

17 July 2024

**COHORT PLC  
UNAUDITED PRELIMINARY RESULTS  
FOR THE YEAR ENDED 30 APRIL 2024**

**Record revenue, adjusted operating profit and order book of over half a billion pounds. Further progress expected.**

Cohort plc today announces its unaudited results for the financial year ended 30 April 2024.

	2024	2023	%
Revenue	<b>£202.5m</b>	£182.7m	<b>11</b>
Adjusted operating profit <sup>1</sup>	<b>£21.1m</b>	£19.1m	<b>11</b>
Adjusted earnings per share <sup>2</sup>	<b>42.89p</b>	36.48p	<b>18</b>
Net funds <sup>3</sup>	<b>£23.1m</b>	£15.6m	<b>48</b>
Order intake	<b>£392.1m</b>	£220.9m	<b>78</b>
Order book (closing)	<b>£518.7m</b>	£329.1m	<b>58</b>
Proposed final dividend per share	<b>10.10p</b>	9.15p	<b>10</b>
Total dividend per share	<b>14.80p</b>	13.40p	<b>10</b>
<b>Statutory</b>	<b>2024</b>	2023	%
Statutory profit before tax	<b>£19.8m</b>	£13.9m	<b>42</b>
Basic earnings per share	<b>37.87p</b>	27.92p	<b>36</b>

**Highlights include:**

- Record revenue, adjusted operating profit, order intake, closing order book and net funds, exceeding market expectations.
- Adjusted operating profit up 11% on revenue up 11%.
  - Sensors and Effectors saw robust growth, with Chess and SEA delivering improved performances on the back of strong product offerings.
  - 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).

**Looking forward – Strong order book underpinning growth expectations:**

- Record closing order book underpins over 90% of current market revenue expectations for 2024/25.
- Acquired 100% of Interactive Technical Solutions Ltd ("ITS") for a cash consideration of £3.0m, which is expected to be immediately earnings enhancing, within the Communications and Intelligence division
- Encouraging start to the 2024/25 financial year with expectations for the full year, excluding acquisition of ITS, unchanged.
- Significant further progress targeted for 2025/26 and beyond

<sup>1</sup> Excludes amortisation of other intangible assets, research and development expenditure credits and non-trading exchange differences, including marking forward exchange contracts to market.

<sup>2</sup> Excludes amortisation of other intangible assets and non-trading exchange differences, including marking forward exchange contracts to market.

<sup>3</sup> Cash and cash equivalents less bank borrowings excluding IFRS 16 lease liabilities.

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

“We are reporting another strong performance for Cohort with improved revenue, profit and net funds, and one that has exceeded expectations. Our order book surpassed £500m for the first time and provides a solid foundation for the future.

Our order book not only grew in value, but its longevity further increased, providing visibility out to 2037. We have good prospects to secure further long-term orders for our naval systems and support work.

The order book underpins more than £184m (2023: £140m), representing over 90% of 2024/25 revenue expectations. Following order wins since the start of the financial year of over £70m, that cover now stands at over 95%. These order wins include over £35m from Portugal.

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 significant further progress in 2025/26 and beyond, based on current orders for long-term delivery, our continued investment in the businesses and our pipeline of opportunities.”

**A meeting is being held today for institutional analysts, hosted by Andy Thomis, Chief Executive, and Simon Walther, Finance Director, from 09.00 for a 09:30 start (UK times).** Please contact MHP via [cohort@mhpgroup.com](mailto:cohort@mhpgroup.com) if you wish to attend.

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

#### Investor Presentations

Chief Executive, Andy Thomis, and Finance Director, Simon Walther will be presenting at the LIVE Shares and AJ Bell investor evening on 17 July at 18.00 at the Novotel, Tower Bridge, London, EC3N 2NR.

Chief Executive, Andy Thomis, and Finance Director, Simon Walther, will be presenting an investor webinar hosted by Equity Development on Friday, 19th July at 10:00. Registration is free and questions can be submitted during the presentation which will, if possible, be addressed at the end of it. A recording will also be made available afterwards.

To attend the event, please register at

[https://us06web.zoom.us/webinar/register/WN\\_v\\_2o2Xo8R0eD6XlqtsM8Ew#/registration](https://us06web.zoom.us/webinar/register/WN_v_2o2Xo8R0eD6XlqtsM8Ew#/registration)

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#### **NOTES TO EDITORS**

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

Cohort (AIM: CHRT) was admitted to London's Alternative Investment Market in March 2006. It has headquarters in Reading, Berkshire and employs in total over 1,300 core staff there and at its other operating company sites across the UK, Germany, and Portugal.

