such as Institutional Shareholder Services.

The primary points of contact with the shareholders are the Chief Executive, the Finance Director and me. Jeff Perrin, the Senior Independent Director (Peter Lynas from the conclusion of the 2024 AGM), is available to all shareholders should they have any concerns which communication through the normal channels of Chairman, Chief Executive and Finance Director has failed to resolve, or for which contact through the normal channels would be inappropriate.

Principle 3. Take into account wider stakeholder and social responsibilities and their implications for our long-term success

Consideration of all of the Group's stakeholders is an integral part of the Board's discussions and decision making.

Stakeholders include shareholders, our employees, customers, partners, suppliers, and local communities. Further details are set out in our Stakeholder engagement report.

In particular we believe that our employees are the key to our success. We are not a capital-intensive business but depend upon the skills, capabilities and flexibility of our employees, and our business model (see Strategic report) depends upon us being agile and responsive (see People in our Sustainability report). The Board receives a monthly report on health and safety across the Group and a quarterly report on the key issues relating to our employees from the Group Head of HR.

We facilitate named or anonymous feedback by employees through our whistleblowing arrangements. These are managed by an independent third-party service provider. If any call is made to this third party, either the Chief Executive or the Senior Independent Director is notified promptly of the fact and the content of the call, so that appropriate action can be taken.

Our customers and suppliers are in many cases long-term partners and an important part of our culture is to establish and maintain relationships of trust (see Stakeholder engagement).

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the Group

The Board and Group approach to risk is set out in the Audit Committee report and the Risk management section.

The Board has overall responsibility for the system of internal control and for reviewing its effectiveness in managing the risks we face. Such systems are designed to manage rather than eliminate risks and can provide only reasonable and not absolute assurance against material misstatement or loss. Each year, on behalf of the Board, the Audit Committee reviews the effectiveness of these systems. This is achieved primarily by considering the risks potentially affecting the Group and from discussions with the external auditor. The key risks of the Group are presented in the Risk management section.

Deliver growth continued

Principle 4. Embed effective risk management, considering both opportunities and threats, throughout the Group continued

On the recommendation of the Audit Committee, the Board has determined that an internal audit function is not required due to the relatively small size of Cohort and the high level of director review and authorisation of transactions. The Board will keep this matter under review as the Group develops.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. In addition, the Group conducts quarterly re-forecasts. The Group's results, as compared against budget and the latest quarterly forecast, are reported to the Board on a monthly basis and discussed in detail at each meeting of the Board.

The subsidiary balance sheets are reviewed in detail on a quarterly basis by the Cohort finance team.

Maintain a dynamic management framework

The Board of Cohort plc is highly experienced in the defence market. Through the operation of the Board and the Group Executive, which comprises the subsidiary managing directors and the Cohort plc executive directors and Group function heads, the Board is able to monitor the business and respond in a timely manner to issues and opportunities as and when they arise.

Principle 5. Maintain the Board as a well-functioning, balanced team led by the Chair

The Board

As at 30 April 2024, the Board of Directors comprised two executive directors, Andrew Thomis and Simon Walther, four non-executive directors, Jeff Perrin, Beatrice Nicholas, Edward Lowe, Peter Lynas, who joined the Board in January 2024, and I.

The Board considers that Jeff Perrin, Edward Lowe, Peter Lynas, and Beatrice Nicholas are independent non-executive directors.

Re-appointment and election of directors is considered in the report of the Nomination Committee.

Board Committees

The Board has established three Committees: Audit, Nomination and Remuneration, each having written terms of reference, which can be viewed on the Company's website (cohortplc.com).

The reports of the three Committees are reported separately.

Audit Committee

The Audit Committee currently comprises four independent non-executive directors in accordance with the QCA Code, being Jeff Perrin (Chair), Edward Lowe, Peter Lynas, and Beatrice Nicholas. From the conclusion of the 2024 AGM, Jeff Perrin will retire and Peter Lynas will become Chair. The Audit Committee's role is set out in the Audit Committee report.

Nomination Committee

The Board established a Nomination Committee in April 2021. The Nomination Committee comprises four independent non-executive directors, Jeff Perrin, Beatrice Nicholas, Edward Lowe, Peter Lynas, and me as Chair. The Nomination Committee's role is set out in the Nomination Committee report. The Committee meets as required.

Remuneration Committee

The Committee comprises Edward Lowe (Chair), Peter Lynas, Beatrice Nicholas, Jeff Perrin, and I. The Board is of the opinion that the composition of the Committee is compliant with both the UK Corporate Governance Code (the UK Code) and the 2023 QCA Code as it is composed of four independent non-executive directors (one serving as Chair) and a Chairman who was independent on appointment. All members of the Committee have considerable experience of managing remuneration schemes for senior executives in public and private companies, both large and small.

The Remuneration Committee's role is set out in its report.

Climate Impact Forum

Beatrice Nicholas is the Chair of the Group's Climate Impact Forum (see Sustainability for more details).

Company Secretary

Raquel McGrath acts as Secretary to the Board and its Committees. The Company Secretarial department supports the Board, ensuring good information flows and advising on all corporate governance matters.

Attendance at Board and Committee meetings

Board and Committee meetings are scheduled in advance for each calendar year. Additional meetings are arranged as necessary, including meetings with the subsidiary managing directors to review strategic and financial plans and as mentioned above, the Board also holds a strategy day in addition to the scheduled meetings.

The scheduled Board and Committee meetings and attendance of the members during the year ended 30 April 2024 were as follows:

	Board (9 scheduled meetings)	Audit Committee (3 meetings)	Remuneration Committee (2 meetings)	Nomination Committee (1 meeting)
N Prest CBE (Chairman)	9/9	n/a	2/2	1/1
E Lowe (Independent Non-executive Director)	9/9	3/3	2/2	1/1
P Lynas (Independent Non-executive Director)[1]	2/3	1/1	0/0	0/0
B Nicholas (Independent Non-executive Director)	9/9	3/3	2/2	0/0
J Perrin (Independent Non-executive Director and Senior Independent Director)	9/9	3/3	2/2	1/1
A Thomis (Chief Executive)	9/9	n/a	n/a	n/a
S Walther (Finance Director)	9/9	n/a	n/a	n/a

1. Peter Lynas was appointed as a director on 2 January 2024.

The executive directors and subsidiary managing directors all work full time for the Group.

All the non-executive directors give adequate time to fulfil thoroughly their responsibilities to Cohort and, as Chairman, I monitor this.

Principle 6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board has a broad range of skills, with particularly deep experience in the defence sector. The balance of skills and experience of the Board is summarised as follows:

	Defence sector	Financial	Sustainability	General management	Other public company (board level)	Public sector
N Prest	■			■	■	■
A Thomis	■			■		■
S Walther	■	■				
E Lowe	■			■		
P Lynas[1]	■	■	■	■	■	
B Nicholas	■		■	■		
J Perrin	■	■		■	■	

1. Peter Lynas was appointed to the Board on 2 January 2024.

Deliver growth continued

Principle 6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities continued

The Board biographies give an indication of the breadth of skills and experience.

Cohort is predominantly a defence company and collectively the Board has experience of engineering, financial, commercial, sales and marketing and general management functions in a range of defence companies, large and small, operating in and supplying to a large number of countries throughout the world. We consider this collective experience to be an important contributor to Cohort.

Each member of the Board takes responsibility for maintaining their skill set, which includes formal training and attending relevant events and roundtables. We also commission tailored executive coaching for our senior executives from time to time.

The Company Secretary, a qualified solicitor, is responsible within the Company for advising the Board on its legal and regulatory responsibilities and on corporate governance matters. The Company Secretary and the Cohort Group Head of Human Resources also advise the non-executive directors independently of the executive directors on any matter in which the executive directors are personally interested, for example their own remuneration.

When necessary, external advice is sought, on legal, personnel, financial and governance matters. The primary sources are the Company's NOMAD and the Company's lawyers.

Principle 7. Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

Our approach to evaluation of the Board's effectiveness is that it should be a continuous process rather than just a periodic event. It is my responsibility as Chairman to stimulate and orchestrate this process, consulting colleagues both individually and collectively. As part of the process, I must obtain the views of colleagues on my own performance. Evaluation should embrace at the individual level skills, personality and commitment and, at the collective level, processes and teamwork.

It is important that this largely informal process is supplemented periodically with a formal review of Board performance from time to time as recommended by the QCA Code. Last year, the Board completed its first external evaluation facilitated by Independent Audit Limited (IAL), an independent third-party organisation.

As reported in our Annual Report last year, there were a number of actions agreed by the Board as a result of this review including to give early consideration to the appointment of a replacement for the current Chair of the Audit Committee, who will retire from the Board at the conclusion of the AGM in September 2024. Accordingly, a recruitment exercise was undertaken led by an external independent consultancy and the successful candidate was Peter Lynas. Further details are set out in the Nomination Committee report. Peter Lynas joined the Board in January 2024 and will take over as Audit Committee Chair from the conclusion of the 2024 AGM.

In addition, the Remuneration Committee has continued to make improvements to the remuneration disclosures in the Remuneration report and this year sees the first outcome of the executive Long Term Incentive Plan implemented in 2021. The Remuneration Committee has worked closely with the Audit Committee to review the Group's outcomes against the performance targets set under the executive remuneration scheme.

The Board has also continued to receive quarterly updates on progress against strategic goals throughout the year and on people and employee engagement. The Board has also undertaken a review of its succession planning.

The Board will continue to evaluate Board effectiveness informally on an ongoing basis and will report any relevant findings in the Company's Annual Report. The Board will also consider conducting external Board evaluations periodically.

Principle 8. Promote a corporate culture that is based on ethical values and behaviours

The Group has a strong ethical culture, supported by our policies and processes as further described in the Governance section of our Sustainability report.

Principle 9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The Board has ultimate responsibility for corporate governance, which it discharges either directly, or through its Committees and the management structure outlined below.

Group management

The Cohort Board holds nine scheduled meetings per calendar year; in addition, the Board meets to conduct business and strategic reviews which are not recorded as formal Board meetings. The Board also holds regular ad-hoc discussions as required to consider particular issues. As a Board, we visit each of the subsidiaries at least once a year and individual non-executive directors will visit subsidiaries as required to assist with matters within their area of expertise. The non-executive directors and I meet at least once a year without the executive directors present.

The Board receives a detailed monthly Board report comprising individual reports from each of the executive directors and the subsidiary managing directors, together with any other material necessary for the Board to hold fully informed discussions to discharge its duties, including the review of Company strategy to ensure this aligns with creating shareholder value. It is the Board's responsibility to formulate, review and approve the Group's strategy, budgets, major items of expenditure and commitment, major contract bids, acquisitions and disposals. A full schedule of the matters reserved for the Board can be viewed on the Cohort website (cohortplc.com). The Group Executive Committee meets at least four times per calendar year, comprising Cohort executive directors, subsidiary managing directors, and Group heads of strategy, communications, commercial, legal and human resources.

Subsidiary management

There are monthly executive management meetings involving the senior management of each subsidiary. Cohort executive directors attend subsidiary executive management meetings on a regular basis and sit on the Board of each subsidiary. In addition to the matters reserved for the Board, there is a formal Delegation of Authority Policy which is approved by the Board and provides a framework for effective decision making at the subsidiary level together with appropriate Board oversight.

Build trust

Principle 10. Communicate how Cohort plc is governed and is performing by maintaining a dialogue with our shareholders and other relevant stakeholders

The Board communicates how the Company is governed and how it is performing by maintaining a dialogue with shareholders and other stakeholders through the mechanisms described in this report and in Stakeholder engagement.

Board Committees

The reports to shareholders of the Audit, Nomination and Remuneration Committees are shown separately.

The Board welcomes considered enquiries from shareholders and other stakeholders at any time.

Nick Prest CBE
Chairman

Jeff Perrin
Independent Non-executive Director
and Senior Independent Director

Auditor's remuneration

This table has been audited.

	2024 £'000	2023 £'000
Fees payable to the Company's auditor for the audit of the Company and consolidated accounts	**150**	104
Fees payable for the audit of the Company's subsidiaries	**458**	369
Total audit fees	**608**	473
Interim review fee	**83**	57
Total non-audit fees	**83**	57
Total fees paid to auditors and their associates	**691**	530
Charged to profit for the year	**691**	530

Introduction

The Audit Committee comprises at least three independent non-executive directors and is scheduled to meet at least three times a year. It is the Audit Committee's role to provide formal and transparent arrangements for considering how to apply financial reporting under UK adopted IAS and the Companies Act 2006. The Audit Committee also considers risk and the internal control requirements of the QCA Corporate Governance Code and how to maintain an appropriate relationship with the independent auditor of the Group.

The Audit Committee is responsible for ensuring that the Group's risks are understood, managed and mitigated as far as practicable.

Jeff Perrin is Chair of the Audit Committee, being a qualified Chartered Certified Accountant and having experience of the defence industry in this and previous roles. Jeff Perrin will retire at the 2024 AGM in September and Peter Lynas will take over as the Chair of the Audit Committee from the 2024 AGM.

The current terms of reference of the Audit Committee were reviewed and updated in March 2023.

Consideration of the financial statements

In making its recommendation that the financial statements be approved by the Board, the Audit Committee has taken account of the following significant issues and judgement areas:

Areas of judgement

Revenue and profit recognition on fixed-price contracts

The judgement applied in recognising revenue on a contract over time as performance obligations are completed is in respect of the input costs incurred and the attributable margin. The latter is particularly a judgement in respect of estimating the cost to complete on a particular contract and the remaining risk and associated contingency. This cost contingency takes account of the stage that the contract has reached and any judgement and uncertainty remaining to deliver the remainder of the contract. It is usual for these cost contingencies to reduce as the contract progresses and risk and uncertainty reduce.

Recoverability of trade and other receivables

Judgement is applied in determining whether any of the Group's trade and other receivables require a bad debt provision to be recognised. This takes account of the nature of our customers, many of whom are ultimately governments, our historical experience and the commercial terms we have in place to protect the recoverability of our receivables.

Goodwill

The Group has recognised goodwill and other intangible assets in respect of the acquisitions of businesses within its two reporting divisions, Communications and Intelligence (EID, MASS and MCL) and Sensors and Effectors (Chess, ELAC SONAR and SEA). The other intangible assets are in respect of contracts acquired, intellectual property rights and specific opportunities and, in each case, are amortised over the expected life of the earnings associated with the other intangible assets acquired. The goodwill, which is not subject to amortisation but to at least annual impairment testing, arises from the intangible elements of the acquired businesses for which either the value or life is not readily derived. This includes, but is not limited to, reputation, customer relations, contacts and market synergies with existing Group members. The goodwill relating to acquisitions made by the Group has been tested for impairment as at 30 April 2024; this is an area of judgement. In each case there was no impairment. The Group's 2024 post-tax WACC of 11.1% is lower than the 2023 equivalent of 12.8%, which reflects lower equity risk and volatility in respect of Cohort plc's shares. These post-tax WACC amounts are equivalent to a pre-tax WACC of 15.8% (2023: 18.1%).

Provisions

The Group makes estimates of provisions for existing commitments arising from past events. In estimating these provisions, the Group makes judgements as to the quantity and likelihood of the liability arising. Certain provisions require more judgement than others. In particular, warranty provisions and contract loss provisions have to take account of future outcomes arising from past deliveries of products and services. In estimating these provisions, the Group makes use of management experience, precedents and specific contract and customer issues.

Consideration of the financial statements continued

Alternative performance measures (APMs)

The Group reports a number of APMs which are not in accordance with the reporting requirements of UK adopted IAS. The Audit Committee has reviewed these during the year ended 30 April 2024 to ensure they are appropriate and that in each case:

- the reason for their use is clearly explained;
- they are reconciled to the equivalent UK adopted IAS figure; and
- they are not given undue prominence over the equivalent UK adopted IAS figure.

The most important APMs reported by the Group are as follows:

Adjusted operating profit

This is used by the Group to report what the Board considers is its trading profit in a consistent manner, year on year, to provide the readers of the accounts with a consistent comparative. This is derived from the operating profit as reported under UK adopted IAS by excluding amortisation of other intangible assets, all of which arises on the acquisition of subsidiaries; research and development expenditure credits; exceptional items, including costs of acquisitions and reorganisations; and foreign exchange movements from non-trading activities, including marking forward exchange contracts to market.

The reconciliation of operating profit (UK adopted IAS) to adjusted operating profit is shown in the Consolidated income statement for the Group and in note 1 to the accounts for the Group's reporting divisions. The following table shows the Group's adjusted operating profit compared with operating profit for the last five years:

	2024 £m	2023 £m	2022 £m	2021 £m	2020 £m
Adjusted operating profit	**21.1**	19.1	15.5	18.6	18.2
Operating profit (UK adopted IAS)	**21.2**	15.3	11.1	7.8	10.7

In most years the main difference between the two figures is the amortisation of other intangible assets value which arises on the acquisition of subsidiaries, although in 2023/24 this has been mostly offset by a larger research and development expenditure credits (RDEC).

It is the Board's opinion that the trading performance of the Group is better reflected by the adjusted operating profit.

Adjusted earnings per share

This is based upon the adjusted operating profit after taking account of tax applying to adjusted operating profit and interest, to enable the Group to report an earnings per share figure based upon what the Board considers is a more appropriate and comparable earnings basis.

This is reconciled to the headline (UK adopted IAS) earnings per share in note 8 to the accounts.

Independent auditor

Although not applicable to Cohort plc, the Audit Committee has considered the Financial Reporting Council's published standard on Audit Committees and External Audit: Minimum Standard. This is considered good practice and where appropriate the Cohort plc Audit Committee has followed the responsibilities outlined in this standard, specifically:

The independent auditor liaises with the Audit Committee regarding work to be undertaken and complies with the Ethical Standards for Auditors issued by the Financial Reporting Council. Prior to commencing its audit work, the independent auditor confirmed in writing the nature of any non-audit work carried out on behalf of the Group and the safeguards in place to ensure its independence and objectivity. Any in-year proposals for non-audit work are subject to prior approval by the Audit Committee.

The independent auditor presented its audit plan to the Audit Committee prior to the Audit Committee meeting held in March 2024. The plan was reviewed and approved at that meeting with specific areas of focus by the independent auditor discussed in detail for the ensuing audit.

The independent auditor (RSM UK Audit LLP) was appointed in November 2019.

The analysis of RSM UK Audit LLP (2023: RSM UK Audit LLP) remuneration is shown in the table above.

Fees payable to RSM UK Audit LLP and its associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis only.

Jeff Perrin
Chair of the Audit Committee

Nick Prest CBE
Chairman

The Nomination Committee is chaired by me and the other members are four independent non-executive directors, Jeff Perrin, Edward Lowe, Peter Lynas and Beatrice Nicholas from January and July 2024 respectively.

Key responsibilities

The Committee is appointed by the Board and its terms of reference are available on the Company's website (cohortplc.com). The Committee meets as required; there was one meeting held in the reporting year. In addition to our formal meeting, the members of the Nomination Committee discussed the various matters for which the Committee is responsible in the course of other meetings and undertook work to support the executive directors.

The key responsibilities of the Committee are:

- to regularly review the structure, size and composition of the Board (including the skills, knowledge, experience and diversity of the Board) and to make recommendations to the Board with regard to any changes;
- to keep the leadership needs of the organisation under review, including succession planning, in relation to both executives and non-executives, with a view to ensuring the continued ability of the organisation to compete effectively in the market place;
- to be responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies as and when they arise; and
- to undertake any work requested by the Board or Chief Executive to select or approve appointments below Board level.

Activities during the year

The Committee's main activities have been:

- reviewing the composition of the Board;
- approving a detailed candidate specification for the appointment of an additional non-executive director;
- reviewing the Board succession planning; and
- supporting the executive directors with appointments below Board level, including the appointment of a new managing director at MCL.

Board appointment process

On the recommendation of the Committee, the Board decided to recruit a non-executive director to replace Jeff Perrin upon his retirement at the conclusion of the 2024 AGM. The Committee drew up a detailed candidate specification for this appointment designed to complement the skills and experience of the other directors, in particular focusing on financial expertise in the defence sector or a comparable sector with experience of oversight of international businesses and public company experience. The search was managed by an independent consultancy and after a thorough exercise which identified a range of candidates, both male and female, the Committee was pleased to be able to recommend the appointment of Peter Lynas with effect from 2 January 2024. The Board approved this and the appointment was announced on 13 December 2023.

Re-appointment of directors

Peter Lynas was appointed to the Board in the reporting year, and, in accordance with the Company's Articles of Association, he will offer himself for election by the shareholders at the 2024 AGM in September. In line with the principles of the 2023 QCA Code, all Cohort directors will now offer themselves for annual election by shareholders, beginning with the 2024 AGM. The Board has considered the performance and commitment to the role of each of the directors and recommends their re-election to the Board on the basis that their contribution is, and continues to be, important to the Company's long-term sustainable success.

Nick Prest CBE
Chair of the Nomination Committee

Edward Lowe
Independent Non-executive Director

I am pleased to present the Remuneration Committee (the Committee) report for the year ended 30 April 2024.

This report is split into three sections:

- this annual letter summarising the work of the Committee in 2023/24;
- a statement of the current Directors' Remuneration Policy (the Policy), including the Long Term Incentive Plan (LTIP); and
- the Annual report on remuneration, which provides details of the remuneration earned by executive directors and the non-executive directors in the year ended 30 April 2024.

Remuneration policy

The view of the Committee is that the Policy has, as intended, supported delivery of the strategy, and focused the management team on delivering strong financial and operational performance.

However, the Committee decided to review the competitiveness of the executive directors' basic pay and in-year bonus since the last such review took place over five years ago and the size and complexity of the Group had increased significantly over that period. The Committee therefore commissioned independent external advice to make recommendations.

The current policy for the Long Term Incentive Plan (LTIP) was implemented in 2021/22 and the first award under the policy will vest based on performance over the three-year period ended 30 April 2024 (as reported) and will vest, partly in cash and partly in shares. The vesting will take place in 2024 following confirmation of the annual results.

It is to be noted that the remuneration of the Group's subsidiary managing directors is structured very similarly to that of the executive directors. The Committee has also been keen to promote the involvement of all Cohort employees in the long-term success of the Group and to this end has been pleased to see continuing interest by employees in the Share Incentive Plan (SIP) and the Save As You Earn (SAYE) schemes.

Performance related pay

The current reporting year (2023/24) has again seen stronger than expected trading performance and another very strong year of order intake, laying a good foundation for 2024/25 and beyond. The Group's cash performance was also very strong and provides the Group with the resources to deliver its record order book and continue its strategy.

The Group's financial performance for the year resulted in an in-year bonus for the executive directors at 92% of maximum (maximum pay out being 15% of salary) and long-term performance awards at 8% of the maximum level (maximum level being 125% of salary). Full details are shown below.

The Committee must be satisfied with the level of performance during the performance period taking account of a range of factors and has the ability to adjust awards if it considers that the calculated numbers are out of line with the underlying business performance of the Group.

The Committee considered that the calculated level of award was an appropriate and merited outcome in light of the strong recovery of the Group's organic performance. The Committee remains of the opinion that the LTIP will provide an appropriate incentive plan for the executive directors over the next few years.

Outlook for 2024/25

The Committee remains committed to ensuring that executive remuneration is in line with best practice and appropriately incentivises the executive directors over the long term to deliver the Cohort strategy. As mentioned above, the Committee reviewed the policy in 2023 to ensure that it is fulfilling its objectives and that it remains competitive with industry peers and, to this end, used an external adviser to assist with this review. This review recommended that the base pay and the in-year bonus of the executive directors should be increased. On this basis, the Committee decided to follow the recommendation received and award basic salary increases of 15.9% to the Chief Executive and 10.2% to the Group Finance Director with effect from 1 May 2024.

The Committee also decided to increase the maximum level of in-year bonus from 15% to 25% but with an additional performance measure relating to half year performance from 1 May 2024. The Committee saw no reason to change the new Long Term Incentive Plan (LTIP) which commenced on 1 May 2021.

The non-executive directors' fees are remaining as per the 2023/24 level.

I would like to thank shareholders for their support over the last year. I will write to shareholders directly to keep them informed of the adjustments we are making to the Directors' Remuneration Policy which will ensure that we continue to deliver a competitive and motivating pay framework which is aligned to shareholder interests.

Should you have any queries in relation to this report please do not hesitate to contact me through the Company Secretary.

Edward Lowe
Chair of the Remuneration Committee

Cohort plc Executive Directors' Remuneration Policy

Element of remuneration	Purpose and link to strategy	Operation	Maximum potential value	Performance measure and target
Base salary	To provide competitive fixed remuneration to attract, motivate and retain executive directors of a calibre required to deliver growth for the business.	Reviewed annually with changes taking effect from 1 May each year. The Committee considers remuneration levels for comparable companies of a similar size and complexity, industry sector and location. Individual salary adjustments take into account each executive director's performance and the Group's financial circumstances.	No prescribed maximum salary or maximum increase in salary. Salaries are market competitive to retain skilled executive talent and attract new talent as required. Increases are awarded having given consideration to those awarded across the wider workforce.	Not applicable.
Benefits	As above.	Executive directors are entitled to benefits such as private health insurance, income protection and life assurance. Executive directors are eligible to participate in any all-employee share plan operated by the Company, on the same terms as other eligible employees. Executive directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms and additional benefits might be provided from time to time if the Committee decides payment of such benefits is appropriate and in line with emerging market practice.	A maximum is not pre-determined. Benefit values can vary year on year depending on premiums and the maximum is the cost of providing the relevant benefits. The maximum level of participation in all-employee share plans is subject to the limits imposed by HMRC.	Not applicable.
Retirement allowance	To reward sustained contribution by providing retirement benefits.	The Company pays a retirement allowance in lieu of pension contributions. Where this is operated via salary sacrifice the Company passes on the National Insurance saving of 10% of the sacrificed salary back to the executive director as additional retirement allowance, in line with its general workforce practices.	For Cohort executive directors the retirement allowance is set at 4% of basic salary in line with the current general workforce contribution level. National Insurance saving on allowance delivered via salary sacrifice is set at 10% of the salary sacrificed.	Not applicable.
In-year performance bonus up to 30 April 2024	To reward the achievement of annual financial business performance targets which support the strategic direction of the business.	Paid annually in cash based on annual performance against targets set and assessed by the Remuneration Committee. 0% to 10% of salary payable based on full year adjusted operating profit performance against budget calculated as follows: O Zero if performance below 95% of budget. O Linear increase from 0% to 10% as performance goes from 95% to 105% of budget. Plus 0% or 5% of salary payable based on full year operating cash flow performance against budget calculated as follows: O Zero if performance is below budget. O 5% if performance is at or exceeds budget. Malus and clawback provisions apply.	15% of base salary.	Actual performance compared to budget for the financial year for adjusted operating profit and operating cash flow (both excluding the impact of any in-year acquisitions and disposals). Both adjusted operating profit and operating cash flow shall be calculated after deducting the costs of all bonus payments, including the cost of long-term performance awards. Financial measures determine 100% of the bonus calculation. The Committee has discretion to adjust the awards if it considers that the calculated numbers are out of line with the underlying performance of the Company or the Executive, or in other exceptional circumstances.

Cohort plc Executive Directors' Remuneration Policy continued

Element of remuneration	Purpose and link to strategy	Operation	Maximum potential value	Performance measure and target

In-year performance bonus from 1 May 2024	To reward the achievement of annual financial business performance targets which support the strategic direction of the business.	Paid annually in cash based on annual performance against targets set and assessed by the Remuneration Committee.
		0% to 15% of salary payable based on full year adjusted operating profit performance against budget calculated as follows:
		○ Zero if performance is below 100% of budget.
		○ 5% if performance matches budget.
		○ Linear increase from 0% to 10% as performance goes from 100% to 115% of budget.
		Plus 0% or 5% of salary based on half year adjusted operating profit performance against budget calculated as follows:
		○ Zero if half year adjusted operating profit performance is below half year budgeted performance.
		○ 5% if half year adjusted operating profit performance exceeds:
		  ○ half year budgeted performance; and
		  ○ full year adjusted operating profit performance exceeds budgeted full year adjusted operating profit performance.
		Plus 0% or 5% of salary payable based on full year operating cash flow performance against budget calculated as follows:
		○ Zero if performance is below budget.
		○ 5% if performance is at or exceeds budget.
		Malus and clawback provisions apply.
			25% of base salary.	Actual performance compared to budget for the financial year for adjusted operating profit and operating cash flow (both excluding the impact of any in-year acquisitions and disposals).
				Both adjusted operating profit and operating cash flow shall be calculated after deducting the costs of all bonus payments, including the cost of long term performance awards.
				Financial measures determine 100% of the bonus calculation.
				The Committee has discretion to adjust the awards if it considers that the calculated numbers are out of line with the underlying performance of the Company or the executive, or in other exceptional circumstances.

Long-term incentive plan – scheme to operate from 2021/22 onwards with first awards under this scheme, if earned, vesting in the year ending 30 April 2025 **First award approved in the Remuneration Committee meeting of 2 November 2021**	Designed to align executive directors' interests with both the strategic objectives of delivering sustainable growth and the interests of shareholders. Encourages long-term shareholding and discourages excessive risk taking.	Annual award based on the future annualised profit growth of the Group over a three-year performance. An additional two-year holding period applies after the end of the three-year vesting period. Up to 125% of basic salary split: ○ one third as a cash bonus; and ○ two thirds as performance shares. Awards will vest subject to the performance criteria set out above and following audit clearance of the Group accounts in the relevant third year. Executive directors are required to hold any shares arising from the vesting of their award, net of any shares sold to meet personal tax and social security obligations, for a period of two years from the vesting date. An overall reward period of five years. Malus and clawback provisions apply.	Cash and performance shares valued at up to 125% of basic salary for the base year. The shares element is awarded as number of shares based on the average mid-market share price of Cohort plc shares for the five business days prior to the award under this scheme.	Compound annualised growth rate per share[1] in adjusted profit before interest and tax (after excluding non-controlling interests) between the base year and the vesting year three years later. For the avoidance of doubt, amortisation of other intangible items, marking forward exchange contracts to market at the period end and such exceptional items as the Committee, in its absolute discretion, decides shall be excluded from the calculation. The Committee has discretion to adjust the awards if it considers that the calculated numbers are out of line with the underlying performance of the Company or the Executive, or in other exceptional circumstances. The calculation of awards under this scheme will be disclosed in Remuneration Committee reports as awards vest.

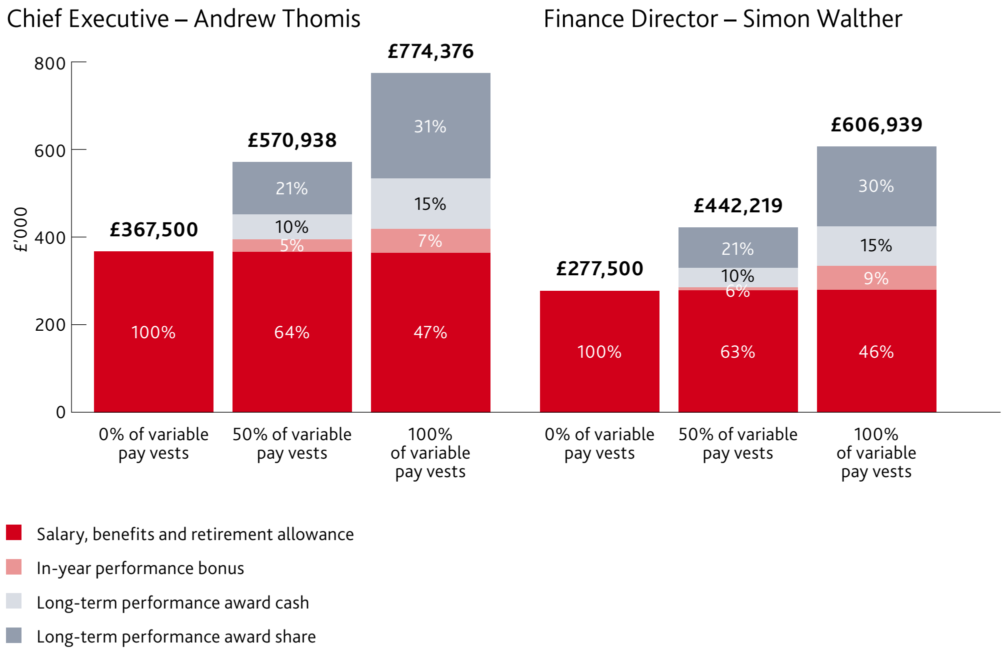
Cohort plc Executive Directors' Remuneration Policy continued

Element of remuneration	Purpose and link to strategy	Operation	Maximum potential value	Performance measure and target
Share ownership levels	To increase alignment between Executives and shareholders.	Executive directors are encouraged to build a holding of shares in the Company during their tenure with the Company. The Committee keeps the level of the executive directors' shareholding under review. Sale of shares in the Company by an executive director is only allowed with the approval of the Chairman.	Levels were set for 2021 onwards.	CEO at 200% of salary. FD at 150% of salary. Subsidiary MDs at 100% of salary.
Chairman and Non-executive directors' fees	To provide compensation in line with the demands of the roles at a level that attracts high-calibre individuals and reflects their experience and knowledge.	Base fee for Chairman and non-executive directors. Normally reviewed annually. The Company reimburses any reasonable expenses that a non-executive director incurs in carrying out their duties as a director, including travel, hospitality related and other modest benefits, if appropriate. If there is a temporary material increase in the time commitments for non-executive directors, the Board may pay extra fees to recognise the additional workload. The non-executive directors are entitled to participate in the Company private health insurance scheme at their own expense should they wish to do so.	No maximum. Fees are set taking into account internal benchmarks such as the salary increase for the general workforce and external benchmarks of fees paid by companies of a similar size and complexity.	Not applicable.
Service contracts		The executive directors have service agreements with the Company which can be cancelled by either party giving six months' notice at any time or 12 months' notice in the event of losing office following a change of control arising as a result of any person or persons acquiring more than 50% of the voting rights at a general meeting of the Company.	Not applicable.	Not applicable.

1. Being the weighted average number of Cohort plc shares in issue.

Illustration of the application of the Remuneration Policy

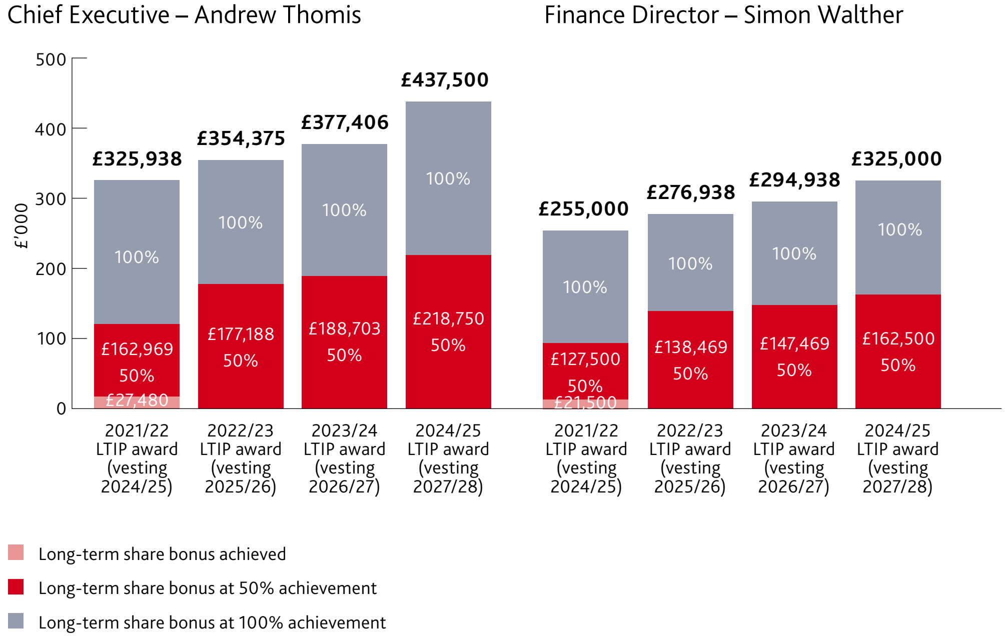
The charts below illustrate how the Policy would function for minimum, 50% of maximum and maximum performance for each executive director for the year beginning 1 May 2024. Actual LTIP options vested will be disclosed in the year of vesting once awards crystallise and compared to the maximum potential award.



Assumptions for charts above:

1) Salary levels are based on those applying from 1 May 2024. The retirement allowance is 4% of annual basic salary. Other benefits relate to private health insurance and executive medical.
2) Amounts relating to all-employee share schemes have, for simplicity, been excluded from the charts.

An illustration of proposed and existing LTIPs, under the new scheme, is provided below:



LTIP targets applicable to Group executives are as follows:

Vesting conditions				
– Up to 50% based on organic CAGR over 3 years between:	3% to 8%	3% to 8%	3% to 8%	3% to 8%
– Up to 50% based on total CAGR over 3 years between:	3% to 13%	3% to 13%	3% to 13%	3% to 13%
Vesting conditions attained				
– 0% based on organic CAGR over 3 years:	2.37%			
– 8.43% based on total CAGR over 3 years:	4.69%			

Remuneration summary

The actual application of the Remuneration Policy for the executive directors for the year ended 30 April 2024 is disclosed on page 72 in Table 2.

Annual Report on Remuneration

The role of the Remuneration Committee (the Committee) is to:

- establish a formal and transparent policy on executive remuneration and to set remuneration packages for individual executive directors (the Group Chief Executive and Finance Director) and the Group executive management (the managing directors of the subsidiary businesses);
- assess the performance of the individual executive directors and Group executive management against these packages and determine the related remuneration;
- undertake the role, in conjunction with the Chief Executive, of proposing remuneration packages for individuals to the Board for new appointments; and
- undertake any other tasks appropriate to the Committee requested by the Board.

Directors' interests in the equity of Cohort plc

	At 30 April 2024 Number of 10p ordinary shares	At 30 April 2023 Number of 10p ordinary shares
N Prest CBE	**1,791,738**	1,791,738
A Thomis	**260,280**	245,141
S Walther	**238,572**	227,581
P Lynas*	**15,000**	—
J Perrin	**4,000**	4,000

* P Lynas was appointed as a director on 2 January 2024.

The directors in office during the year under review and their interests in the equity of the Company are shown in the table above. The changes in the executive directors' equity interests in the Company between 30 April 2023 and 30 April 2024 are analysed as follows:

	A Thomis	S Walther
At 30 April 2023	245,141	227,581
Shares awarded under Restricted Share Scheme	8,736	6,827
Shares purchased	—	1,000
Shares acquired under Cohort plc Share Incentive Plan	365	365
Additional PCA falling out of scope	(209)	—
Automatic dividend reinvestment in shares (within an ISA and/or a SIPP)	6,443	2,799
Shares sold on transfer to ISA	(196)	—
At 30 April 2024	**260,280**	**238,572**

The executives' shareholdings at 30 April 2024 represent 645% of Andrew Thomis' and 782% of Simon Walther's annual salaries respectively (at 30 April 2023 the respective levels were 376% and 545%) and are based upon the market price of Cohort plc shares at those respective dates: £7.48 at 30 April 2024 and £4.35 at 30 April 2023. These levels exceed shareholding targets set by the Remuneration Committee.

Of the above shareholdings at 30 April 2024, 10,702 (2023: 11,296) of Andrew Thomis' and 8,367 (2023: 8,836) of Simon Walther's are held on trust by the EBT as part of the closed Restricted Share Scheme and do not receive a dividend. These shares will vest in stages over the next three years in accordance with the rules of the scheme.

Performance incentives

The in-year performance achieved resulted in 13% of salary being awarded as an in-year bonus for the year ended 30 April 2024 (13% for the year ended 30 April 2023).

The long-term performance award in operation for the last time for the year ended 30 April 2023 resulted in cash bonus payments of 10.08% of salary and Restricted Share awards with a value of 15.12% of salary, together 25.20% for the year ended 30 April 2023. The Restricted Share Scheme is now closed and awards in respect of the year ended 30 April 2023 and declared in the accounts for the year then ended were approved at the Committee meeting on 11 July 2023 and were awarded on 28 July 2023.

The performance of the Long Term Incentive Plan vesting based on the results of the three year period ended 30 April 2024 has resulted in a cash and share bonus payment of 8.43% of the maximum, together 10.54% of grant date salary (2023: nil). These were approved at the Committee meeting on 9 July 2024 and will be awarded on 31 July 2024.

Ordinary shares under option outstanding at 30 April 2024 were as shown in Table 1 on the next page. No share options were awarded in 2024 or 2023 as stated in last year's update to the Remuneration Policy.

The average mid-market price of Cohort plc 10 pence ordinary shares for the year ended 30 April 2024 was 534.2 pence (2023: 491.0 pence); the lowest and highest market prices in the year were 443.0 pence and 774.0 pence respectively.

No bonuses are payable or share options awardable to the non-executive directors. Cash and share bonus schemes for the Group executive management have been established for the year ended 30 April 2024, with a similar framework to that of the Cohort executive directors, with varying levels of percentage of salary.

The Group has the right to recover from the Cohort executive directors and the Group executive management any cash bonus paid or shares awarded in respect of a reporting period where a material adverse restatement is made.

Chairman and non-executive directors

Nick Prest CBE was appointed as Chairman in February 2006. Jeff Perrin was appointed non-executive director on 1 July 2015. Edward Lowe was appointed non-executive director on 1 July 2019. Beatrice Nicholas was appointed non-executive director on 1 September 2021. Peter Lynas was appointed non-executive director on 2 January 2024. These appointments can be terminated upon three months' notice being given by either party.

Directors' remuneration

Details of directors' remuneration are set out in Table 2.

Annual Report on Remuneration continued

Directors' remuneration continued

Table 1: Directors' share options

	At 1 May 2023 Number	Granted Number	Exercised Number	Lapsed/ forfeited Number	**At 30 April 2024 Number**	Date of grant	Date from which option can be exercised	Exercise period Years
A Thomis								
Cohort plc 2016 share option scheme (approved)								
– Option price of £3.760 per share	7,978	—	—	—	**7,978**	25 Aug 2017	26 Aug 2020	7
Cohort plc 2016 share option scheme (unapproved)								
– Option price of £3.760 per share	1,809	—	—	—	**1,809**	25 Aug 2017	26 Aug 2020	7
– Option price of £3.900 per share	9,846	—	—	—	**9,846**	10 Aug 2018	11 Aug 2021	7
– Option price of £4.875 per share	7,569	—	—	—	**7,569**	28 Aug 2019	29 Aug 2022	7
– Option price of £6.200 per share	8,411	—	—	—	**8,411**	28 Aug 2020	29 Aug 2023	7
– Option price of £5.390 per share	9,675	—	—	—	**9,675**	16 Aug 2021	16 Aug 2024	7
Save As You Earn (SAYE) scheme								
– Option price of £5.830 per share	1,333	—	—	(1,333)	**—**	3 Sep 2021	1 Oct 2024	
– Option price of £5.32 per share	1,921	—	—	(1,921)	**—**	5 Sep 2022	1 Oct 2025	
– Option price of £3.87 per share	—	2,176	—	—	**2,176**	28 Sep 2023	1 Nov 2025	
	48,542	2,176	—	(3,254)	**47,464**			

	At 1 May 2023 Number	Granted Number	Exercised Number	Lapsed/ forfeited Number	**At 30 April 2024 Number**	Date of grant	Date from which option can be exercised	Exercise period Years
S Walther								
Cohort plc 2016 share option scheme (approved)								
– Option price of £3.900 per share	307	—	—	—	**307**	10 Aug 2018	11 Aug 2021	7
– Option price of £6.200 per share	4,645	—	—	—	**4,645**	28 Aug 2020	29 Aug 2023	7
Cohort plc 2016 share option scheme (unapproved)								
– Option price of £3.900 per share	7,397	—	—	—	**7,397**	10 Aug 2018	11 Aug 2021	7
– Option price of £4.875 per share	5,922	—	—	—	**5,922**	28 Aug 2019	29 Aug 2022	7
– Option price of £6.200 per share	1,936	—	—	—	**1,936**	28 Aug 2020	29 Aug 2023	7
– Option price of £5.390 per share	7,569	—	—	—	**7,569**	16 Aug 2021	16 Aug 2024	7
Save As You Earn (SAYE) scheme								
– Option price of £6.700 per share	376	—	—	(376)	**—**	4 Sep 2020	5 Sep 2023	
– Option price of £5.830 per share	926	—	—	(926)	**—**	3 Sep 2021	1 Oct 2024	
– Option price of £5.32 per share	1,015	—	—	—	**1,015**	5 Sep 2022	1 Oct 2025	
– Option price of £3.87 per share	—	1,665	—	—	**1,665**	28 Sep 2023	1 Nov 2026	
	30,093	1,665	—	1,302	**30,456**			

There are no future performance conditions applying to any of the share option schemes opposite. The price paid for all share options in the opposite schemes was nil pence.

Both Andrew Thomis and Simon Walther have participated in the Cohort plc Share Incentive Plan (SIP) which was launched on 1 September 2018. As at 30 April 2024, contributions were made by each of £1,050. This would convert to 140 Cohort plc ordinary shares as at 30 April 2024 based on the closing share price of 748.0 pence per share. On 30 September 2023, contributions of £1,800 each were converted to 365 ordinary shares each at 492.0 pence per share.

The terms of the Cohort plc SIP are set out in note 20.

The aggregate amount of gains made by the directors as a result of exercising share options during the year was £nil (2023: £816).

Annual Report on Remuneration continued

Directors' remuneration continued

Table 2: Directors' remuneration

This table has been audited.

	Salary 2024* £	In-year cash bonus 2024 £	Long-term cash bonus 2024 £	Performance share awards 2024 £	Benefits in kind 2024 £	Retirement allowance 2024** £	Emoluments 2024 £	Pension contributions 2024 £	Total 2024 £
Executive Directors									
A Thomis	**301,925**	**39,634**	**9,160**	**18,320**	**1,990**	**12,077**	**383,106**	**909**	**384,015**
S Walther	**235,950**	**30,973**	**7,167**	**14,333**	**1,990**	**9,438**	**299,851**	**909**	**300,760**
Non-executive Directors									
N Prest	**115,000**	**—**	**—**	**—**	**—**	**—**	**115,000**	**—**	**115,000**
E Lowe	**62,500**	**—**	**—**	**—**	**—**	**—**	**62,500**	**—**	**62,500**
J Perrin	**55,000**	**—**	**—**	**—**	**—**	**—**	**55,000**	**—**	**55,000**
B Nicholas	**51,500**	**—**	**—**	**—**	**—**	**—**	**51,500**	**—**	**51,500**
P Lynas	**15,833**	**—**	**—**	**—**	**—**	**—**	**15,833**	**—**	**15,833**
Total	**837,708**	**70,607**	**16,327**	**32,653**	**3,980**	**21,515**	**982,790**	**1,818**	**984,608**

* This will rise by 15.9% for the CEO to £350,000 and 10.2% for the FD to £260,000 from 1 May 2024.

** From 1 April 2019, the Company has paid (and will continue to pay) to the executive directors 4% of annual salary as a retirement allowance. This payment does not count towards the executive directors' determination of bonus. This is in line with pension contribution rates to the wider workforce.

	Salary 2023 £	In-year cash bonus 2023 £	Long-term cash bonus 2023 £	Restricted Share awards 2023 £	Benefits in kind 2023 £	Retirement allowance 2023 £	Emoluments 2023 £	Pension contributions 2023 £	Total 2023 £
Executive Directors									
A Thomis	283,500	37,015	28,571	80,862	4,629	11,340	445,917	364	446,281
S Walther	221,550	28,927	22,328	63,192	2,185	8,862	347,044	364	347,408
Non-executive Directors									
N Prest	115,000	—	—	—	—	—	115,000	—	115,000
S Carter*	19,304	—	—	—	—	—	19,304	—	19,304
E Lowe	58,750	—	—	—	—	—	58,750	—	58,750
J Perrin	55,000	—	—	—	—	—	55,000	—	55,000
B Nicholas	47,500	—	—	—	—	—	47,500	—	47,500
Total	800,604	65,942	50,899	144,054	6,814	20,202	1,088,515	728	1,089,243

* S Carter retired from the Board on 27 September 2022.

For April 2023 the Restricted Share awards include tax and employee National Insurance.

CEO remuneration as a multiple of the average remuneration of all employees

	2021	2022	2023	**2024**
Salary	5.58	5.59	5.63	**5.95**
Total remuneration	9.31	7.89	8.38	**7.23**

Salary includes benefits in kind and retirement allowance. Total remuneration includes all bonuses.

Relative spend on pay

The following table shows actual expenditure of the Group on remuneration of all employees compared with distributions to shareholders and profit retained:

	Number of permanent employees as at 30 April	Total remuneration expenditure £'000	Other expenditure as a percentage of total remuneration: Dividends paid to shareholders £'000	%	Profit retained £'000	%
2024	**1,309**	**78,138**	**5,598**	**7**	**11,158**	**14**
2023	1,132	65,682	5,124	8	9,808	15
2022	1,050	59,764	4,684	8	5,308	9
2021	1,005	51,881	4,247	8	1,652	3

The total shareholder return performance graph is shown in the Corporate governance report.

DIRECTORS' REPORT

Introduction

The directors present their report and the audited Group financial statements of Cohort plc for the year ended 30 April 2024. Cohort plc is a company incorporated in and operating from England. Its registered address is One Waterside Drive, Arlington Business Park, Theale, Reading RG7 4SW.

Certain information required for disclosure in this report is provided in other appropriate sections of the Annual Report and Accounts, accordingly, the following sections of the Annual Report and Accounts are incorporated into this Directors' report by reference:

- Strategic report
- Corporate governance report
- Audit Committee report
- Remuneration Committee report
- Financial review
- The financial statements together with the notes to those financial statements

Principal activities

The principal activity of the Company is that of a holding company. The principal activities of the Group are described in our Operating review. The Company's subsidiary undertakings, including those located outside the UK, are listed in note 11 of the financial statements within their respective reporting segments.

Business review

The Strategic report provides a review of the Group's business performance during the year, its strategy and likely future developments, its key performance indicators, and a description of the principal risks and uncertainties facing the business. The Chairman's statement is included in the Strategic report.

Since 30 April 2024, the Group has once again extended its banking facility for a further year to 18 July 2027. The facility terms have not changed with this extension and are explained in detail in the Strategic report.

Dividends

The directors recommend a final dividend of 10.10 pence (2023: 9.15 pence) per 10 pence ordinary share which, subject to shareholder approval, is due to be paid on 2 October 2024 to ordinary shareholders on the register on 23 August 2024. Together with the interim dividend of 4.70 pence paid on 13 February 2024, the full dividend for the year will be 14.80 pence (2023: 13.40 pence), an increase of 10% over last year.

Directors and their interests

Brief biographies of the current directors are set out on pages 56 and 57 (Board of Directors). On 2 January 2024, Peter Lynas was appointed as a director of the Company. All other current members of the Board were in office throughout the year and up to the date of signing these accounts. Details of the directors' interests in the equity of the Company and of the share awards that have been granted to the executive directors are disclosed in the Remuneration Committee report.

The Group maintains appropriate insurance cover in respect of legal actions against the directors, as well as against material loss or claims against the Group, and reviews the adequacy of the cover regularly.

The Company has made qualifying third-party indemnity provisions for the benefit of its directors during the reporting period and these remain in force at the date of this report.

The Company's rules about the appointment and replacement of directors, together with the powers of directors, are contained in the Articles of Association (the Articles) (available on the Company's website, www.cohortplc.com). Changes to the Articles must be approved by special resolution of the shareholders. A copy of the matters reserved for the Board is available on the Company's website (www.cohortplc.com).

Table 1: Information in respect of the directors of the Company

Disclosure	Report
Directors who served throughout the year	Remuneration Committee report
Directors' election and re-election	Nomination Committee report
Directors' biographies	Board of Directors
Directors' interests	Remuneration Committee report
Directors' share options	Remuneration Committee report

Table 2: Significant shareholdings and voting rights

As at 30 June 2024, the following interests of shareholders in excess of 3% have been notified to the Company:

	Percentage of voting rights and issued share capital %	Number of ordinary shares	Nature of holding
S Carter	21.84	9,085,884	Direct
Schroders Investment Management	10.78	4,487,200	Direct
Liontrust Asset Management	6.48	2,696,697	Direct
Canaccord Genuity Wealth Management	6.13	2,551,602	Direct
N Prest	4.31	1,791,738	Direct
Cazanove Capital Management	3.38	1,405,824	Direct
Herald Investment Management	3.25	1,352,500	Direct
Unicorn Asset Management	3.17	1,319,491	Direct
Hargreaves Lansdown Asset Management	3.15	1,311,977	Direct

Research and development

During the year ended 30 April 2024 the Group expenditure on research and development, both on behalf of customers and the Group's own private venture expenditure, was £14.8m (2023: £11.8m).

Going concern

The Group's financial statements have been prepared on the going concern basis.

As highlighted in note 15 to the financial statements, the Company meets its day-to-day working capital requirements through a facility which was renewed in July 2022 and extended for a second time in May 2024, out to July 2027. As mentioned elsewhere the re-prioritisation of defence spending within Europe and further afield in the Group's export markets are driving increased demand for the Group's products and the Group is well positioned for future growth.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, and its order book extending out to 2037, show that the Company should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital during the year, are shown in note 19. The Company has one class of ordinary shares, each of which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Subject to the provisions of the Company's Articles and the Companies Act 2006, at a general meeting of the Company the directors may request authority to allot shares and the power to disapply pre-emption rights and the authority for the Company to purchase its own ordinary shares in the market. The Board requests such authority at each Annual General Meeting (AGM). Details of the authorities to be sought at the AGM on 24 September 2024 are set out in the Notice of Annual General Meeting.

Details of employee share schemes are set out in note 20. The Trustee of the Cohort Employee Benefit Trust (EBT) (see note 21) abstains from voting on the Company's shares held on trust and these shares do not receive any dividend.

At 30 April 2024, the EBT held 913,308 Cohort plc ordinary shares, 2.20% of the issued share capital (2023: 718,157; 1.73%). The maximum number of shares held at any time in the year ended 30 April 2024 was 1,103,078 (2.66%) of the issued share capital at that time. Shares in Cohort plc are acquired and disposed of by the EBT for the purposes of satisfying employee share options, Share Incentive and Restricted Share Schemes, and the Long Term Incentive Plan, details of which are shown in note 20.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Under its Articles, the Company has authority to issue up to half of its issued shares as new ordinary shares. This approximates to 20.8m shares at 30 April 2024.

Change of control

There are a number of agreements entered into in the normal course of business by the Company or by its subsidiaries that may take effect, alter or terminate upon a change of control of the Company or the relevant subsidiary including commercial contracts; the Group's banking facility agreement; property lease arrangements; and employee share plans. In addition, the National Security and Investment Act 2021 provides the UK Government with new powers to scrutinise and potentially make void transactions in the defence and other sectors on the grounds of national security.

The following agreements are those individual agreements which the Company considers to be significant to the Group as a whole that contain provisions giving the other party a specific right to terminate them if the Company is subject to a change of control:

- SEA's contract with the UK's Ministry of Defence to provide Electronic Warfare Countermeasures Increment 1a (EWCM 1a) to the Royal Navy entered into in March 2024. Termination of this contract would also have an impact on Chess who are supplying technology and hardware.
- ELAC SONAR's contracts to provide the sonar system for a new build submarine programme for the Italian Navy entered into in July 2021 with a follow-on contract awarded in December 2023.
- The minority shareholder of EID has the right to exercise a put option requiring the purchase of its minority holding if a change of control occurs before 24 November 2024.

In addition, there are contracts across the Group entered into with the same customer(s) that are not considered to be significant to the Group on their own, however, if, upon a change of control, such a customer decided to terminate all of its agreements with Group companies, the aggregate impact could be material.

The directors are not aware of any agreements between the Company and its directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid, other than those disclosed in the Remuneration Committee report.

International Financial Reporting Standards (IFRS)

The Group and parent company's reported results for the year ended 30 April 2024 are prepared in accordance with UK adopted International Accounting Standards (IFRS). Information about the use of financial instruments by the Company and its subsidiaries is given in note 18 to the financial statements.

Non-current assets

There is no material difference between the book value and current open market value of the Group's interests in land and buildings.

Employee consultation

Details of our engagement with employees and how the directors have considered their interests throughout the year are set out in Stakeholder engagement and the Sustainability report.

Disabled employees

The policy of the Group is to offer the same opportunities to disabled people as to all others in respect of recruitment and career advancement, provided their disability does not prevent them from carrying out their required duties. Employees who become disabled will, wherever possible, be retained, rehabilitated and, where necessary, retrained.

Donations

During the year ended 30 April 2024 the Group made charitable donations of £24,000 (2023: £33,000), mainly in respect of military and local charities. The Group made no political donations during the year (2023: £nil).

Environment

The Company is required to disclose its UK energy use and associated greenhouse gas emissions (GHG) under the Streamlined Energy and Carbon Reporting (SECR) Regulations. Details of our report are set out in our Sustainability report. This is the fourth year that the Company has undertaken a GHG emissions assessment to comply with SECR. This year, Cohort is building on the disclosures made last year under the Task Force on Climate-related Financial Disclosures by making a disclosure in accordance with the Companies (Strategic Report) (Climate-related Financial Disclosures) Regulations 2022 (CFD). This is included in our Strategic report.

Post balance sheet event

On 31 May 2024 MCL acquired Interactive Technical Solutions as disclosed in note 29 to the financial statements.

Provision of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

RSM UK Audit LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming AGM.

Approved by the Board of Directors on 26 July 2024 and signed by order of the Board:

Raquel McGrath
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES
in respect of the Annual Report and financial statements

The directors are responsible for preparing the Strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under company law and the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with UK adopted International Accounting Standards (IFRS) and have elected under company law to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

The Group financial statements are required by law and accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK adopted International Accounting Standards (IFRS);
- for the Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Cohort plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board on 26 July 2024

Andrew Thomis
Chief Executive

Simon Walther
Finance Director

INDEPENDENT AUDITOR'S REPORT
to the members of Cohort plc

Opinion
We have audited the financial statements of Cohort plc (the parent company) and its subsidiaries (the Group) for the year ended 30 April 2024 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated and Company statement of financial position, Consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 April 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	**Group** - Revenue recognition - Goodwill impairment - Recoverability of trade receivables and contract assets **Parent Company** - Impairment of investments in subsidiaries
Materiality	**Group** - Overall materiality: £1,050,000 (2023: £950,000) - Performance materiality: £787,500 (2023: £712,500) **Parent Company** - Overall materiality: £400,000 (2023: £950,000) - Performance materiality: £300,000 (2023: £712,500)
Scope	Our audit procedures covered 99% of revenue, 97% of total assets and 99% of adjusted operating profit.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group and parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

Key audit matter description

Revenue is recognised in the financial statements as the Group satisfies its performance obligations by transferring goods and services to customers.

The Group's revenue and profit recognition accounting policy is disclosed on pages 121 to 122 in the notes to the financial statements with related critical accounting judgements and key sources of estimation disclosed on page 124.

The Group applies judgement when assessing contractual obligations as point in time (type 1), over time service (type 2) and over time (type 3).

A higher level of judgement and estimation uncertainty applies to ongoing type 3 contracts in recognising revenue over time as performance obligations are satisfied based on input costs and estimated costs to complete, which are used to ascertain the profit margin to be recognised.

Revenue recognition on these type 3 contracts has been identified as a key audit matter in relation to the existence and valuation assertions.

Revenue recognition on all contracts is considered to be a key audit matter in relation to the cut-off assertion.

How the matter was addressed in the audit

Our work included:

- Attendance at year end project contract status review meetings for relevant components to understand the reporting process and the levels of challenge applied by management.
- Selecting a risk-based sample of ongoing type 3 contracts. Our sample selection focused on the larger revenue contracts in the year together with those contracts with large contract assets or contract liability balances at the year end and a sample of other contracts.
- For our sample of ongoing type 3 contracts, we focused on:
  - Understanding and challenging the model of accounting and checking the mathematical accuracy of the model.
  - Corroborating inputs, such as contract details and a sample of costs to date to supporting documentation.
  - Checking the appropriate classification and calculation of the year end contract asset or liability balance.
  - Assessing whether the contract is correctly allocated as a type 3 contract and that relevant aspects of the contract are accurately allocated to type 1 and/or type 2.
  - Discussing and challenging the status of projects, including estimates of costs to complete and cost contingencies at meetings with project managers and/or, where relevant, other management within the Group.
  - Reviewing post year end management information to assess reasonableness of year end assumptions.
- For a sample of type 3 contracts completed during the year, performing a retrospective review to assess the accuracy of prior year management estimates.
- Selecting a sample of revenue recognised in the period before and after the year end to address the revenue recognition cut-off risk for all contract types, corroborating, where appropriate, to underlying documentation.
- Using data analytics procedures to understand the Group's sales cycle for all contract types and investigating and corroborating any outliers from our expectations.
- Reviewing and auditing the disclosures in the financial statements, including checking accuracy and considering completeness.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Cohort plc

Key audit matters continued

Goodwill impairment (Group) and impairment of investments in subsidiaries (parent company)

Key audit matter description	The Group has a goodwill balance of £50.1m (2023: £50.1m) which is subject to annual impairment review as described in note 9 to the financial statements. Management assess goodwill for impairment using discounted cash flow (DCF) models to estimate the value in use of the Group's cash generating units (CGUs) and compare this to the carrying values of the CGU. The Parent Company holds investments in subsidiaries at £87.7m (2023: £88.5m) as set out in note 11 to the financial statements. The DCF models are also used to assess whether there has been any impairment in value of the investments in subsidiaries. As explained in note 9 to the financial statements, the value-in-use calculations require a number of estimates. Due to the significance of these assets, this has been determined to be a key audit matter.
How the matter was addressed in the audit	Our work included: ○ Obtaining the management impairment review paper and the supporting accounting model (including sensitivity analysis) together with details of estimates and assumptions. ○ Understanding and challenging the key estimates and assumptions used by management in their impairment review. ○ Checking the mathematical accuracy of the model and corroborating inputs, where possible, to supporting documentation and checking the consistency of the model (and assumptions) with information obtained elsewhere during the audit. ○ Using internal valuation experts to assess the reasonableness of the discount rate applied by management in the model. ○ Challenging management's sensitivity analysis and assessing whether it is appropriate in the current economic environment. ○ Reviewing and auditing the disclosures in the financial statements, including checking accuracy and considering completeness.

Recoverability of trade receivables and contract assets

Key audit matter description	The Group's statement of financial position includes trade receivables of £38.6m (2023: £22.9m) and contract assets of £31.9m (2023: £25.9m). There is a risk that trade receivables and contract assets recognised at the reporting date are not recoverable or will not be recovered in full. Management provides for specific trade receivable and contract asset balances where there is an indication of risk of recovery. This is assessed on a contract-by-contract basis and takes into account the parties involved within the contract and the status of the end user. The associated critical accounting judgements are disclosed on page 124 of the financial statements and due to the potential significance of the impact of these judgements on the financial statements, we have assessed this to be a key audit matter.
How the matter was addressed in the audit	Our work included: ○ Selecting a sample of trade receivables and contract assets and corroborating to supporting documentation and checking recoverability after the year end. ○ Reviewing the ageing of receivables and obtaining explanations for a sample of aged debts that have not been provided for or recovered since the year end and challenging key assumptions, corroborating where appropriate. ○ Reviewing the contract asset balances and obtaining explanations for a sample of old balances that have not been provided for or recovered since the year end, challenging key assumptions, corroborating where appropriate, and checking for any inconsistencies with our revenue recognition work. ○ Selecting a sample of provisions posted in the year, especially those near the year end, and challenging management to identify any excessive provisions. ○ Reviewing and auditing the disclosures in the financial statements, including checking accuracy and considering completeness.

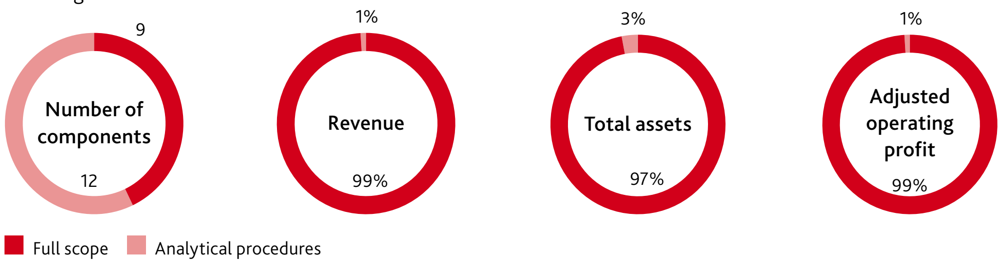
Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

	Group	Parent company
Overall materiality	£1,050,000 (2023: £950,000)	£400,000 (2023: £950,000)
Basis for determining overall materiality	5% (2023: 5%) of adjusted operating profit	9% of operating expenses (2023: 4% of net assets capped at Group materiality)
Rationale for benchmark applied	Adjusted operating profit is the key benchmark against which the business is assessed by management and investors.	Operating expenses is a constituent of Group adjusted operating profit, so it is the key benchmark for management and investors.
Performance materiality	£787,500 (2023: £712,500)	£300,000 (2023: £712,500)
Basis for determining performance materiality	75% of overall materiality	75% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £52,500 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £20,000 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of 21 components, 13 of which are based in the UK, 2 in Canada, 1 in USA, 3 in Germany and 2 in Portugal.



Of the above full scope audits, 2 components were undertaken by component auditors.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the going concern model prepared by management, including the inputs and assumptions, and the review and approval process by the Board;
- testing the mathematical accuracy of the model and agreement of relevant inputs to Board approved budgets and forecasts;
- reviewing the Board approved budgets and forecasts for the period to 30 April 2027 and challenging key assumptions, including:
  - comparing forecast revenue with the Group's order book and historical performance;
  - evaluating the historical accuracy of forecasts;
  - assessing the sensitivity of the available headroom on bank facilities and related covenants and the Group's cash; and
  - reviewing of post year end trading and comparison to the forecasts; and
- reviewing and challenging the going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements, and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of Cohort plc

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 75, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent 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 parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the Group audit engagement team and component auditors:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and parent company operates in and how the Group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

All relevant laws and regulations identified at a Group level and areas susceptible to fraud that could have a material effect on the financial statements were communicated to component auditors. Any instances of non-compliance with laws and regulations identified and communicated by a component auditor were considered in our audit approach.

The most significant laws and regulations were determined as follows:

Legislation/regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
UK adopted International Accounting Standards, the Companies Act 2006, Financial Reporting Standard 101 and the AIM rules	- Review of the financial statement disclosures and testing to supporting documentation. - Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	- Review of tax computations and related advice received from external tax advisers.
Anti-bribery and corruption legislation and cyber risk and data security regulations	- Discussions held with those charged with governance and enquiries of management as to whether there have may been any non-compliance with laws and regulations that may materially impact the Group.

The extent to which the audit was considered capable of detecting irregularities, including fraud continued

In addition to the key audit matters set out above, the other area that we identified as being susceptible to material misstatement due to fraud was:

Risk	Audit procedures performed by the audit engagement team:
Management override of controls	Testing the appropriateness of journal entries and other adjustments. Assessing whether the judgements made in making accounting estimates are indicative of a potential bias. Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Coates (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

26 July 2024

CONSOLIDATED INCOME STATEMENT
for the year ended 30 April 2024

	Notes	**2024 £'000**	2023 £'000
Revenue	1	**202,533**	182,713
Cost of sales		**(126,260)**	(117,852)
Gross profit		**76,273**	64,861
Administrative expenses		**(55,086)**	(49,610)
Operating profit	1	**21,187**	15,251
Comprising:			
Adjusted operating profit	1	**21,141**	19,064
Amortisation of other intangible assets (included in administrative expenses)	9	**(3,121)**	(3,672)
Research and development expenditure credits (RDEC) (included in cost of sales)		**2,870**	941
Credit/(charge) on marking forward exchange contracts to market value at the year end (included in cost of sales)	18	**297**	(1,082)
		21,187	15,251
Finance income	4	**500**	134
Finance costs	5	**(1,863)**	(1,458)
Profit before tax		**19,824**	13,927
Income tax charge	6	**(4,532)**	(2,675)
Profit for the year	3	**15,292**	11,252
Attributable to:			
Equity shareholders of the parent		**15,316**	11,356
Non-controlling interests		**(24)**	(104)
		15,292	11,252

Earnings per share		**Pence**	Pence
Basic	8	**37.87**	27.92
Diluted	8	**37.72**	27.86

All profit for the year is derived from continuing operations.

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 April 2024

	2024 £'000	2023 £'000
Profit for the year	**15,292**	11,252
Items which may be subsequently reclassified to profit or loss:		
Foreign currency translation differences on net assets of overseas subsidiaries	**(450)**	(1,070)
Items that will not be subsequently reclassified to profit and loss:		
Changes in retirement benefit obligations	**(426)**	1,919
Other comprehensive (expense)/income for the period, net of tax	**(876)**	849
Total comprehensive income for the year	**14,416**	12,101
Attributable to:		
Equity shareholders of the parent	**14,463**	12,205
Non-controlling interests	**(47)**	(104)
	14,416	12,101

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2024

	Attributable to the equity shareholders of the parent								
Group	Share capital £'000	Share premium account £'000	Own shares £'000	Share option reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 May 2022	4,121	30,527	(3,346)	1,000	(1,400)	53,068	83,970	5,220	89,190
Profit for the year	—	—	—	—	—	11,356	11,356	(104)	11,252
Other comprehensive income for the year	—	—	—	—	—	849	849	—	849
Total comprehensive income/(expense) for the year	—	—	—	—	—	12,205	12,205	(104)	12,101
Transactions with owners of Group and non-controlling interests, recognised directly in equity									
Issue of new shares	25	957	—	—	—	—	982	—	982
Equity dividends	—	—	—	—	—	(5,124)	(5,124)	—	(5,124)
Vesting of Restricted Shares	—	—	—	—	—	218	218	—	218
Own shares purchased	—	—	(586)	—	—	—	(586)	—	(586)
Own shares settled	—	—	111	—	—	—	111	—	111
Net loss on settling own shares	—	—	220	—	—	(220)	—	—	—
Purchase of non-controlling interest	—	—	—	—	—	2,359	2,359	(2,359)	—
Share-based payments	—	—	—	1,522	—	—	1,522	—	1,522
Deferred tax adjustment in respect of share-based payments	—	—	—	(36)	—	—	(36)	—	(36)
Transfer of share option reserve on vesting of options	—	—	—	(370)	—	370	—	—	—
Change in option for acquiring non-controlling interest in Chess	—	—	—	—	1,400	—	1,400	—	1,400
At 30 April 2023	4,146	31,484	(3,601)	2,116	—	62,876	97,021	2,757	99,778
Profit 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	**4,161**	**32,157**	**(4,569)**	**2,859**	**—**	**74,066**	**108,674**	**1,166**	**109,840**

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 April 2024

Company	Share capital £'000	Share premium account £'000	Own shares £'000	Share option reserve £'000	Other reserves £'000	Retained earnings £'000	Total £'000
At 1 May 2022	4,121	30,527	(3,346)	1,000	(1,400)	31,448	62,350
Profit for the year	—	—	—	—	—	5,199	5,199
Transactions with owners of the Company, recognised directly in equity							
Issue of new shares	25	957	—	—	—	—	982
Equity dividends	—	—	—	—	—	(5,124)	(5,124)
Vesting of Restricted Shares	—	—	—	—	—	218	218
Own shares purchased	—	—	(586)	—	—	—	(586)
Own shares settled	—	—	111	—	—	—	111
Net loss on settling own shares	—	—	220	—	—	(220)	—
Share-based payments	—	—	—	1,522	—	—	1,522
Deferred tax adjustment in respect of share-based payments	—	—	—	(36)	—	—	(36)
Transfer of share option reserve on vesting of options	—	—	—	(370)	—	32	(338)
Change in option for acquiring non-controlling interest in Chess	—	—	—	—	1,400	—	1,400
At 30 April 2023	4,146	31,484	(3,601)	2,116	—	31,553	65,698
Profit for the year	—	—	—	—	—	13,207	13,207
Transactions with owners of the Company, recognised directly in equity							
Issue of new shares	15	673	—	—	—	—	688
Equity dividends	—	—	—	—	—	(5,598)	(5,598)
Vesting of Restricted Shares	—	—	—	—	—	209	209
Own shares purchased	—	—	(1,917)	—	—	—	(1,917)
Own shares settled	—	—	802	—	—	—	802
Net loss on settling own shares	—	—	147	—	—	(147)	—
Share-based payments	—	—	—	1,278	—	—	1,278
Deferred tax adjustment in respect of share-based payments	—	—	—	184	—	—	184
Transfer of share option reserve on vesting of options	—	—	—	(719)	—	719	—
At 30 April 2024	**4,161**	**32,157**	**(4,569)**	**2,859**	**—**	**39,943**	**74,551**

The reserves of the Group and the Company are described in note 22.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION
as at 30 April 2024

	Notes	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Assets					
Non-current assets					
Goodwill	9	**50,145**	50,145	**—**	—
Other intangible assets	9	**2,848**	5,969	**—**	—
Right of use asset	10a	**7,818**	8,521	**374**	431
Property, plant and equipment	10b	**19,370**	15,304	**58**	62
Investment in subsidiaries	11	**—**	—	**87,663**	88,493
Amounts due from subsidiaries	30	**—**	—	**17,859**	17,669
Deferred tax assets	17	**2,543**	1,600	**386**	178
		82,724	81,539	**106,340**	106,833
Current assets					
Inventories	12	**33,310**	32,041	**—**	—
Trade and other receivables	13	**79,377**	55,612	**1,051**	853
Current tax assets		**1,823**	2,126	**—**	—
Derivative financial instruments	18	**105**	42	**—**	—
Cash and cash equivalents	15,30	**55,157**	50,956	**—**	—
		169,772	140,777	**1,051**	853
Total assets		**252,496**	222,316	**107,391**	107,686
Liabilities					
Current liabilities					
Trade and other payables	14	**(80,967)**	(55,897)	**(5,523)**	(8,981)
Current tax liabilities		**(2,150)**	(4,269)	**(178)**	—
Derivative financial instruments	18	**(399)**	(1,041)	**—**	—
Lease liability	10a	**(1,781)**	(1,660)	**(117)**	(60)
Bank borrowings	15	**(15,490)**	(9,511)	**(10,225)**	(6,734)
Provisions	16	**(8,914)**	(8,687)	**—**	—
		(109,701)	(81,065)	**(16,043)**	(15,775)
Non-current liabilities					
Deferred tax liabilities	17	**(887)**	(1,467)	**—**	—
Lease liability	10a	**(6,708)**	(7,473)	**(267)**	(376)
Bank borrowings	15	**(16,530)**	(25,837)	**(16,530)**	(25,837)
Provisions	16	**(3,204)**	(1,404)	**—**	—
Retirement benefit obligations	26	**(5,626)**	(5,292)	**—**	—
		(32,955)	(41,473)	**(16,797)**	(26,213)
Total liabilities		**(142,656)**	(122,538)	**(32,840)**	(41,988)

	Notes	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Net assets		**109,840**	99,778	**74,551**	65,698
Equity					
Share capital	19	**4,161**	4,146	**4,161**	4,146
Share premium account		**32,157**	31,484	**32,157**	31,484
Own shares	21	**(4,569)**	(3,601)	**(4,569)**	(3,601)
Share option reserve		**2,859**	2,116	**2,859**	2,116
Retained earnings		**74,066**	62,876	**39,943**	31,553
Total equity attributable to the equity shareholders of the parent		**108,674**	97,021	**74,551**	65,698
Non-controlling interests		**1,166**	2,757	**—**	—
Total equity		**109,840**	99,778	**74,551**	65,698

The accompanying notes form part of the financial statements. Bank borrowings, cash and cash equivalents and amounts due from subsidiaries for 2023 have been restated (note 30).

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The parent company's profit after tax was £13,207,000 (2023: £5,199,000).

The financial statements on pages 82 to 125 were approved by the Board of Directors and authorised for issue on 26 July 2024 and are signed on its behalf by:

Andrew Thomis
Chief Executive

Simon Walther
Finance Director

Company number
05684823

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 April 2024

	Notes	Group 2024 £'000	Group 2023 £'000
Net cash inflow from operating activities	23	**23,017**	16,288
Cash flows from investing activities			
Interest received		**500**	134
Purchases of property, plant and equipment	10b	**(6,659)**	(5,231)
Net cash used in investing activities		**(6,159)**	(5,097)
Cash flows from financing activities			
Issue of new shares		**688**	982
Dividends paid	7	**(5,598)**	(5,124)
Purchase of own shares	21	**(1,917)**	(586)
Settlement of own shares	21	**802**	111
Purchase of non-controlling interest in Chess		**—**	(1,016)
Repayment of borrowings	15	**(9,000)**	(4,000)
Repayment of lease liabilities	10a	**(1,892)**	(1,720)
Net cash used in financing activities		**(16,917)**	(11,353)
Net decrease in cash and cash equivalents		**(59)**	(162)
Represented by:			
Cash and cash equivalents brought forward		**41,454**	40,367
Net decrease in cash and cash equivalents		**(59)**	(162)
Foreign exchange (loss)/gain		**(1,728)**	1,249
Cash and cash equivalents carried forward		**39,667**	41,454

	At 1 May 2023 £'000	Effect of foreign exchange rate changes £'000	Cash flow £'000	At 30 April 2024 £'000
Net funds reconciliation				
Group				
Cash and bank	50,956	(1,728)	(5,229)	**43,999**
Short-term deposits	—	—	11,158	**11,158**
Bank overdrafts	(9,502)	—	(5,988)	**(15,490)**
Cash and cash equivalents	41,454	(1,728)	(59)	**39,667**
Loan	(25,837)	307	9,000	**(16,530)**
Finance lease	(9)	—	9	**—**
Debt	(25,846)	307	9,009	**(16,530)**
Net funds	15,608	(1,421)	8,950	**23,137**

Cash and cash equivalents comprise cash held by the Group, short-term bank deposits and bank overdrafts with a maturity at commencement of three months or less. The carrying amounts of these assets approximate to their fair value. The purchase of non-controlling interest in 2023 has been restated (note 30).

Net funds exclude IFRS 16 lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 2024

1. Segmental analysis

For management and reporting purposes, the Group, during the year ended 30 April 2024, operated through its two trading divisions: Communications and Intelligence, and Sensors and Effectors. These divisions are the basis on which the Company reports its primary business segment information in accordance with IFRS 8. Whilst each division internally reports by reference to the sectors it sells to, these are considered by the Board to have similar economic characteristics in terms of the nature of the services and their customer base and therefore disaggregated information is not regularly reported to the Board. On this basis, the Board, which is deemed to be the chief operating decision maker, considers each trading division a separate operating segment.

The principal activities of the trading subsidiaries are described in the Strategic report.

All are UK operations with the exception of EID, which is based in Portugal, and ELAC SONAR, which is based in Germany. All operations are continuing. Inter-segment sales are charged at arm's length rates.

Unallocated corporate expenses are the costs of the Cohort plc head office including the remuneration of the Cohort plc Board.

Business segment information about these divisions is presented below:

2024	Communications and Intelligence £'000	Sensors and Effectors £'000	Eliminations £'000	Group £'000
Revenue				
External revenue	82,929	119,604	—	202,533
Inter-segment revenue	453	885	(1,338)	—
	83,382	120,489	(1,338)	202,533
Segment adjusted operating profit	12,842	12,787	—	25,629
Unallocated corporate expenses	—	—	—	(4,488)
Adjusted operating profit	12,842	12,787	—	21,141
Credit on marking forward exchange contracts to market value at the year end	225	140	—	297
Amortisation of other intangible assets	(99)	(3,022)	—	(3,121)
Research and development expenditure credits (RDEC)	539	2,331	—	2,870
Operating profit	13,507	12,236	—	21,187
Finance cost (net of income)	(75)	(676)	—	(1,363)
Profit before tax	13,432	11,560	—	19,824
Income tax charge				(4,532)
Profit after tax				15,292

2024 Other information	Communications and Intelligence £'000	Sensors and Effectors £'000	Central £'000	Group £'000
Capital additions	1,035	5,573	51	6,659
Depreciation of property, plant and equipment	712	1,881	55	2,648
Depreciation of right of use assets	482	1,359	111	1,952

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

1. Segmental analysis continued

2024 Balance sheet	Portuguese assets £'000	German assets £'000	Communications and Intelligence £'000	Sensors and Effectors £'000	Eliminations £'000	Group £'000
Assets						
Segment tangible assets	14,751	30,045	33,010	109,049	(2,079)	139,980
Goodwill and other intangible assets	2,265	9,929	17,163	35,830	—	52,993
Current tax asset						1,823
Deferred tax asset						2,543
Cash						55,157
Consolidated total assets	17,016	39,974	50,173	144,879		252,496
Liabilities						
Segment liabilities	(14,664)	(18,987)	(29,373)	(76,743)	(1,483)	(107,599)
Current tax liability						(2,150)
Deferred tax liability						(887)
Bank borrowings						(32,020)
Consolidated total liabilities	(14,664)	(18,987)	(29,373)	(76,743)		(142,656)

The above figures include 100% of EID. The non-controlling interest of 20.00% is reported separately in the income statement and Group reserves.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

1. Segmental analysis continued

2023	Communications and Intelligence £'000	Sensors and Effectors £'000	Eliminations £'000	Group £'000
Revenue				
External revenue	86,195	96,518	—	182,713
Inter-segment revenue	184	513	(697)	—
	86,379	97,031	(697)	182,713
Segment adjusted operating profit	14,911	9,320	—	24,231
Unallocated corporate expenses	—	—	—	(5,167)
Adjusted operating profit	14,911	9,320	—	19,064
Charge on marking forward exchange contracts to market value at the year end	(280)	(641)	—	(1,082)
Amortisation of other intangible assets	(86)	(3,585)	—	(3,672)
Research and development expenditure credits (RDEC)	270	671	—	941
Operating profit	14,815	5,765	—	15,251
Finance cost (net of income)	(89)	(560)	—	(1,324)
Profit before tax	14,726	5,205	—	13,927
Income tax charge				(2,675)
Profit after tax				11,252

2023 Other information	Communications and Intelligence £'000	Sensors and Effectors £'000	Central £'000	Group £'000
Capital additions	972	4,248	11	5,231
Depreciation of property, plant and equipment	534	1,754	88	2,376
Depreciation of right of use assets	414	1,255	107	1,776

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

1. Segmental analysis continued

2023 Balance sheet	Portuguese assets £'000	German assets £'000	Communications and Intelligence £'000	Sensors and Effectors £'000	Eliminations £'000	Group £'000
Assets						
Segment tangible assets	12,969	30,045	31,135	87,286	(6,901)	111,520
Goodwill and other intangible assets	2,364	11,453	17,262	38,852	—	56,114
Current tax asset						2,126
Deferred tax asset						1,600
Cash						50,956
Consolidated total assets	15,333	41,498	48,397	126,138		222,316
Liabilities						
Segment liabilities	(7,924)	(14,805)	(27,732)	(47,398)	(6,324)	(81,454)
Current tax liability						(4,269)
Deferred tax liability						(1,467)
Bank borrowings						(35,348)
Consolidated total liabilities	(7,924)	(14,805)	(27,732)	(47,398)		(122,538)

The above figures include 100% of Chess and EID. The non-controlling interest, 18.16% for Chess to 30 November 2022 and 20.00% for EID, is reported separately in the income statement and Group reserves.

For the purposes of monitoring segment performance and allocating resource between segments, the Group's Chief Executive monitors the tangible, intangible and financial assets attributable to each segment.

All assets and liabilities are allocated to reportable segments with the exception of central cash and bank borrowings, current tax and deferred tax assets and liabilities.

Goodwill and other intangible assets are allocated to reportable segments as analysed in note 9.

Geographical segments

The Group's subsidiaries are all located in the UK with the exception of EID, which is located in Portugal, and ELAC SONAR, which is based in Germany. For an analysis of the Group's revenue by geographical location of the customer, please refer to the "Revenue by market and geography" table in the Financial review (page 23).

All Group assets, tangible and intangible, are located in the UK with the exceptions of EID, which is located in Portugal, and ELAC SONAR, which is based in Germany.

Market segments

For an analysis of the Group's revenue by market sector please refer to the "Revenue by domain" table in the Business review (page 9).

For an analysis of the Group's total revenue, broken down by type of deliverable, please refer to the "Revenue by type of deliverable" table in the Financial review (page 23).

Product includes bespoke product, customised systems and sub-systems and is hardware and/or software. Services include operational support and training.

Further information on revenue by market segment and capability can be found in the Strategic report.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

1. Segmental analysis continued
Major customers

Revenue from major customers included in the Group's business segments for the year ended 30 April 2024 is as follows:

	2024					2023				
	UK MOD £'000	Portuguese MOD £'000	Customer A £'000	Customer B £'000	Customer C £'000	UK MOD £'000	Portuguese MOD £'000	Customer A £'000	Customer B £'000	Customer C £'000
Communications and Intelligence	58,016	10,334	—	—	—	62,078	4,891	460	—	—
Sensors and Effectors	10,719	—	11,425	6,277	8,888	185	—	5,622	10,598	9,011
	68,735	10,334	11,425	6,277	8,888	62,263	4,891	6,082	10,598	9,011

Customer C in 2024 is not the same as customer C in 2023.

2. Employee benefit expense (including directors)

	2024 £'000	2023 £'000
Wages and salaries	64,081	54,437
Social security costs	8,114	7,075
Retirement benefit obligations (see note 26):		
Defined contribution schemes	3,401	2,540
Defined benefit scheme	223	288
Share-based payments	2,319	1,522
	78,138	65,862

Average number of employees (including directors)

	2024 Number	2023 Number
Engineering and production	755	598
Managed services	110	105
Total operational	865	703
Administration and support	368	385
	1,233	1,088

The above disclosures include directors. Directors' emoluments and share option details are disclosed separately in the Remuneration Committee report, where the relevant disclosures have been highlighted as audited (page 72).

3. Profit for the year
The profit for the year has been arrived at after charging/(crediting):

	Notes	2024 £'000	2023 £'000
Net foreign exchange (gains)/losses	18	(297)	1,082
Research and development costs		14,807	11,781
Depreciation of property, plant and equipment	10b	2,648	2,376
Depreciation of right of use assets	10a	1,952	1,776
Amortisation of other intangible assets	9	3,121	3,672
Cost of inventories recognised as expenses		67,858	64,348
Staff costs (excluding share-based payments)	2	75,819	64,340
Long term incentive payments	20	2,319	1,522

All of the above charges are in respect of continuing operations.

The fees payable to the auditor for audit and non-audit services are disclosed in the Audit Committee report, where the relevant disclosures have been highlighted as audited (page 62).

4. Finance income

	2024 £'000	2023 £'000
Interest on bank deposits	500	134

All finance income is in respect of continuing operations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

5. Finance costs

	2024 £'000	2023 £'000
Loans	**1,420**	1,047
Finance leases	**—**	37
Interest paid on lease liabilities (see note 10a)	**284**	234
Retirement benefit obligations (see note 26)	**159**	140
	1,863	1,458

All finance costs are in respect of continuing operations.

6. Income tax charge

	2024 £'000	2023 £'000
Current tax charge/(credit):		
UK corporation tax: in respect of this year	**6,388**	3,314
UK corporation tax: in respect of prior years	**(252)**	(756)
German corporation tax: in respect of this year	**528**	—
German corporation tax: in respect of prior years	**(354)**	—
Portugal corporation tax: in respect of this year	**(442)**	(249)
Portugal corporation tax: in respect of prior years	**—**	397
Other foreign corporation tax: in respect of this year	**—**	133
	5,868	2,839
Deferred tax credit:		
In respect of this year	**(1,292)**	(96)
In respect of prior years	**(44)**	(68)
	(1,336)	(164)
	4,532	2,675

The corporation tax is calculated at 25.0% (2023: 19.5%) of the estimated taxable profit for the year, as disclosed to the right.

The deferred tax includes a credit of £852,000 in respect of amortisation of other intangible assets (2023: £987,000), and a charge of £74,000 (2023: credit of £271,000) in respect of marking forward exchange contracts to market at the year end. The deferred tax is further explained in note 17.

The tax charge for the year is reconciled to profit per the Consolidated income statement for the year ended 30 April 2024 as follows:

	2024 £'000	2023 £'000
Profit before tax on continuing operations	**19,824**	13,927
Tax at the UK corporation tax rate of 25.0% (2023: 19.5%)	**4,956**	2,716
Tax effect of expenses that are not deductible in determining taxable profit	**237**	294
Tax effect of R&D tax credits in Portugal	**(515)**	(319)
Tax effect of other timing differences not reflected in deferred tax	**734**	(112)
Tax effect of statutory deduction for share options exercised	**(157)**	(49)
Tax effect of foreign tax rates	**115**	455
Tax effect of deferred tax movement on share options to be exercised	**(188)**	117
Tax effect of other prior year adjustments	**(650)**	(427)
Tax charge for the year	**4,532**	2,675

The UK corporation tax for the year ended 30 April 2024 is 25.0%. The UK corporation tax rate for the year ended 30 April 2023 is calculated at 19.5%, based upon eleven months at 19.0% and one month at 25.0%. The Portuguese corporation tax rate calculated for the year ended 30 April 2024 is 31.0% (2023: 31.0%) and the German corporation tax rate calculated for the year ended 30 April 2024 is 31.6% (2023: 31.6%).

In addition, a deferred tax credit of £187,000 (2023: charge of £39,000) was recognised directly in equity in respect of share options.

7. Dividends

	2024 £'000	2023 £'000
Amounts recognised as distributions to equity holders in the period:		
Final dividend in respect of the year ended 30 April 2023 at 9.15 pence per ordinary share (2022: 8.35 pence)	**3,697**	3,393
Interim dividend in respect of the year ended 30 April 2024 at 4.70 pence per ordinary share (2023: 4.25 pence)	**1,901**	1,731
	5,598	5,124
Proposed final dividend for the year ended 30 April 2024 at 10.10 pence per ordinary share (2023: 9.15 pence per ordinary share)	**4,085**	3,650

The cost of the proposed final dividend, which is an estimate, is subject to approval by shareholders at the AGM to be held on 24 September 2024 and has not been included as a liability in these financial statements. If approved, this dividend will be paid on 2 October 2024 to shareholders on the register as at 23 August 2024.

The Cohort Employee Benefit Trust, which holds ordinary shares in Cohort plc representing 2.20% (2023: 1.73%) of the Company's called up share capital, has agreed to waive all dividends due to it in accordance with an arrangement dated 20 November 2009.

8. Earnings per share

The earnings per share are calculated as follows:

	2024			2023		
	Weighted average number of shares Number	**Earnings £'000**	**Earnings per share Pence**	Weighted average number of shares Number	Earnings £'000	Earnings per share Pence
Basic earnings (net profit attributable to equity holders of Cohort plc)	**40,445,297**	**15,316**	**37.87**	40,673,953	11,356	27.92
Share options	**156,639**			88,038		
Diluted earnings	**40,601,936**	**15,316**	**37.72**	40,761,991	11,356	27.86

The basic earnings per share are calculated by dividing the profit attributable to equity holders of the parent company (Cohort plc) by the weighted average number of ordinary shares in issue during the year. The diluted earnings per share are calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of shares in issue during the year as adjusted for the effects of potentially dilutive share options.

The weighted average number of shares for the years ended 30 April 2024 and 30 April 2023 is after deducting the own shares, which are held by the Cohort Employee Benefit Trust.

In addition, the adjusted earnings per share of the Group are calculated in a similar manner to the basic earnings per share with the adjustments to the basic earnings as shown below:

		2024			2023		
	Notes	**Weighted average number of shares Number**	**Earnings £'000**	**Earnings per share Pence**	Weighted average number of shares Number	Earnings £'000	Earnings per share Pence
Basic earnings		**40,445,297**	**15,316**	**37.87**	40,673,953	11,356	27.92
(Credit)/charge on marking forward exchange contracts at the year end (net of tax charge of £74,000 (2023: credit of £271,000))	18	**—**	**(223)**	**—**	—	811	—
Amortisation of other intangible assets (see below)		**—**	**2,254**	**—**	—	2,672	—
Adjusted earnings		**40,445,297**	**17,347**	**42.89**	40,673,953	14,839	36.48
Share options		**156,639**	**—**	**—**	88,038	—	—
Diluted adjusted earnings		**40,601,936**	**17,347**	**42.72**	40,761,991	14,839	36.40

The adjusted earnings are in respect of continuing operations. The research and development expenditure credit (RDEC) has no effect on adjusted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

8. Earnings per share continued

The following table shows the adjustment to earnings in respect of amortisation of other intangible assets for calculating the adjusted earnings per share.

	2024					2023				
	Amortisation of other intangible assets (note 9) £'000	**Deferred tax credit thereon £'000**	**Net £'000**	**Non-controlling interest £'000**	**Attributable to equity shareholders of the Group £'000**	Amortisation of other intangible assets (note 9) £'000	Deferred tax credit thereon £'000	Net £'000	Non-controlling interest £'000	Attributable to equity shareholders of the Group £'000
Chess	**1,355**	**(305)**	**1,050**	**—**	**1,050**	1,564	(339)	1,225	—	1,225
EID	**99**	**(23)**	**76**	**(15)**	**61**	86	(19)	67	(13)	54
ELAC SONAR	**1,525**	**(482)**	**1,043**	**—**	**1,043**	1,430	(451)	979	—	979
JSK (SEA)	**142**	**(42)**	**100**	**—**	**100**	592	(178)	414	—	414
	3,121	**(852)**	**2,269**	**(15)**	**2,254**	3,672	(987)	2,685	(13)	2,672

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

9. Goodwill and other intangible assets

Goodwill	Communications and Intelligence £'000	Sensors and Effectors £'000	Group £'000
Cost			
At 1 May 2022	17,093	35,052	52,145
At 1 May 2023	17,093	35,052	52,145
At 30 April 2024	**17,093**	**35,052**	**52,145**
Amortisation			
At 1 May 2022	—	2,000	2,000
Charge for the year ended 30 April 2023	—	—	—
At 1 May 2023	—	2,000	2,000
Charge for the year ended 30 April 2024	—	—	—
At 30 April 2024	**—**	**2,000**	**2,000**
Net book value			
At 30 April 2024	**17,093**	**33,052**	**50,145**
At 30 April 2023	17,093	33,052	50,145
Other intangible assets			
Cost			
At 1 May 2022	30,265	45,264	75,529
At 1 May 2023	30,265	45,264	75,529
At 30 April 2024	**30,265**	**45,264**	**75,529**
Amortisation			
At 1 May 2022	30,010	35,878	65,888
Charge for the year ended 30 April 2023	86	3,586	3,672
At 1 May 2023	30,096	39,464	69,560
Charge for the year ended 30 April 2024	99	3,022	3,121
At 30 April 2024	**30,195**	**42,486**	**72,681**
Net book value			
At 30 April 2024	**70**	**2,778**	**2,848**
At 30 April 2023	169	5,800	5,969

9. Goodwill and other intangible assets continued

Goodwill arises on the acquisition of subsidiaries. These subsidiaries are the cash-generating units to which goodwill has been allocated. The goodwill relating to the individual subsidiaries has been included in the division against which each subsidiary reports.

The amortisation charge is disclosed as "Amortisation of other intangible assets" in the income statement.

The Group tests goodwill biannually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the subsidiaries (cash-generating units) are determined from value-in-use calculations.

The value-in-use calculations take the cash flows of each cash-generating unit and apply the Group's weighted average cost of capital (WACC) to this to determine if there is any impairment of the cash-generating units' goodwill.

In assessing any impairment of goodwill, each value-in-use calculation makes a number of estimates, which use the same basis as used in previous years, as follows:

	Basis of estimate
Cash flow	As in previous years, the cash flows for the years ending 30 April 2025, 2026 and 2027 are based upon the cash-generating units' budgets and forecasts for those years. These cash flows are based upon the revenue, margin and overhead cost forecasts for each business taking account of the run-off of order book, renewal of existing business and winning of new business. Historically, these cash flow forecasts have been a reasonable forecast of actual performance over the period of measurement. Costs reflect inflation rates, currently assumed at 5% (2023: 5%). With regard to the revenue, margin and overhead cost forecasts, the key assumptions underlying these inputs are that current projects contracted will continue as per agreement, that government defence spending will remain largely consistent in the future and that each cash-generating unit will continue to be as successful in competing for new contracts as it has been historically. At 30 April 2024, over £184m (92% of latest consensus forecasts) of revenue for 2025 was already under contract and, as such, the main assumptions related to revenue volumes are in periods for 2026 and after where there is greater uncertainty and risk.
Growth rate	The cash flows for each UK-based cash-generating unit from years four to twenty inclusive are based upon the forecast cash flow for the year ending 30 April 2026 to which a growth rate of 1.5% is applied each year (2023: 1.5%). This rate reflects a prudent view of recent UK growth rates and is below the historically higher UK growth rate of 2.25%. The growth rate is similar for all of the UK-based cash-generating units as a significant proportion of their business is with the same customer, the UK MOD. As a significant proportion of the business is with the UK Government, a more prudent growth rate has been used to reflect lower expected growth rates of UK Government expenditure. In the case of EID, its main customer is the Portuguese MOD. As such, the growth rate assumed for EID's future cash flows is 1.0% (2023: 1.0%), reflecting the expected growth rate for Portuguese Government expenditure. In the case of ELAC SONAR, its domestic customer, the German Bundeswehr, does not form a significant proportion of its revenue with much of its business from export customers. A growth rate of 1.5% has been assumed for ELAC SONAR in 2024 (2023: 1.5%). The longevity of the cash flows used reflects the length of our order books and the long duration of the customer platforms and applications we supply and support. Our order book currently includes deliveries out to 2037.

WACC comprises a number of elements as follows:

	Basis of estimate
Value of equity	Calculated as the issued share capital of the Group (Cohort plc) multiplied by the closing share price at 30 April 2024 of £7.48 (2023: £4.35).
Risk free interest rate	Based upon ten-year UK Government gilt rate of 4.35% (2023: 3.64%). The ten-year gilt rate has been used given current uncertainty over longer-term projections. Previously the 30-year gilt rate was used.
Beta factor	Derived from analyst estimates provided by the Group's NOMAD (Investec) and reflects a range of outcomes from 0.20 to 0.60 (2023: 0.20 to 0.60).
Equity risk premium	The equity risk premium of the Group of 9.76% (2023: 10.78%) reflecting UK equity risk premium to which is added a further range of risk premium of 4% and above to reflect customer market risk and the low liquidity and risk of AIM stocks.
Cost of debt	The Group is in a net funds position. The Group loans at 30 April 2024 have an average interest cost of 5.99% per annum as at that date (2023: 6.31% per annum).

The Group's pre-tax WACC applied to each cash-generating unit's cash flows was in a range from 15.8% to 17.7% (2023: 20.4% to 35.6%). The Group WACC has been deemed appropriate to use for each cash-generating unit as all funding is cross-guaranteed and therefore the same cost of funding is incurred by each cash-generating unit. The decrease in the Group's pre-tax WACC is due to lower interest rates and volatility (Beta factor) in respect of Cohort plc shares.

On the basis of these tests, no impairment of goodwill has arisen in the year ended 30 April 2024 within either of the divisions. Sensitivity was applied to the impairment tests to deliver a material impairment of goodwill. If the post-tax WACC is increased to 14.9% (pre-tax WACC of 17.6%), goodwill within Sensors and Effectors relating to ELAC SONAR (£7.7m) equals recoverable value. A similar impairment would occur should the growth rate drop by 3.36%; however, this is considered unlikely as this falls significantly behind the historical growth rate and current expectations of growth in the defence sector. This goodwill is the most sensitive to impairment due to a current high level of divisional current assets.

The other intangible assets arose on the acquisition of subsidiaries and are mainly in respect of contracts and prospects acquired. The Communications and Intelligence other intangible asset will be fully amortised by 30 April 2025. The Sensors and Effectors other intangible asset will be fully amortised by 30 April 2029.

The split of the net book value of other intangibles, where it comprises both contracts/opportunities to be secured and contracts acquired, is as follows:

	2024		2023	
	Communications and Intelligence £'000	**Sensors and Effectors £'000**	Communications and Intelligence £'000	Sensors and Effectors £'000
Contracts acquired	**70**	**671**	169	1,041
Customer relationships	**—**	**2,107**	—	4,759
	70	**2,778**	169	5,800

10. Fixed assets

a) Right of use assets

Cost	Group Property £'000	Group Fixtures and equipment £'000	Group Total £'000	Company £'000
At 1 May 2022	12,430	1,405	13,835	420
Additions	387	257	644	366
Disposals	—	(216)	(216)	—
Foreign exchange movements	79	22	101	—
At 1 May 2023	12,896	1,468	14,364	786
Additions	471	860	1,331	53
Disposals	—	(113)	(113)	—
Foreign exchange movements	(51)	(16)	(67)	—
At 30 April 2024	**13,316**	**2,199**	**15,515**	**839**

Depreciation	Group Property £'000	Group Fixtures and equipment £'000	Group Total £'000	Company £'000
At 1 May 2022	3,512	708	4,220	248
Charge for the year	1,434	342	1,776	107
Disposals	—	(192)	(192)	—
Foreign exchange movement	27	12	39	—
At 1 May 2023	4,973	870	5,843	355
Charge for the year	1,513	439	1,952	110
Disposals	—	(63)	(63)	—
Foreign exchange movement	(27)	(8)	(35)	—
At 30 April 2024	**6,459**	**1,238**	**7,697**	**465**
Net book value at 30 April 2024	**6,857**	**961**	**7,818**	**374**
Net book value at 30 April 2023	7,923	598	8,521	431

Lease liabilities	Group Property £'000	Group Other £'000	Group Total £'000	Company £'000
At 1 May 2022	9,474	672	10,146	187
New lease liabilities	366	279	645	366
Interest charge	217	17	234	5
Payments	(1,626)	(328)	(1,954)	(122)
Foreign exchange movement	52	10	62	—
At 1 May 2023	8,483	650	9,133	436
New lease liabilities	470	810	1,280	53
Interest charge	255	29	284	25
Payments	(1,705)	(471)	(2,176)	(130)
Foreign exchange movement	(23)	(9)	(32)	—
At 30 April 2024	**7,480**	**1,009**	**8,489**	**384**
Current	1,366	415	1,781	117
Non-current	6,114	594	6,708	267
At 30 April 2024	**7,480**	**1,009**	**8,489**	**384**
Current	1,410	250	1,660	60
Non-current	7,073	400	7,473	376
At 30 April 2023	8,483	650	9,133	436

Amounts recognised in Consolidated income statement	**2024 £'000**	2023 £'000
Interest expense on lease liabilities (note 5)	**284**	234
Depreciation expense	**1,952**	1,776
	2,236	2,010

The Company's right of use asset is in respect of its property lease at Theale (net book value £317,000; 2023: £391,000) and vehicles (net book value £57,000; 2023: £40,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

10. Fixed assets continued

b) Property, plant and equipment

Group	Land and buildings £'000	Fixtures and equipment £'000	Total £'000
Cost			
At 1 May 2022	10,435	14,560	24,995
Additions	2,125	3,106	5,231
Disposals	—	(546)	(546)
Foreign exchange movement	(9)	219	210
At 1 May 2023	12,551	17,339	29,890
Additions	2,671	3,988	6,659
Disposals	—	(1,723)	(1,723)
Foreign exchange movement	85	316	401
At 30 April 2024	**15,307**	**19,920**	**35,227**
Depreciation			
At 1 May 2022	3,109	9,576	12,685
Charge in the year	332	2,044	2,376
Eliminated on disposal	—	(533)	(533)
Foreign exchange movement	—	58	58
At 1 May 2023	3,441	11,145	14,586
Charge in the year	301	2,347	2,648
Eliminated on disposal	—	(1,383)	(1,383)
Foreign exchange movement	43	(37)	6
At 30 April 2024	**3,785**	**12,072**	**15,857**
Net book value			
At 30 April 2024	**11,522**	**7,848**	**19,370**
At 30 April 2023	9,110	6,194	15,304

The net book value of the Company's property, plant and equipment was £58,000 at 30 April 2024 (2023: £62,000). This was after additions of £51,000, net disposals of £2,000 and a depreciation charge of £53,000 for the year ended 30 April 2024.

The depreciation charge is disclosed within "Administrative expenses" in the Consolidated income statement.

The Group's land and buildings as disclosed above are the cost of purchase plus refurbishment and the fair value on acquisition. As such the Group has no revaluation reserve at this time.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

11. Investment in subsidiaries

	Company	
	2024 £'000	2023 £'000
Investment in subsidiaries	**87,663**	88,493

A list of all the investments in subsidiaries is as follows:

Name of company	Registered office	Country of registration	Type of shares	Proportion of shareholding and voting rights held	Nature of business
Directly owned					
Systems Consultants Services Limited (SCS)	One Waterside Drive, Arlington Business Park, Theale, Reading RG7 4SW	England	Ordinary	100%	Formerly a provider of technical consultancy In the process of being struck off
MASS Limited	One Waterside Drive, Arlington Business Park, Theale, Reading RG7 4SW	England	Ordinary	100%	Holding company of MASS Consultants Limited
SEA (Group) Ltd. (SEA)	Beckington Castle, 17 Castle Corner, Beckington, Frome BA11 6TA	England	Ordinary	100%	Holding company of Systems Engineering & Assessment Ltd and Beckington Castle Ltd
Marlborough Communications (Holdings) Limited	1 Perrywood Business Park, Honeycrock Lane, Redhill, Surrey RH1 5DZ	England	Ordinary	100%	Holding company of Marlborough Communications Limited
Thunderwaves, S.A.	6. Rua do Alecrim 26E 1200-018, Lisbon	Portugal	Ordinary	100%	Holding company of EID
Cohort Deutschland GmbH	Neufeldtstraße 10, 24118 Kiel, Germany	Germany	Ordinary	100%	Holding company of ELAC SONAR GmbH
Chess Technologies Limited (Chess)	One Waterside Drive, Arlington Business Park, Theale, Reading RG7 4SW	England	Ordinary	100%	Holding company of Chess Dynamics Limited, Chess Dynamics Inc and Vision4ce Limited
Held through a subsidiary					
MASS Consultants Limited (MASS)	Enterprise House, Great North Road, Little Paxton, St. Neots, Cambridgeshire PE19 6BN	England	Ordinary	100%	Electronic warfare, managed services, secure communications and digital services
Systems Engineering & Assessment Ltd	Beckington Castle, 17 Castle Corner, Beckington, Frome BA11 6TA	England	Ordinary	100%	Deliverer of systems engineering, software and electronic engineering services and solutions to the defence and transport markets and is also the holding company of JS Residual Ltd
JS Residual Ltd	Riverside Road, Pottington Business Park, Barnstaple, Devon EX31 1LY	England	Ordinary	100%	Subsidiary of Systems Engineering & Assessment Ltd and holds investment in SEA's Canadian operations. Dormant
Marlborough Communications Limited (MCL)	1 Perrywood Business Park, Honeycrock Lane, Redhill, Surrey RH1 5DZ	England	Ordinary	100%	Designs, sources and supports advanced electronic and surveillance technology
Beckington Castle Ltd	Beckington Castle, 17 Castle Corner, Beckington, Frome BA11 6TA	England	Ordinary	100%	Property company holding freehold of Beckington Castle and SEA's Bristol office
Chess Dynamics Limited	Quadrant House, North Heath Business Park, North Heath Lane, Horsham, West Sussex RH12 5QE	England	Ordinary	100%	Design and production of detection and tracking systems, including software, as well as counter-UAV solutions for the defence and security markets

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

11. Investment in subsidiaries continued

Name of company	Registered office	Country of registration	Type of shares	Proportion of shareholding and voting rights held	Nature of business
Held through a subsidiary continued					
Empresa de Investigação e Desenvolvimento de Electrónica, S.A. (EID)	Quinta dos Medronheiros-Lazarim, 2820-486 Charneca da Caparica, Lisbon	Portugal	Ordinary	80%	Designs and manufactures advanced communications systems for the defence and security markets
8963665 Canada Inc.	1100, Boul Rene-Levesque O, Porte 2500, Montreal (Quebec), Canada H3B 5C9	Canada	Ordinary	100%	The holding company of the Group's investment in JSK Naval Support Inc.
SEA CAN Systems Inc. (previously JSK Naval Support Inc.)	193 Brunswick Blvd, Quebec, Canada H9R 5N2	Canada	Ordinary	100%	Delivers and supports SEA products and services into the Canadian Navy
Vision4ce Limited	Unit 4, Wokingham Commercial Centre, Molly Millars Lane, Wokingham RG41 2RF	England	Ordinary	100%	Subsidiary of Chess Dynamics Limited. Dormant
Chess Dynamics Inc	7060 S Tucson Way A, Centennial, CO 80112 USA	USA	Ordinary	100%	US representative of Chess's UK business
ELAC SONAR GmbH	Neufeldtstraße 10, 24118 Kiel, Germany	Germany	Ordinary	100%	Supplies advanced sonar systems and underwater communications to global customers in the naval market
ELAC SONAR Unterstützungskasse GmbH	Neufeldtstraße 10, 24118 Kiel, Germany	Germany	Ordinary	100%	Social institution of ELAC SONAR GmbH which provides pension related support benefits to ELAC SONAR GmbH employees

All shares held in subsidiaries are the same class and carry equal weighting to any shares held by other shareholders.

Company

The Company's investments in subsidiaries are as follows:

	Thunderwaves £'000	MASS £'000	MCL £'000	Chess £'000	Cohort Deutschland £'000	SCS £'000	SEA £'000	Total £'000
At 1 May 2022	12,867	14,645	16,527	18,891	84	1,584	26,512	91,110
Additions	—	—	—	1,016	—	—	—	1,016
Share-based payments	(30)	80	31	29	85	—	6	201
Capital repayments	(3,834)	—	—	—	—	—	—	(3,834)
At 1 May 2023	9,003	14,725	16,558	19,936	169	1,584	26,518	88,493
Share-based payments	—	413	352	448	435	—	622	2,270
Capital repayments	—	—	(3,100)	—	—	—	—	(3,100)
At 30 April 2024	**9,003**	**15,138**	**13,810**	**20,384**	**604**	**1,584**	**27,140**	**87,663**

12. Inventories

	2024 £'000	2023 £'000
Raw materials	**15,863**	13,669
Work in progress	**13,054**	11,273
Finished goods	**4,393**	7,099
Total	**33,310**	32,041

The inventory at 30 April 2024 is stated after stock provision of £3,812,000 (2023: £4,348,000).

13. Trade and other receivables

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Trade receivables (net of provision for doubtful debts)	**38,562**	22,917	**1**	—
Contract assets	**31,892**	25,862	**—**	—
Prepayments and accrued income	**8,923**	6,833	**1,050**	853
	79,377	55,612	**1,051**	853

No trade and other receivables were due in greater than one year.

The average credit period taken on sales of goods is 54 days (2023: 33 days). Of the trade receivables balance, £6.9m was considered overdue at 30 April 2024 (30 April 2023: £11.5m). Overdue is defined as trade receivables still outstanding beyond invoice terms (typically 30 days). The allowance for doubtful debt is determined by management's best estimates, by reference to the particular trade and other receivables over which doubt may exist. None of the other receivables were past due.

The directors consider that the carrying amount of trade and other receivables approximates to their fair values. One of the largest trade receivables, to which the Group is exposed at 30 April 2024, is the UK MOD (customer B below) with a balance outstanding of £4.9m (2023: £1.7m). Customers who represent more than 5% of trade receivables include:

	2024 £m	2023 £m
Customer A	**6.4**	2.1
Customer B	**4.9**	1.7
Customer C	**1.9**	1.9
Customer D	**5.6**	1.4
Customer E	**5.0**	—
Customer F	**2.4**	—

Only Customers B and C are the same in 2024 and 2023.

Trade receivables include £1.7m (2023: £1.4m) denominated in foreign currency. The predominant currency of the trade receivables is pounds sterling.

The majority of the Group's customers are UK or overseas government organisations and larger prime contractors in the defence and transport sectors.

The Group assesses all new customers for creditworthiness before extending credit. In the case of overseas customers, the Group utilises various payment protection mechanisms including but not limited to export credit guarantees, letters of credit and advance payments.

Trade receivables disclosed above include amounts which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful debts because the credit quality of the customer is not considered to have changed and the amount due is considered fully recoverable. The Group recognises provisions for doubtful debts on a credit loss basis taking into account the future anticipated losses based upon the creditworthiness of the end customer.

Ageing of past due but not impaired receivables	**2024 £'000**	2023 £'000
<30 days	**1,301**	5,167
30–60 days	**1,530**	1,563
60–90 days	**536**	271
>90 days	**3,508**	4,477
	6,875	11,478

Of the amount in >90 days, £2,802,000 trade and other receivables were overdue for greater than one year.

Movement in the allowance for doubtful debts (reported within trade receivables)	**2024 £'000**	2023 £'000
Balance at 1 May	**1,202**	657
Expected credit losses recognised	**72**	703
Utilised on write off of debt	**(298)**	—
Released on recovery of debt previously provided	**(288)**	(174)
Foreign exchange movement	**(8)**	16
Balance at 30 April	**680**	1,202

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for the year ended 30 April 2024

13. Trade and other receivables continued

The amounts written off as bad debt during the year relate to amounts acquired and provided for on acquisition and have never impacted the Group's results.

Contract receivables	**2024 £'000**	2023 £'000
Opening balance	**25,862**	24,121
Contract asset recognised in revenue	**39,573**	40,090
Contract asset invoiced	**(33,323)**	(38,515)
Foreign exchange movement	**(220)**	166
Closing balance	**31,892**	25,862

The Group order book and its expected recognition as revenue in future periods is shown in the Financial review.

14. Trade and other payables

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Contract liabilities	**38,216**	13,824	**—**	—
Trade payables and accruals	**10,881**	15,323	**1,086**	132
Social security and other taxes	**5,550**	3,136	**412**	334
Accruals and deferred income	**26,320**	23,614	**1,219**	1,392
Amounts due to subsidiary undertakings	**—**	—	**2,806**	7,123
	80,967	55,897	**5,523**	8,981

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing contract costs. Contract liabilities reflect invoicing ahead of work done in accordance with contracted terms. The average credit period taken for trade purchases is 29 days (2023: 38 days), based upon each Group business' standard payment terms. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms (see Risk management).

Trade payables and accruals, other payables and taxes are all due for settlement within 12 months of the year end, the majority within three months.

Social security and other taxes include employment taxes and VAT.

The directors consider that the carrying amount of trade payables approximates to their fair values.

Total payable includes £2.1m (2023: £7.7m) denominated in foreign currency.

Contract liabilities	**2024 £'000**	2023 £'000
Opening balance	**13,824**	20,593
New advances	**92,359**	37,747
Contract liability recognised in revenue	**(67,755)**	(44,621)
Foreign exchange movement	**(212)**	105
Closing balance	**38,216**	13,824

15. Bank borrowings

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
Bank overdrafts	**15,490**	9,502	**10,225**	6,734
Bank loans	**16,530**	25,837	**16,530**	25,837
Finance leases	**—**	9	**—**	—
	32,020	35,348	**26,755**	32,571

These borrowings are repayable as follows:

	Group		Company	
	2024 £'000	2023 £'000	**2024 £'000**	2023 £'000
On demand or within one year	**15,490**	9,511	**10,225**	6,734
In the second year	**—**	—	**—**	—
In the third to fifth years inclusive	**16,530**	25,837	**16,530**	25,837
	32,020	35,348	**26,755**	32,571
Less: amounts due for settlement within 12 months (shown under current liabilities)	**(15,490)**	(9,511)	**(10,225)**	(6,734)
Amount due for settlement after 12 months	**16,530**	25,837	**16,530**	25,837

15. Bank borrowings continued

The weighted average interest rates paid were as follows:

	2024 %	2023 %
Bank loans (variable)	**6.70%**	3.31
Finance leases (fixed)	**5.03%**	4.34

The variable rates are based upon the Bank of England or European Central Bank interest rates. The year end interest rate applying to the bank loans drawn in sterling was 6.99% (2023: 5.65%) and in euros was 5.55% (2023: 4.49%).

On 18 July 2022, the Group agreed a new facility for £35m with an extended banking syndicate comprising Lloyds, NatWest and Commerzbank. The facility has an option to draw down a further £15m. The facility is provided for three years with options to extend for a further two years to July 2027. This was extended initially for one year on 14 June 2023 and on 20 May 2024 the Group exercised its option to extend the facility to July 2027. The facility is secured over all of the Group's assets excluding EID, which is not part of the facility arrangement and maintains its own facilities locally in Portugal. The new facility is available to the Group (excluding EID) in respect of acquisition financing and overdraft.

The movement in the facility drawn in the year by currency was as follows:

	Sterling £'000	Euro £'000	Total £'000
At 1 May 2022	18,000	11,332	29,332
Borrowing drawn down	—	—	—
Borrowing repaid	(4,000)	—	(4,000)
Foreign exchange movement	—	505	505
At 1 May 2023	14,000	11,837	25,837
Borrowing repaid	(9,000)	—	(9,000)
Foreign exchange movement	—	(307)	(307)
At 30 April 2024	**5,000**	**11,530**	**16,530**

At 30 April 2024, the Group had available £18.5m (2023: £9.2m) of undrawn banking facility. The directors consider the carrying amount of bank borrowings approximates their fair values.

The Group, including ELAC SONAR as from 18 July 2022, has entered into separate bilateral arrangements with each of its banks, Lloyds and NatWest, for ancillary facilities including bonding, letters of credit and foreign exchange contracts.

Similar bilateral arrangements exist for EID with its bank in Portugal. EID has an overdraft facility of €2.5m with Santander which is renewable on a six-month rolling basis. This facility was undrawn at 30 April 2024.

The Group's cash at 30 April 2024 of £39.7m is held with the following banks:

	2024 £'000	2023 £'000	Moody's long-term credit rating of bank as at 2024
National Westminster Bank plc	**29,918**	33,581	A1*/A2
Lloyds Bank plc	**1**	1	A1
Novo Banco	**15**	11	B2
Santander Bank	**414**	267	A2
Banco Comercial Português	**3,638**	2,962	Baa3
Caixa Geral de Depósitos Bank	**328**	1,220	Baa2
Commerzbank	**5,147**	3,125	A1
Other banks and cash	**206**	287	
	39,667	41,454	

16. Provisions

Group	Warranty £'000	Other contract related provisions £'000	Total £'000
At 1 May 2022	1,040	8,978	10,018
Charged/(released) to the income statement	527	(467)	60
Utilised	(8)	—	(8)
Foreign exchange movement	21	—	21
At 1 May 2023	1,580	8,511	10,091
Charged/(released) to the income statement	2,327	(85)	2,242
Utilised	(42)	(150)	(192)
Foreign exchange movement	(22)	(1)	(23)
At 30 April 2024	**3,843**	**8,275**	**12,118**
Provisions due in less than one year	1,509	7,405	8,914
Provisions due in greater than one year	2,334	870	3,204
At 30 April 2024	**3,843**	**8,275**	**12,118**
Provisions due in less than one year	1,046	7,641	8,687
Provisions due in greater than one year	534	870	1,404
At 30 April 2023	1,580	8,511	10,091

16. Provisions continued

The warranty provisions are management's best estimates of the Group's liability under warranties granted on software and other products supplied and are based upon past experiences. The timing of such expenditure is uncertain, although warranties generally have a time limit of no more than 12 months, unless a longer warranty period is purchased by the customer. Warranty provisions are reviewed at the half year and year end in respect of actual spend and the remaining obligations to be fulfilled.

Other contract related provisions are management's best estimate of the Group's exposure to contract related costs and undertakings which are in addition to contract accruals and include contract loss provisions. The timing of these is uncertain and, where uncertainty exists, are accounted for as current apart from dilapidation provisions for the Group's leased properties, which are recognised as non-current if the lease is greater than one year. These arise where a service or product has been previously delivered to the customer and the Group receives a claim or an adverse indication in respect of the work done. Where the amount required is uncertain or the Group disputes the amount of the claim, provision is made for the best estimate of the amount that will be required to settle the issue.

Other contract related provisions also include contract loss provisions in respect of contracts where the estimated cost at completion exceeds the total expected revenue of the contract. A contract loss provision is recognised as a provision in full immediately as it arises. The contract loss provisions are held in respect of contracts which are expected to complete in the next 12 months.

Other contract related provisions also include property dilapidation provisions and other trade related issues which may not be related to a trading contract.

17. Deferred tax

	Accelerated tax depreciation £'000	Other intangible assets £'000	Revaluation of building £'000	Other short-term timing differences £'000	Share options £'000	Derivatives £'000	Group £'000
At 1 May 2022	(491)	(2,575)	(313)	3,049	229	109	8
(Charge)/credit to the income statement in respect of the current tax year	(155)	987	(8)	(204)	(86)	(109)	425
(Charge)/credit to the income statement in respect of prior tax years	(16)	—	—	107	(23)	—	68
Effect of change in tax rate	(89)	(148)	(90)	26	(7)	—	(308)
Foreign exchange movement	—	—	—	(20)	(1)	—	(21)
Recognised in the income statement	(260)	839	(98)	(91)	(117)	(109)	164
Recognised in equity	—	—	—	—	(39)	—	(39)
At 1 May 2023	(751)	(1,736)	(411)	2,958	73	—	133
(Charge)/credit to the income statement in respect of the current tax year	(45)	852	—	287	188	—	1,282
(Charge)/credit to the income statement in respect of prior tax years	1	—	—	43	—	—	44
Foreign exchange movement	—	—	—	10	—	—	10
Recognised in the income statement	(44)	852	—	340	188	—	1,336
Recognised in equity	—	—	—	—	187	—	187
At 30 April 2024	**(795)**	**(884)**	**(411)**	**3,298**	**448**	**—**	**1,656**

Certain deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to do so. The following is the analysis of the total deferred tax balances (after offset) for financial reporting purposes:

	2024 £'000	2023 £'000
Deferred tax assets	**2,543**	1,600
Deferred tax liabilities	**(887)**	(1,467)
	1,656	133

17. Deferred tax continued

A deferred tax liability in respect of the revaluation of a freehold building arose on the acquisition of SEA and is the potential tax liability payable on the revaluation gain in respect of the building with reference to its historical cost.

The Company's deferred tax balance at 30 April 2024 was an asset of £386,000 (2023: £178,000), being £275,000 (2023: £146,000) in respect of other short-term timing differences, accelerated tax depreciation of £18,000 (2023: £24,000) and share options of £93,000 (2023: £8,000).

The corporation tax rate in the UK for the year ended 30 April 2024 was 25.0% (2023: 19.5%) which has been applied by Cohort in calculating its income tax (see note 6).

For deferred tax balances in respect of EID (Portugal), the rate used was 22.45% (2023: 22.45%). For ELAC SONAR (Germany) the rate used was 31.58% (2023: 31.58%).

The equity movement in deferred tax on share options is to reflect the future tax associated with the total future share options exercisable and is not capped at the share-based payment level.

18. Derivative financial instruments

The Group has derivative financial instruments as follows:

	2024 £'000	2023 £'000
Assets		
Foreign currency forward contracts	**105**	42
Liabilities		
Foreign currency forward contracts	**(399)**	(1,041)

The changes in marking the outstanding foreign currency forward contracts to fair value (which are based upon quoted market valuations) are credited or charged to the Consolidated income statement as "credit/(charge) on marking forward exchange contracts to market at the year end". They are in respect of trading contracts undertaken by the Group and in respect of Communications and Intelligence and Sensors and Effectors and are disclosed within their respective operating profits in the segmental analysis (see note 1). They are considered to be level 2 classification. The gain (2023: loss) to the Consolidated income statement for the year ended 30 April 2024 was as follows:

	2024 £'000	2023 £'000
Foreign currency forward contracts	**297**	(1,082)

18. Derivative financial instruments continued

Currency derivatives

The Group utilises forward currency contracts to hedge significant future transactions and cash flows. The Group is party to a number of foreign currency forward contracts in the management of its foreign exchange rate exposure.

The changes in total outstanding committed foreign currency forward contracts of the Group were as follows:

2024	Buy £'000	Sell €'000	Sell £'000	Buy €'000	Buy £'000	Sell US$'000	Sell £'000	Buy US$'000
At forward exchange rates								
At 1 May 2023	4,803	5,317	(8,652)	(9,678)	10,181	13,767	(4,628)	(5,628)
Contracts matured in period	(2,740)	(3,054)	8,652	9,678	(4,152)	(5,621)	4,628	5,628
New contracts in period	—	—	(699)	(814)	—	—	(865)	(1,088)
At 30 April 2024	**2,063**	**2,263**	**(699)**	**(814)**	**6,029**	**8,146**	**(865)**	**(1,088)**
Fair value adjustment	(105)	—	4	—	397	—	(2)	—
At 30 April 2024 at spot rate	**1,958**	**—**	**(695)**	**—**	**6,426**	**—**	**(867)**	**—**

The total fair value adjustment is £294,000 (2023: £999,000) and the change in the forward exchange fair values for the year ended 30 April 2024 is £297,000 (30 April 2023: £1,082,000), which is included in the operating profit of the Group as a profit (2023: loss).

2023	Buy £'000	Sell €'000	Sell £'000	Buy €'000	Buy £'000	Sell US$'000	Sell £'000	Buy US$'000
At forward exchange rates								
At 1 May 2022	13,313	14,834	(8,962)	(10,507)	10,515	14,220	(1,736)	(2,361)
Contracts matured in period	(10,491)	(11,738)	8,962	10,507	(379)	(509)	1,736	2,361
New contracts in period	1,981	2,221	(8,652)	(9,678)	45	56	(4,628)	(5,628)
At 30 April 2023	4,803	5,317	(8,652)	(9,678)	10,181	13,767	(4,628)	(5,628)
Fair value adjustment	(72)	—	146	—	778	—	147	—
At 30 April 2023 at spot rate	4,731	—	(8,506)	—	10,959	—	(4,481)	—

Liquidity risk

The maturity of the outstanding contracts was as follows:

At 30 April 2024	Buy £'000	Sell €'000	Sell £'000	Buy €'000	Buy £'000	Sell US$'000	Sell £'000	Buy US$'000
Within one year	1,305	1,429	(699)	(814)	—	—	(390)	(490)
Within two years	758	834	—	—	2,082	2,819	(475)	(598)
Greater than two years	—	—	—	—	3,947	5,327	—	—
At 30 April 2024 at forward rate	**2,063**	**2,263**	**(699)**	**(814)**	**6,029**	**8,146**	**(865)**	**(1,088)**

18. Derivative financial instruments continued

Liquidity risk continued

At 30 April 2023	Buy £'000	Sell €'000	Sell £'000	Buy €'000	Buy £'000	Sell US$'000	Sell £'000	Buy US$'000
Within one year	2,740	3,054	(8,652)	(9,678)	4,152	5,621	(4,628)	(5,628)
Within two years	1,305	1,429	—	—	—	—	—	—
Greater than two years	758	834	—	—	6,029	8,146	—	—
At 30 April 2023 at forward rate	4,803	5,317	(8,652)	(9,678)	10,181	13,767	(4,628)	(5,628)

The following significant exchange rates applied at 30 April:

	2024		2023	
	US$	**Euro**	US$	Euro
Exchange rates at 30 April	**0.7898**	**0.8625**	0.7961	0.8827

Sensitivity analysis

A 10% strengthening of sterling against the above currencies at 30 April 2024 would increase the reported operating profit by £908,000 (2023: increase the reported operating profit by £3,193,000) in respect of marking these forward contracts to market value.

19. Share capital

	2024 Number	2023 Number
Allotted, called up and fully paid 10 pence ordinary shares	**41,606,486**	41,458,477

Movement in allotted, called up and fully paid 10 pence ordinary shares:

	Number
At 1 May 2022	41,212,901
Share options exercised	245,576
At 1 May 2023	41,458,477
Share options exercised	148,009
At 30 April 2024	**41,606,486**

The Company has one class of ordinary shares, none of which carry a right to fixed income.

During the year ended 30 April 2024, 148,009 ordinary shares (2023: 245,576) in Cohort plc were issued to satisfy share options.

19. Share capital continued

New shares were issued as follows:

Price per share (£)	Number of shares	Proceeds from new shares issued £
1.975	2,300	4,543
3.898	8,750	34,106
3.900	2,000	7,800
4.090	19,305	78,965
4.124	9,300	38,353
4.425	6,059	26,811
4.959	100,295	497,397
	148,009	687,975

£14,801 was added to the share capital with the balance £673,174 added to the share premium account.

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for the year ended 30 April 2024

20. Share options

The Group grants new share options under the Cohort plc 2016 share option scheme to senior management and key employees. Previous options have been granted under the Cohort plc 2006 and 2016 share option schemes. Additionally the Group operates a Restricted Share Scheme (RSS), which closed at the end of April 2023, and a Long Term Incentive Plan (LTIP) for senior management. The Group also operates a Save As You Earn (SAYE) scheme and a Share Incentive Plan (SIP), both of which are available to all employees.

The following options were outstanding at 30 April 2024:

Scheme and grant date	Exercise price £	Vesting date	Expiry date	30 April 2024 Vested	30 April 2024 Not vested	30 April 2024 Total	30 April 2023 Vested	30 April 2023 Not vested	30 April 2023 Total
Cohort plc 2006 share option scheme									
11 Aug 2014	1.975	12 Aug 2017	11 Aug 2024	**—**	**—**	**—**	2,300	—	2,300
20 Aug 2015	3.725	21 Aug 2018	20 Aug 2025	**15,921**	**—**	**15,921**	22,609	—	22,609
Cohort plc 2016 share option scheme									
15 Aug 2016	3.400	16 Aug 2019	15 Aug 2026	**15,500**	**—**	**15,500**	26,308	—	26,308
25 Aug 2017	3.760	26 Aug 2020	25 Aug 2027	**84,787**	**—**	**84,787**	107,787	—	107,787
10 Aug 2018	3.900	11 Aug 2021	10 Aug 2028	**101,150**	**—**	**101,150**	125,363	—	125,363
28 Aug 2019	4.425	29 Aug 2022	28 Aug 2029	**89,900**	**—**	**89,900**	183,816	—	183,816
18 Sep 2019	4.875	19 Sep 2022	18 Sep 2029	**13,491**	**—**	**13,491**	13,491	—	13,491
7 Nov 2019	5.500	8 Nov 2022	7 Nov 2029	**—**	**—**	**—**	5,454	—	5,454
28 Aug 2020	6.200	29 Aug 2023	28 Aug 2030	**119,828**	**—**	**119,828**	—	230,718	230,718
1 Oct 2020	6.150	2 Oct 2023	1 Oct 2030	**6,000**	**—**	**6,000**	—	6,000	6,000
28 Apr 2021	6.340	29 Apr 2024	28 Apr 2031	**64,000**	**—**	**64,000**	—	80,000	80,000
16 Aug 2021	5.390	16 Aug 2024	15 Aug 2031	**—**	**320,931**	**320,931**	—	354,931	354,931
18 Aug 2022	5.410	18 Aug 2025	18 Aug 2032	**—**	**366,500**	**366,500**	—	390,500	390,500
17 Aug 2023	5.100	17 Aug 2026	17 Aug 2033	**—**	**437,500**	**437,500**	—	—	—
30 April 2024	7.560	30 April 2027	30 April 2034	**—**	**3,969**	**3,969**	—	—	—
				510,577	**1,128,900**	**1,639,477**	487,128	1,062,149	1,549,277
Save As You Earn (SAYE) scheme									
1 Sep 2018	3.900			**—**	**—**	**—**	—	12,305	12,305
6 Sep 2019	4.475			**—**	**17,760**	**17,760**	—	17,760	17,760
4 Sep 2020	6.700			**—**	**9,774**	**9,774**	—	38,479	38,479
3 Sep 2021	5.830			**—**	**35,126**	**35,126**	—	50,962	50,962
5 Sep 2022	5.320			**—**	**49,234**	**49,234**	—	69,620	69,620
28 Sep 2023	3.870			**—**	**195,160**	**195,160**	—	—	—
				—	**307,054**	**307,054**	—	189,126	189,126
				510,577	**1,435,954**	**1,946,531**	487,128	1,251,275	1,738,403

The SAYE options have maturity periods of three or five years from the date of grant. The Group plan provides for a grant price equal to the closing market price of the Group shares on the trading day prior to the date of grant. In the case of the SAYE schemes, the price is determined on the date before the invitation to participate, which was on 22 August 2023 for the 2023 scheme. The vesting period is generally three years, five years in the case of some SAYE options.

If options under the Cohort plc 2006 or 2016 share option schemes remain unexercised after a period of ten years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

20. Share options continued

The Group launched an all-employee Share Incentive Plan (SIP) on 1 September 2018. The scheme provides for participating employees to save up to £150 per month throughout each annual accumulation period. At the end of each accumulation period (30 August each year), the amount saved will be used to purchase Cohort plc ordinary shares at the lower of the mid-market share price on the first and last day of accumulation period.

The shares to be issued under the Group's SIP scheme are provided by the Cohort Employee Benefit Trust (see note 21).

The movement in share options during the year is as follows:

	2024		2023	
	Options	Weighted average exercise price £	Options	Weighted average exercise price £
Outstanding at 1 May	**1,738,403**	**5.20**	1,778,324	5.01
Granted during the year	**653,964**	**4.72**	488,199	5.40
Forfeited during the year	**(161,762)**	**5.64**	(268,203)	5.49
Exercised during the year	**(278,620)**	**6.62**	(245,992)	3.99
Expired during the year	**(5,454)**	**5.50**	(13,925)	4.58
Outstanding at 30 April	**1,946,531**	**5.04**	1,738,403	5.20
Exercisable at 30 April	**510,577**	**4.85**	487,128	4.07

The weighted average remaining contractual life is six years, two months (2023: six years, eleven months).

The exercised options in the year were satisfied by transferring shares from the Cohort Employee Benefit Trust (see note 21) and the issue of new shares (see note 19).

In the year ended 30 April 2024, options were granted as follows: 199,995 on 28 September 2023 under the SAYE scheme, and 450,000 on 17 August 2023 and 3,969 on 30 April 2024 under the Cohort plc 2016 share option scheme. The option price for the SAYE scheme was £3.870 per share which was the mid-market price on the day before the scheme invitation was made on 22 August 2023. The option price for the options issued under the Cohort plc 2016 share option scheme were £5.100 and £7.560 respectively, the mid-market price the day before the respective grants.

Share options granted during the current and previous years were valued using the Black Scholes model provided by the Quoted Companies Alliance. The inputs to this model for the current and previous years were as follows:

	2024	2023
Average share price	**£5.34**	£4.91
Weighted average exercise price	**£5.04**	£5.20
Expected volatility	**39%**	34%
Risk free rate	**4.25%–4.37%**	3.37%–3.63%
Leaver rate (per annum)	**10.0%**	10.0%
Dividend yield	**1.09%**	1.04%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous two years. The leaver rate used in the model is based on management's best estimate.

The Group recognised a cost of £1,278,000 (2023: £1,522,000) relating to share-based payment transactions which are all equity settled, an equivalent amount being transferred to the share option reserve. This excludes share-based payments which are cash settled.

The cost of share-based payments is included in "Administrative expenses" within the Consolidated income statement.

21. Own shares

	£'000
Balance at 1 May 2022	3,346
Acquired in the year	586
Sold in the year	(111)
Loss on shares sold in the year	(220)
Balance at 30 April 2023	3,601
Acquired in the year	1,917
Sold in the year	(802)
Loss on shares sold in the year	(147)
Balance at 30 April 2024	**4,569**

The own shares reserve represents the cost of shares in Cohort plc purchased in the market and held by the Cohort Employee Benefit Trust to satisfy options under the Group's share options (see note 20), the Long Term Incentive Share Scheme (see the Remuneration Committee report) and the Group's SIP scheme.

The number of ordinary shares in Cohort plc held by the Employee Benefit Trust at 30 April 2024 was 913,308 (2023: 718,157).

Tranches of Cohort plc ordinary shares were acquired by the Employee Benefit Trust as follows:

Date	Number acquired	Price per share £	Investment £'000
5 May 2023	8,500	4.47	38
12 May 2023	125,000	4.96	620
19 May 2023	52,500	5.00	263
25 May 2023	198,921	5.00	996
	384,921		1,917

21. Own shares continued

Ordinary shares in Cohort plc were transferred by the Employee Benefit Trust for the purposes of satisfying the exercise of share options and SIP as follows:

Exercise price per share Pence	Number of shares sold	Proceeds £'000	Gain/(loss) on sale of shares £'000
340.0	6,308	21	(10)
372.5	4,188	16	(5)
376.0	23,000	86	(30)
390.0	6,513	25	(7)
442.5	14,457	64	(8)
492.0	23,331	115	(2)
620.0	60,145	374	73
634.0	16,000	101	21
	153,942	802	32

In addition, 35,828 (2023: 43,811) ordinary shares in Cohort plc were transferred at nil value realising a loss on sale of shares of £179,214 for the purpose of satisfying shares awarded to the executive directors (see the Remuneration Committee report) and senior management under the Group's Restricted Share Scheme. The total loss on satisfying share options and Restricted Shares by the Employee Benefit Trust was £147,218 (2023: £220,313). All of the shares sold at £4.920 per share were in respect of satisfying the Group's SIP.

46,334 (2023: 41,166) of the shares held by the Employee Benefit Trust at 30 April 2024 remain to be issued under the Restricted Share Scheme, on which an estimated loss of £231,767 (2023: £207,180) will be recognised as they are issued.

As at 30 April 2024, an estimated 22,000 shares (2023: 15,000) held by the Employee Benefit Trust expect to be issued under the SIP on which a loss of £15,000 (2023: loss of £10,000) would be recognised as they are issued.

The market valuation of the ordinary shares in Cohort plc held by the Employee Benefit Trust at 30 April 2024 was £6,831,544 (2023: £3,123,983).

The cost of operating the Employee Benefit Trust during the year ended 30 April 2024 was £25,820 (2023: £21,716) and this cost is included within "Administrative expenses" in the Consolidated income statement.

22. Reserves and non-controlling interests

The Group (consolidated) and Company statements of changes in equity are disclosed as primary statements. Below is a description of the nature and purpose of the individual reserves:

- Share capital represents the nominal value of shares issued, including those issued to the Cohort Employee Benefit Trust (see note 19).
- Share premium includes the amounts over the nominal value in respect of share issues. Costs in respect of share issues are debited to this account.
- Own shares held by the Group represent shares in Cohort plc. All the shares are held by the Cohort Employee Benefit Trust (see note 21).
- Share option reserve represents the cumulative share-based payment charged to reserves less the transfer to retained earnings on vesting of options.
- Retained earnings include the realised gains and losses made by the Group and the Company.

The non-controlling interests are analysed as follows:

Group	Communications and Intelligence £'000	Sensors and Effectors £'000	Total £'000
At 1 May 2022	2,996	2,224	5,220
(Loss)/profit	(239)	135	(104)
Reallocation of non-controlling interest on purchase of remaining interest in Chess	—	(2,359)	(2,359)
At 1 May 2023	2,757	—	2,757
Profit	(24)	—	(24)
Other comprehensive income	(23)	—	(23)
Reserve transfer	(1,544)	—	(1,544)
At 30 April 2024	**1,166**	**—**	**1,166**

Non-controlling interest within Communications and Intelligence comprises EID (20%), and within Sensors and Effectors comprises Chess at 18.16% to 30 November 2022.

23. Net cash from operating activities

	Group 2024 £'000	Group 2023 £'000
Profit for the year	**15,292**	11,252
Adjustments for:		
Income tax charge	**4,532**	2,675
Depreciation of property, plant and equipment	**2,648**	2,376
Depreciation of right of use assets	**1,952**	1,776
Amortisation of other intangible assets and goodwill	**3,121**	3,672
Net finance expense	**1,363**	1,324
Derivative financial instruments and other non-trading exchange movements	**(297)**	1,082
Share-based payment	**1,106**	1,522
Increase in provisions	**2,213**	720
Operating cash flows before movements in working capital	**31,930**	26,399
Increase in inventories	**(1,371)**	(8,565)
(Increase)/decrease in receivables	**(24,726)**	2,999
Increase/(decrease) in payables	**23,769**	(2,976)
	(2,328)	(8,542)
Cash generated by operations	**29,602**	17,857
Income taxes paid	**(4,722)**	(111)
Interest paid	**(1,863)**	(1,458)
Net cash inflow from operating activities	**23,017**	16,288

Interest paid includes the interest element of lease liabilities under IFRS 16 (see note 10) of £284,000 (2023: £234,000).

24. Leases

Prior to 1 May 2019 the Group recognised only finance leases and operating leases. Since 1 May 2019 the Group has recognised three types of lease arrangements for reporting purposes.

Type	How determined	Reporting
1. Finance leases	Lease agreement is a finance lease.	Asset is reported in property, plant and equipment (see note 10b) and depreciated over term of lease. Liability is shown as part of debt (see note 15).
2. Operating leases as right of use assets	Lease agreement is an operating lease but does not meet the criteria for type 3 below.	Asset is reported as right of use asset (see note 10a) and depreciated over term of lease and liability is shown as lease liability (see note 10a).
3. Operating leases	Operating leases where: ○ length of lease is less than 12 months in duration; and/or ○ the value of the lease is low (below £5,000) at inception.	No asset or liability is recognised and cost of lease is expensed over the lease term as part of operating profit in the income statement. The cost of these operating leases is recognised in the Consolidated income statement and in the year ended 30 April 2024 was £505,000 (30 April 2023: £519,000).

25. Commitments

There was £2,858,000 of capital commitments at 30 April 2024 (2023: £561,000).

26. Retirement benefit obligations

The Group operates a variety of retirement benefit arrangements. These are all defined contribution schemes with the exception in Germany of ELAC SONAR (ELAC) where a defined benefit scheme operates.

i. Defined contribution schemes

The Group makes contributions to defined contribution stakeholder pension schemes. The contributions for the year of £3,401,000 (2023: £2,540,000) were charged to the Consolidated income statement. Contributions outstanding at 30 April 2024 were £746,058 (2023: £1,069,548).

ii. Defined benefit schemes

The Group operates a single defined benefit scheme in Germany on behalf of employees in ELAC SONAR. The scheme has been closed to new members since 1 January 2019. The scheme provides annuities to the entitled participants and is funded by an external support fund. At each balance sheet date, the obligations are calculated by an external actuary.

26. Retirement benefit obligations continued

Retirement benefit risks

Defined benefit schemes expose the Group to a number of risks, the most significant of which are detailed below:

Asset risk	As the scheme assets are in the form of purchased annuities held with an independent insurance provider, this risk is low.
Longevity risk	The plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities.

Charges to the income statement in respect of the Group's defined benefit scheme are as follows:

	2024 £'000	2023 £'000
Service cost	**223**	284
Net interest expense	**159**	140
	382	424

Amounts recognised in the statement of comprehensive income are set out below:

	2024 £'000	2023 £'000
Net gains from changes in assumptions	**507**	1,967
Losses from plan assets	**(81)**	(67)
	426	1,900

Amounts included in the Group's Consolidated balance sheet arising from the Group's defined benefit scheme obligations are:

	2024 £'000	2023 £'000
Present value of defined benefit obligations	**(12,490)**	(11,952)
Fair value of scheme's assets	**6,864**	6,660
Net liability arising from defined benefit obligations	**(5,626)**	(5,292)

Fair value of the scheme's assets are as follows:

	2024 £'000	2023 £'000
Opening scheme assets	**6,660**	6,260
Interest income	**(240)**	146
Amounts recognised in income in respect of defined benefit scheme	**(240)**	146
Return on plan assets excluding amounts included in interest income	**81**	(67)
Amounts recognised in the statement of comprehensive income	**81**	(67)
Contributions:		
Employer	**464**	306
Payment from plan:		
Benefits paid	**(243)**	(264)
Effect of movements in exchange rates	**142**	279
Closing scheme assets	**6,864**	6,660

The plan assets at acquisition and at 30 April 2024 comprised insurance annuities held with a third-party insurer.

The present value of defined benefit obligations comprised:

	2024 £'000	2023 £'000
Opening defined benefit obligations	**(11,952)**	(13,108)
Current service cost	**223**	(284)
Interest expense	**(399)**	(286)
Amounts recognised in the statement of comprehensive income in respect of defined benefit scheme	**(176)**	(570)
Remeasurement (losses)/gains from:		
Change in financial assumptions	**(451)**	2,231
Experience adjustments	**(56)**	(264)
Amounts recognised in the statement of other comprehensive income	**(507)**	1,967
Benefits paid	**56**	264
Benefit payments from employer	**244**	7
Payments from plan	**300**	271
Effects of movements in exchange rates	**(155)**	(512)
Closing defined benefit obligations	**(12,490)**	(11,952)

26. Retirement benefit obligations continued

Actuarial assumptions

The assumptions used for the purpose of the actuarial valuations were as follows:

	At year end 30 April 2024	At year end 30 April 2023
Discount rate	**3.45%**	3.75%
Salary increase rate	**3.50%**	3.50%
Pensions-in-payment increase rate	**2.40%**	2.50%
Mortality assumption	**Richttafeln 2018 G**	Richttafeln 2018 G

The assumptions regarding future mortality are based on actuarial advice in accordance with published statistics, which are country specific.

The current and future beneficiaries of the scheme are as follows:

	Number	Average age	Average annual pension £
Active	75	53	6,458
Deferred	80	55	1,192
Retired	156	76	1,921

The weighted average duration of the benefit obligation as at 30 April 2024 is 19 years (2023: 18 years).

Using the mortality tables adopted, the expected lifetime of average members currently at age 65 and average members at age 65 in 20 years' time is as follows:

	Male Years	Female Years
30 April 2023	88.5	91.4
30 April 2024	88.7	91.5

The expected contributions for the year ending 30 April 2024 are £348,000 for scheme assets and a further £47,000 benefit payments not from the plan assets.

The expected total benefit payments for the next ten years are £4.6m ranging from around £328,000 per annum to £526,000 per annum.

Sensitivity analysis

Several significant actuarial assumptions are made for the determination of the defined benefit obligation. These are set out below along with the impact on the net liability of the scheme as at 30 April 2024 by the prescribed sensitivity change:

	Change in assumption	Increase/ (decrease) in net liability of scheme £m
Mortality rate – increase in life expectancy	+1 year	0.4
Discount rate – increase in rate	+1%	(1.8)
Salary increase assumption – increase in rate	+1%	0.6
Pension payment increase assumption – increase in rate	+1%	1.5

The above sensitivities are based on a change of assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some of the assumptions may have some correlation. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

27. Contingent liabilities

At 30 April 2024 the Group had in place bank guarantees of £29,884,000 (2023: £25,765,000) in respect of trading contracts. The Group is not aware of any conditions which would realise these contingent liabilities. The increase in the Group's contingent liabilities is in respect of contract increases due to increased export orders including attached bank guarantee requirements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
for the year ended 30 April 2024

28. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation. However, the key transactions with the Company are disclosed as follows:

	Interest paid to subsidiaries £'000	Interested received from subsidiaries £'000	Management fees received from subsidiaries £'000	Dividends received from subsidiaries £'000	Group relief received from subsidiaries £'000
2024	**125**	**557**	**5,590**	**12,800**	**—**
2023	156	411	5,157	6,000	31

During the year ended 30 April 2024, the directors of Cohort plc received dividends from the Company as follows:

	2024 £	2023 £
N Prest CBE	**248,156**	225,759
A Thomis	**33,904**	28,675
S Walther	**31,552**	27,207
J Perrin	**554**	504
	314,166	282,145

Further details of the remuneration of the directors are set out in the Remuneration Committee report.

The aggregate remuneration (excluding share option costs) of the key management (2024: 13, including Peter Lynas for part of the year; 2023: 12) of the Group was as follows:

	2024 £	2023 £
Salary (including any allowances, benefits and employer's NIC)	**2,071,060**	2,057,044
Long-term incentive awards	**783,230**	289,212
Employer's pension contribution	**79,684**	43,513
	2,933,974	2,389,769

The key management of the Group is the Board of Cohort plc plus each subsidiary's managing director.

29. Post balance sheet events

On 31 May Cohort plc acquired 100% of Interactive Technical Solutions Limited (ITS) through its wholly owned subsidiary Marlborough Communications Limited (MCL). 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. A cash consideration of £3.0m was paid for the acquisition which will be fully disclosed in the accounts for the year ending 30 April 2025. There are no contingent considerations within the purchase agreement.

30. Restatements

Three disclosure restatements have been made for the comparative year ended April 2023 as explained below. No restatement has any 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.

Restatements affecting Group accounts:

- 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 (2023: £9,502,000) separately from cash held with banks where it was previously reported net. 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.
- Consolidated cash flow statement: The purchase of non-controlling interest (2023: £1,016,000) has been restated from investing to financing activities in accordance with IAS 7.

Restatement affecting parent company accounts:

- Statement of financial position: Amounts owed from subsidiaries (2023: £17,669,000) have been reclassified to non-current assets from current assets in accordance with IAS 1.

ACCOUNTING POLICIES

Basis of accounting

The Group financial statements have been prepared and approved by the directors in accordance with UK adopted International Accounting Standards and applicable UK company law.

The Company financial statements presented on pages 82 to 125 are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'.

On publishing the parent company financial statements here, together with the Group financial statements, the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these approved financial statements. The Company is a public company limited by shares. As permitted by FRS 101, the company has taken advantage of the following disclosure exemptions from the requirements of IFRS:

- presentation of a statement of cash flows and related notes;
- disclosure of the objectives, policies and processes for managing capital;
- disclosure of the categories of financial instruments and the nature and extent of risks arising on these financial instruments;
- disclosure of the future impact of new UK adopted International Financial Reporting Standards in issue but not yet effective at the reporting date; and
- related party disclosures for transactions with the parent or wholly owned members of the Group.

The financial statements are prepared on the historical cost basis except for derivative financial instruments that are stated at their fair value.

The consolidated financial statements are presented in GBP which is the ultimate parent company's functional currency.

Exemption from audit

For the year ended 30 April 2024 Cohort plc has provided a guarantee in respect of all liabilities due by its following subsidiaries: MASS Limited (registration number 05863964), SEA (Group) Ltd. (registration number 02430846), Marlborough Communications (Holdings) Limited (registration number 07739219), and Chess Technologies Limited (registration number 06539922). This entitles them to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies.

Going concern

As highlighted in note 15 to the financial statements, the Company meets its day-to-day working capital requirements through a facility which was renewed on 18 July 2022. The current heightened international security situation, especially following the invasion of Ukraine, has increased the focus of governments, particularly in NATO, on defence capability and driven increasing levels of demand for the Group's products. Specifically in respect of UK defence spending (UK MOD represents 48% of the Group's 2023/24 revenue), the four-year budget settlement in 2021, and subsequent confirmation of the commitments, does give the Group some improved visibility from this key customer.

The Group's banking facility was extended in May 2024 for a further year to July 2027.

The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position, is set out in the Strategic report and included in the Risk management section. The financial position of the Company, its cash flows, its liquidity position and its borrowing facilities are also described in the Strategic report.

In addition, the Strategic report includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary undertakings made up to 30 April 2024. Subsidiaries acquired during the year are consolidated from the date of acquisition, using the purchase method (see "Business combinations" below).

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. The Group's subsidiaries have prepared their statutory financial statements in accordance with FRS 101, as from 1 May 2019.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Adoption of new and revised standards

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 May 2023, none of which had a material impact on the entity:

- Amendments to IFRS 4 'Insurance Contracts' and IFRS 17 'Insurance Contracts' (issued on 25 June 2020 and effective for years commencing 1 January 2023).
- Amendments to IAS 1, IAS 8 and IFRS Practice Statement 2 (issued on 12 February 2021 and effective for years commencing 1 January 2023).
- Amendments to IAS 12 (issued on 7 May 2021 and effective for years commencing 1 January 2023).

Standards and interpretations issued as at 17 July 2024 not applied to these financial statements

Certain new accounting standards and interpretations have been published that are not mandatory for 30 April 2024 reporting periods and have not been early adopted by the Group. These standards, outlined below, are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions:

- Amendments to IAS 1 'Classification of Liabilities as Current or Non-current' (issued on 15 July 2020 and effective for years commencing 1 January 2024).
- Amendments to IFRS 16 'Lease Liability in a Sale and Leaseback' (issued on 22 September 2022 and effective for years commencing 1 January 2024).
- Amendments to IAS 1 'Non-current Liabilities with Covenants' (issued on 31 October 2023 and effective for years commencing 1 January 2024).
- Amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements' (issued on 23 May 2023 and effective for years commencing 1 January 2024).

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the income statement using the effective interest rate method and are disclosed within accruals to the extent they are not settled in the period, unless the loan terms provide for the interest to be added to the principal, in which case the interest is added to the carrying amount of the instrument to which it pertains.

Borrowing costs

All borrowing costs are recognised in the income statement in the period in which they are incurred unless, where appropriate, interest costs are capitalised into assets, fixed and current. The costs of arranging the Group facility are expensed over the term of the facility except for those costs arising as a result of an acquisition or disposal of a business which are then included as part of those transaction costs.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured as the aggregate of the fair values, at the completion date, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired subsidiary. The costs of acquisition are charged to the Consolidated income statement as an exceptional item in accordance with IFRS 3.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable intangible assets, assets, liabilities and contingent liabilities recognised. If, after reassessment, which is a point in time greater than 12 months after the completion date, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds or is below the cost of the business combination, the excess or shortfall is recognised immediately in the income statement as an exceptional item.

Adjustments to the provisional value of assets and liabilities acquired in a business combination when the final values have become known within 12 months are adjusted for and reported as a movement in the current period.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss as an exceptional item.

The Group measures the non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquired business in the event of liquidation, at its proportionate interest in the recognised amount of the identifiable net assets of the acquired business at the acquisition date.

Where less than 100% of a subsidiary is acquired but the Group has effective control, that subsidiary is accounted for as if 100% were acquired with the non-controlling interest recognised appropriately.

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and on-demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Deposits are included within cash and cash equivalents where the maturity from commencement of the deposit is three months or less.

Derivative financial instruments

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative financial instruments are recognised in the income statement as they arise and are disclosed separately in deriving the Group's adjusted operating profit.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency), which is generally sterling for the Group. Cohort's direct subsidiaries, Thunderwaves and Cohort Deutschland, and indirect subsidiaries, EID and ELAC SONAR, all have the euro as their functional currency. For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company and the presentational currency for the consolidated financial statements, with any exchange difference included in the Consolidated comprehensive statement of income.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are included in the income statement for the year.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts. The Group's accounting policies in respect of such derivative financial instruments are described above. The Group does not apply hedge accounting.

These forward foreign exchange contracts are revalued to fair value at each balance sheet date with any movement included in the Consolidated income statement as part of the cost of sales and disclosed separately in deriving the Group's adjusted operating profit.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable intangible assets, assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment biannually. Any impairment is recognised immediately in the income statement as an exceptional item and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's subsidiaries as appropriate. Subsidiaries (cash-generating units) to which goodwill has been allocated are tested for impairment biannually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the subsidiary is less than the carrying amount of the subsidiary, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the subsidiary and then to the other assets of the subsidiary pro rata on the basis of the carrying amount of each asset in the subsidiary. An impairment loss recognised for goodwill is not reversed in a subsequent period. The impairment of goodwill is a critical judgement and estimate and is discussed in detail below.

On disposal of a subsidiary, or part of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (if any).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or subsidiary) is estimated to be less than its carrying amount, the carrying amount of the asset (subsidiary) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (subsidiary) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (subsidiary) in prior years. A reversal of an impairment loss is recognised as income immediately.

Intangible assets

Intangible assets are recognised in respect of contracts, intellectual property rights and other measurable intangibles, including customer relations, arising on business combinations. The value of these intangible assets is determined by the estimated value to the Group going forward. The intangible assets are written off over the estimated useful life of those particular assets. As discussed, the valuation of intangible assets is an area of critical judgement and estimate for the directors.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less the further cost expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items. Stock is accounted for on a first in, first out basis.

Leases

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Group accounts for each lease component separately from the non-lease components. The Group allocates the consideration in the contract to each lease component on the basis of its relative standalone price and the aggregate standalone price of the non-lease components.

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, to the extent that the right of use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and of short-term (less than 12 months) leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Pension contributions

Payments are made to the Company's stakeholder pension schemes, all of which are defined contribution schemes with the exception of a defined benefit scheme in Germany. In respect of defined contribution schemes, amounts are charged to the income statement as incurred.

In respect of the defined benefit scheme, the schemes' assets and liabilities are valued annually by an external actuary. The service cost and net interest movements are recognised in the Consolidated income statement. Movements in valuation from changes in assumptions, including discount rate and mortality rate, are recognised in the Consolidated statement of other comprehensive income. The gross assets and obligations of the scheme, as independently valued, are shown net as retirement benefit obligations in the Consolidated statement of financial position at each balance sheet date.

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at their fair value at the date of acquisition, plus any subsequent cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

Buildings	2%–4%
Fixtures, fittings and equipment	20%–50%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) which arises as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material. In respect of specific types of provisions, the policy is as follows:

Warranty

Provisions for the expected cost of warranty obligations under local sale of goods legislation and specifically contracted warranty undertakings are recognised at the date of sale of the relevant product or service. The provision is the directors' best estimate of the expenditure required to settle the Group's obligation.

Other contract related provisions including contract loss provisions

The Group undertakes a number of contracts where contractual and/or third-party obligations arise as a result of delivering the contract. This provision includes amounts for losses on contracts which are recognised in full immediately when it is probable that total contract costs will exceed total contract revenue. In some cases, after a product has been delivered and revenue has been recognised, the Group receives claims (including warranty issues) from customers in respect of work done. Where the amount required to settle the claim is uncertain or the Group disputes the amount of the claim, provision is made for the best estimate of the amount that will be required to settle the claim.

Contract loss provisions are reviewed on a regular basis to determine whether the provision is still adequate or excessive. Contract loss provisions and subsequent adjustments to them are charged as cost of sales in the income statement.

Where such an obligation relates to a discontinued operation then the charge will be disclosed as an exceptional item.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from the Group's own development activity is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software, product and new processes) and is technically and commercially feasible;
- it is probable that the asset created will generate future economic benefits and the Group has available to itself sufficient resources to complete the development and to subsequently sell and/or use the asset created; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Revenue and profit recognition

The Group applies IFRS 15 'Revenue from Contracts with Customers'.

Revenue represents income derived from contracts for the provision of goods and services, over time or at a point in time, by the Group to customers in exchange for consideration in the ordinary course of the Group's activities.

Performance obligations

Upon approval by the parties to a contract, the contract is assessed to identify each promise to transfer either a distinct good or service or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer. Goods and services are distinct and accounted for as separate performance obligations in the contract if the customer can benefit from them either on their own or together with other resources that are readily available to the customer and they are separately identifiable in the contract.

The Group provides warranties to its customers to give them assurance that its products and services will function in line with agreed-upon specifications. Warranties are not provided separately and, therefore, do not represent separate performance obligations.

Transaction price

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. Variable consideration, such as price escalation, is included based on the expected value or most likely amount only to the extent that it is highly probable that there will not be a reversal in the amount of cumulative revenue recognised. The transaction price does not include estimates of consideration resulting from contract modifications, such as change orders, until they have been approved by the parties to the contract. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative standalone selling prices. Given the bespoke nature of many of the Group's products and services, which are designed and/or manufactured under contract to the customer's individual specifications, there are typically no observable standalone selling prices. Instead, standalone selling prices are typically estimated based on expected costs plus contract margin.

Whilst payment terms vary from contract to contract, on some of the Group's contracts, an element of the transaction price is received in advance of delivery. The Group therefore has contract liabilities (note 14). The Group's contracts are not considered to include significant financing components on the basis that there is no difference between the consideration and the cash selling price. UK Ministry of Defence contracting rules prohibit the inclusion of financing in the sales price.

Revenue and profit recognition

Revenue is recognised as performance obligations are satisfied as control of the goods and services is transferred to the customer. For each performance obligation within a contract, the Group determines whether it is satisfied over time or at a point in time. Performance obligations are satisfied over time if one of the following criteria is satisfied:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date.

Revenue and profit recognition continued

The Group has determined that most of its contracts satisfy the over time criteria, either because the customer simultaneously receives and consumes the benefits provided by the Group's performance as it performs (typically services or support contracts) or the Group's performance does not create an asset with an alternative use to the Group and it has an enforceable right to payment for performance completed to date (typically development or production contracts).

For each performance obligation to be recognised over time, the Group recognises revenue using an input method, based on costs incurred in the period. Revenue and attributable margin are calculated by reference to estimates of transaction price and total expected costs to complete the contract, after making suitable allowances for technical and other risks. Revenue and associated margin are therefore recognised progressively as costs are incurred, and as risks have been mitigated or retired. The Group has determined that this method appropriately depicts the Group's performance in transferring control of the goods and services to the customer.

If the over time criteria for revenue recognition are not met, revenue is recognised at the point in time that control is transferred to the customer, which is usually when legal title passes to the customer and the business has the right to payment, for example on delivery.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense.

Internally, the Group categorises revenue recognition according to three types. One or more of each type can apply to a single customer contract.

Type	Point in time or over time	Reason for type applied
One	Point in time	Revenue is recognised when the product or service is delivered to the customer per the contract and the customer is obliged to pay at this point. This usually applies to all the Group's standard products, support, spares and repairs.
Two	Over time service	Revenue is recognised for a service provision over time. Typically, these services are long term (greater than one year) but the contract with the customer fixes the annual revenue where the costs incurred per annum are variable. Revenue is typically recognised on a monthly basis based on either timesheets or a fixed receivable from the customer.
Three	Over time	Revenue is recognised over the contract based on the input costs to deliver the contract to that stage, taking account of appropriate risk contingencies in the remaining costs to complete the contract. Revenue is recognised (typically monthly) on input costs including internal labour (timesheets) and bought in goods and services (invoices or delivery notes).

The Group's businesses determine the revenue category/categories at the contract outset and apply this recognition method consistently until the contract is completed.

Software licences

The Group sells software licences either separately or together with other goods and services, including computer hardware and implementation, hosting and support. Revenue recognition in respect of software licences sold as part of a bundle of goods and services is considered separately when the licence is determined to be a separate performance obligation. Software licences either represent a right to access the Group's intellectual property as it exists throughout the licence period or a right to use the Group's intellectual property as it exists at the point in time at which the licence is granted. Revenue in respect of right to access licences is recognised over the licence term or, in relation to perpetual licences, over the related customer relationship and revenue in respect of right to use licences is recognised upfront on delivery to the customer.

A software licence is considered to be a right to access the Group's intellectual property as it exists throughout the licence period if all of the following criteria are satisfied:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property;
- the licence directly exposes the customer to the effects of those activities; and
- those activities do not result in the transfer of a good or service to the customer.

Contract modifications

The Group's contracts are often amended for changes in customers' requirements and specifications. A contract modification exists when the parties to the contract approve a modification that either changes existing or creates new enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress towards the satisfaction of the performance obligation to which it relates is recognised in one of the following ways:

1. prospectively, as an additional, separate contract;
2. prospectively, as a termination of the existing contract and creation of a new contract; or
3. as part of the original contract using a cumulative catch-up.

The majority of the Group's contract modifications are treated under either 1 (for example, the requirement for additional distinct goods or services) or 3 (for example, a change in the specification of the distinct goods or services for a partially completed contract), although the facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Costs to obtain a contract

The Group expenses pre-contract bidding costs which are incurred regardless of whether a contract is awarded. The Group does not typically incur costs to obtain contracts that it would not have incurred had the contracts not been awarded, such as sales commission.

Costs to fulfil a contract

Contract fulfilment costs in respect of over time contracts are expensed as incurred. Contract fulfilment costs in respect of point in time contracts are accounted for under IAS 2 'Inventories'.

Sales of goods are recognised when goods are delivered, and title has passed.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest and adjusted for the non-market-based vesting conditions.

Fair value is measured by use of the Quoted Companies Alliance binomial model. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The cost of share-based payments is charged to the income statement with a corresponding credit applied to the share option reserve. The appropriate element of the reserve is transferred to the retained profit of the Group when the share options to which the reserve relates vest.

Taxation

The tax expense represents the sum of the tax currently payable and the deferred tax expense or credit.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Trade and other receivables

Trade receivables are initially measured at fair value.

With the exception of derivative financial instruments (see above) all other trade and other receivables are reported at amortised cost.

The Group recognises provisions for doubtful debts on an expected credit loss basis taking into account the future anticipated credit losses based upon the creditworthiness of the end customer. The allowance recognised is measured as the difference between the trade receivables and contract asset's carrying amount and the estimated recoverable amount.

Where revenue recognised over time on a contract exceeds the value that has been invoiced, the excess is recognised as a contract asset and is included within trade and other receivables.

Accrued income is recognised on revenue recognised at a point in time where a delivery or service has been made and revenue can be recognised, but no invoice has been raised.

Trade and other payables

Trade and other payables are initially measured at fair value.

With the exception of derivative financial instruments (see above) all other trade and other payables are reported at amortised cost.

Subsequent measurement is based on changes in the fair value and any changes recognised in the Consolidated income statement. To the extent that receipts from customers exceed relevant revenue, whether invoiced or a contract asset, then this is included as an advance receipt within trade and other payables.

Deferred income will arise on point in time contracts where customers have been invoiced, usually as a result of supplier costs incurred by the Group but where the service/delivery has not been made.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

The directors have identified the following critical judgements and estimates in applying the Group's accounting policies that have the most significant impact on the amounts recognised in the financial statements.

1. Critical accounting judgements

Revenue recognition

Judgement is applied in whether to recognise revenue over time or at a point in time with respect to contracts and other sales agreements in place. This will make reference to the contractual arrangements on each contract and which revenue recognition method is most appropriate for that contract or sales agreement.

Recoverability of trade and other receivables

Judgement is applied in determining whether any of the Group's trade and other receivables require a bad debt provision to be recognised. This takes account of the nature of our customers, many of which are ultimately governments, our historical experience, and the commercial terms we have in place to protect the recoverability of our receivables. Within the receivables balance and contract assets there is a balance of £7.7m relating to a project that was placed on hold for a period of over four years, which has not been provided for. Currently the contract to which this asset relates is in the process of being novated to a new prime contractor, with discussions being held with the end customer to put in place a payment plan for the outstanding amounts and to rescope the project. This process has already commenced; management has reassessed the recoverability of this balance and concluded that, as the ultimate customer is a sovereign government, the risk of impairment is low.

Provisions

The Group makes estimates of provisions for existing commitments arising from past events. In estimating these provisions, the Group makes judgements as to the quantity and likelihood of the liability arising. Certain provisions require more judgement than others. In particular, warranty provisions and contract loss provisions have to take account of future outcomes arising from past deliveries of products and services. In estimating these provisions, the Group makes use of management experience, precedents and specific contract and customer issues.

Research and development

The recognition of research and development expenditure as an internally generated intangible asset requires the directors to make judgements, especially with respect to whether the asset created will generate future economic benefit. This is a key judgement in this respect as the time between development and any income can be considerable (over five years) and often the income-generating asset may have considerably evolved from the asset originally created. As a result of this, the Group almost always expenses research and development in the period it is incurred.

Taxation

In accordance with IFRS IC 23 'Uncertainty over Income Tax Treatments' the Group currently takes a cautious approach to the recognition of R&D tax credits for periods that are still open. As at 30 April 2024, a provision of £1,250,000 (2023: £825,000) was recognised against R&D tax credit claims made in the final and early build computations for 2022/23 and 2023/24. The Group considers this level of provision as not material.

2. Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Revenue and profit recognition

The judgement applied in recognising revenue on a contract over time as performance obligations are completed is in respect of the input costs incurred and the attributable margin. The latter is particularly a judgement in respect of estimating the cost to complete on a particular contract and the remaining risk and associated contingency. The directors make use of monthly project (contract) control processes in each business within the Group to monitor and review cost to complete estimates and the utilisation or release of risk contingencies within each contract. This cost contingency takes account of the stage that the contract has reached and any judgement and uncertainty remaining to deliver the remainder of the contract. It is usual for these cost contingencies to reduce as the contract progresses and risk and uncertainty reduces.

Incremental borrowing rate

In respect of the application of IFRS 16 'Leases', the incremental borrowing rate of the Group in respect of leases reported as right of use assets and lease liabilities has been estimated at the time of entering into the lease and a range of rates are now used across the Group. This is based upon the Group's current secured borrowing rate from its banks and peer and market rates for such leasing arrangements.

Provisions

Judgement is applied on recognising contract provisions for uncertainties inherent in the type of projects undertaken throughout the Group. Management takes a prudent approach to recognising provisions against risks in projects especially on initial acquisition of subsidiaries where less historical information is available to inform management's decisions (see note 16).

Impairment

Judgement is applied in determining the discount rate used to value goodwill. Management takes a prudent approach to the selection of appropriate discount rates used, using rates provided by the Group's NOMAD (Investec) and providing additional risk premiums on top of this. See note 9 for further discussion of sensitivity surrounding goodwill impairment testing.

Other

Where a reasonably possible change in a key assumption could give rise to a change in the amount reported, this is disclosed within the relevant note to the accounts.

FIVE-YEAR RECORD

	2024	2023	2022	2021	2020
Headline results (£'000)					
Revenue	**202,533**	182,713	137,765	143,308	131,059
– Communications and Intelligence	**82,929**	86,195	68,369	78,559	74,199
– Sensors and Effectors	**119,604**	96,518	69,396	64,749	56,860
Adjusted operating profit	**21,141**	19,064	15,525	18,609	18,223
– Communications and Intelligence	**12,842**	14,911	12,253	15,647	13,682
– Sensors and Effectors	**12,787**	9,320	7,469	6,544	7,455
– Corporate	**(4,488)**	(5,167)	(4,197)	(3,582)	(2,914)
Operating profit	**21,187**	15,251	11,090	7,808	10,731
– Communications and Intelligence	**13,507**	14,815	12,310	15,978	12,401
– Sensors and Effectors	**12,236**	5,765	2,395	(4,519)	1,650
– Corporate	**(4,556)**	(5,329)	(3,615)	(3,651)	(3,320)
Adjusted earnings per share (pence)					
Basic	**42.89**	36.48	31.08	33.63	37.10
Diluted	**42.72**	36.40	30.91	33.29	36.73
Statutory earnings per share (pence)					
Basic	**37.87**	27.92	22.55	13.38	23.47
Diluted	**37.72**	27.86	22.42	13.24	23.24
Dividend per share (pence)	**14.80**	13.40	12.20	11.10	10.10
Net operating cash flow (£'000)	**23,017**	16,288	19,525	16,216	11,597
Net funds/(debt) (£'000)	**23,137**	15,608	10,997	2,464	(4,707)
Order intake (£m)	**392.1**	220.9	186.4	180.3	124.4
Order book (£m)	**518.7**	329.1	291.0	242.4[1]	183.3

1. The order book at 30 April 2021 is after including the acquired order book of ELAC SONAR (£23.2m) on 2 December 2020.

GLOSSARY OF TERMS

ANZAC	Australia New Zealand Army Corps
C3	Command, Control and Communications
C4IS	Command, Control, Communications, Computers and Information Systems
C4ISTAR	Command, Control, Communications, Computers, Intelligence, Surveillance, Target Acquisition and Reconnaissance
C-UAS	Counter-Uncrewed Aerial System
C-UAV	Counter-Uncrewed Air Vehicle
DARPA	Defence Advanced Research Projects Agency
DSEI	Defence and Security Equipment International
DSTL	Defence Science and Technology Laboratory
ECS	External Communications System
EPS	Earnings Per Share
EW	Electronic Warfare
EWOS	Electronic Warfare Operational Support
GBAD	Ground Based Air Defence
GHG	Greenhouse Gas
GPS	Global Positioning System
IEA	International Energy Agency
IPCC	Intergovernmental Panel for Climate Change
ISO	International Standards Organisation
ISTAR	Intelligence, Surveillance, Target Acquisition and Reconnaissance
MEWP	Maritime Electronic Warfare Programme
MOD	Ministry of Defence
NATO	North Atlantic Treaty Organisation
NGFS	Network for Greening the Financial System
RCP	Representative Concentration Pathway
SAYE	Save As You Earn scheme
SECR	Streamlined Energy and Carbon Reporting
SIGINT	Signals Intelligence
SIP	Share Incentive Plan
SSAFA	Soldiers, Sailors, Airmen and Families Association
SSP	Shared Socioeconomic Pathway
STEM	Science, Technology, Engineering and Maths
s-UAV	Small Unmanned Air Vehicle
TLS	Torpedo Launcher System
UAV	Uncrewed Air Vehicle
UGS	Uncrewed Ground Systems
UGV	Uncrewed Ground Vehicle
VAS	Vertical Aperture Sonar

Please visit our subsidiary websites for more information on the products and services mentioned in this report:

Communications and Intelligence

EID – eid.pt

MASS – mass.co.uk

MCL – marlboroughcomms.com

Sensors and Effectors

Chess – chess-dynamics.com

ELAC SONAR – elac-sonar.de

SEA – sea.co.uk

SHAREHOLDER INFORMATION, FINANCIAL CALENDAR AND ADVISERS

Advisers

Nominated adviser and broker

Investec
30 Gresham Street,
London EC2V 7QP

Auditor

RSM UK Audit LLP
25 Farringdon St,
London EC4A 4AB

Tax advisers

Deloitte LLP
Abbots House, Abbey Street,
Reading RG1 3BD

Legal advisers

Shoosmiths LLP
Apex Plaza, Forbury Road,
Reading RG1 1SH

Registrars

Equiniti
Aspect House, Spencer Road,
Lancing, West Sussex BN99 6DA

Public and investor relations

MHP Communications
4th Floor, 60 Great Portland Street,
London W1W 7RT

Bankers

Lloyds Bank
3rd Floor, 10 Gresham Street,
London EC2V 7AE

NatWest Bank
Abbey Gardens, 4 Abbey Street,
Reading RG1 3BA

Commerzbank AG
30 Gresham Street,
London EC2V 7PG

Shareholders' enquiries

If you have an enquiry about the Company's business, or about something affecting you as a shareholder (other than queries which are dealt with by the registrars), you should contact the Company Secretary by letter to the Company's registered office or by email to info@cohortplc.com.

Share register

Equiniti maintains the register of members of the Company.

If you have any questions about your personal holding of the Company's shares or notification of a change of name or address please visit: shareview.co.uk. Alternatively, please contact Equiniti using the details below:

Equiniti

Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Telephone: 0371 384 2030 (Calls are charged at the standard geographic rate and will vary by provider.) From outside the UK: +44 371 384 2030 (calls are charged at the applicable international rate). Lines are open from 8.30am to 5.30pm, Monday to Friday, excluding public holidays in England and Wales. Please quote your eleven digit shareholder reference number when calling us; this can be found on your share certificate, share statement, recent dividend information or correspondence.

For more information visit: shareview.co.uk

Daily share price listings

The Financial Times – AIM, Aerospace and Defence

The Times – Engineering

The Daily Telegraph – AIM section

Financial calendar

Annual General Meeting

24 September 2024

Final dividend payable

2 October 2024

Expected announcements of results for the year ending 30 April 2025

Preliminary half year announcement

December 2024

Preliminary full year announcement

July 2025

Registered office

Cohort plc

One Waterside Drive
Arlington Business Park
Theale
Reading RG7 4SW

Registered company number of Cohort plc

05684823

Cohort plc is a company registered in England and Wales.

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designportfolio

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