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

#### **Communications and Intelligence**

- EID designs and manufactures advanced communications systems for naval and military customers. Cohort acquired a majority stake in June 2016. [www.eid.pt](http://www.eid.pt)

- MASS is a specialist data technology company serving the defence and security markets, focused on electronic warfare, digital services, and training support. Acquired by Cohort in August 2006. [www.mass.co.uk](http://www.mass.co.uk)
- MCL designs, sources, and supports advanced electronic and surveillance technology for UK end users including the MOD and other government agencies. MCL has been part of the Group since July 2014. [www.marlboroughcomms.com](http://www.marlboroughcomms.com)

#### **Sensors and Effectors**

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

## **Chairman's statement**

“Another record revenue and profit performance, with robust cash and a record closing order book.”

#### **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 presently by its domestic customer which, although a NATO member, is not a large spender on defence. 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 resulting in the 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 specialises in providing 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.

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. The final dividend 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 the 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***

# Chief Executive Officer's report

## Overview

Following an encouraging performance in 2022/23 the Group's performance for this 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 42.89p 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 as part of an existing Group business or as new standalone business, further accelerating the growth in revenue and adjusted operating profit.

## 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 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 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.

### **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 at least 10% for the sixth year running.

**Andrew Thomis**  
*Group Chief Executive*

## Operating Review

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 2.

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 medium-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, the last few years have seen cautious trading on the Italian sonar project as it progresses through its development phases, holding ELAC'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 of low to 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	15.5	17.3
Sensors and Effectors	12.8	9.4	10.7	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)
- Adjusted operating profit – £12.8m (2023: £14.9m)
- Net cash flow generated from operating activities – £3.2m (2023: £8.3m)
- 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. 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 expected 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)
- Adjusted operating profit – £12.8m (2023: £9.4m)
- Net cash flow generated from operating activities – £21.5m (2023: £5.9m)
- 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 undertaken 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***

## FINANCIAL REVIEW

### 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 two separate breakdowns:

1. market (and geography) (see table below); and
2. product or service (see table below).

The Group's 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's 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), and 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, which includes transport and legacy hydroacoustic products, was slightly lower. Both are reported within Sensors and Effectors.

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 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'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.

In terms of domain, 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 at 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	20243 £m	2024 £m	%	2023 £m	%
Direct to UK MOD	<b>58.0</b>	62.1	<b>10.7</b>	0.2	<b>68.7</b>	<b>34</b>	62.3	34
Indirect to UK MOD where the Group acts as a sub-contractor or partner	<b>5.0</b>	7.3	<b>23.1</b>	28.9	<b>28.1</b>	<b>14</b>	36.2	20
Total UK defence	<b>63.0</b>	69.4	<b>33.8</b>	29.1	<b>96.8</b>	<b>48</b>	98.5	54
UK security	<b>3.6</b>	3.7	—	—	<b>3.6</b>	<b>2</b>	3.7	2
UK other (non-defence and security)	0.1	—	<b>8.2</b>	7.4	<b>8.3</b>		7.4	
Total UK	<b>66.7</b>	73.1	<b>42.0</b>	36.5	<b>108.7</b>		109.6	
Portuguese defence and security	<b>10.3</b>	4.9	—	—	<b>10.3</b>	<b>5</b>	4.9	3
German defence and security	<b>0.3</b>	—	<b>8.7</b>	4.3	<b>9.0</b>	<b>4</b>	4.3	2

Total non-UK domestic defence and security	<b>10.6</b>	4.9	<b>8.7</b>	4.3	<b>19.3</b>	<b>9</b>	9.2	5
Export defence and security								
– Other European countries	<b>1.1</b>	2.1	<b>36.4</b>	33.7	<b>37.5</b>		35.8	
– Asia Pacific and Africa	<b>4.4</b>	5.7	<b>24.4</b>	12.3	<b>28.8</b>		18.0	
– North and South America	<b>0.1</b>	0.4	<b>5.5</b>	4.2	<b>5.6</b>		4.6	
Total export defence and security	<b>5.6</b>	8.2	<b>66.3</b>	50.2	<b>71.9</b>	<b>36</b>	58.4	32
Export other (non-defence and security)	<b>—</b>	<b>—</b>	<b>2.6</b>	5.5	<b>2.6</b>		5.5	
	<b>82.9</b>	86.2	<b>119.6</b>	96.5	<b>202.5</b>	<b>100</b>	182.7	100

### Revenue by type of deliverable

	Year ended 30 April 2024		Year ended 30 April 2023	
	£m	%	£m	%
Product	<b>148.4</b>	<b>73</b>	140.8	77
Communications and Intelligence	<b>45.1</b>	<b>22</b>	53.8	29
Sensors and Effectors	<b>103.3</b>	<b>51</b>	87.0	48
Services	<b>54.1</b>	<b>27</b>	41.9	23
Communications and Intelligence	<b>37.8</b>	<b>19</b>	32.4	18
Sensors and Effectors	<b>16.3</b>	<b>8</b>	9.5	5
Total revenue	<b>202.5</b>	<b>100</b>	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	<b>64.3</b>	94.5	<b>108.0</b>	126.7
Sensors and Effectors	<b>327.8</b>	126.4	<b>410.7</b>	202.4
	<b>392.1</b>	220.9	<b>518.7</b>	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 had benefited from very high activity 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 totalled £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.

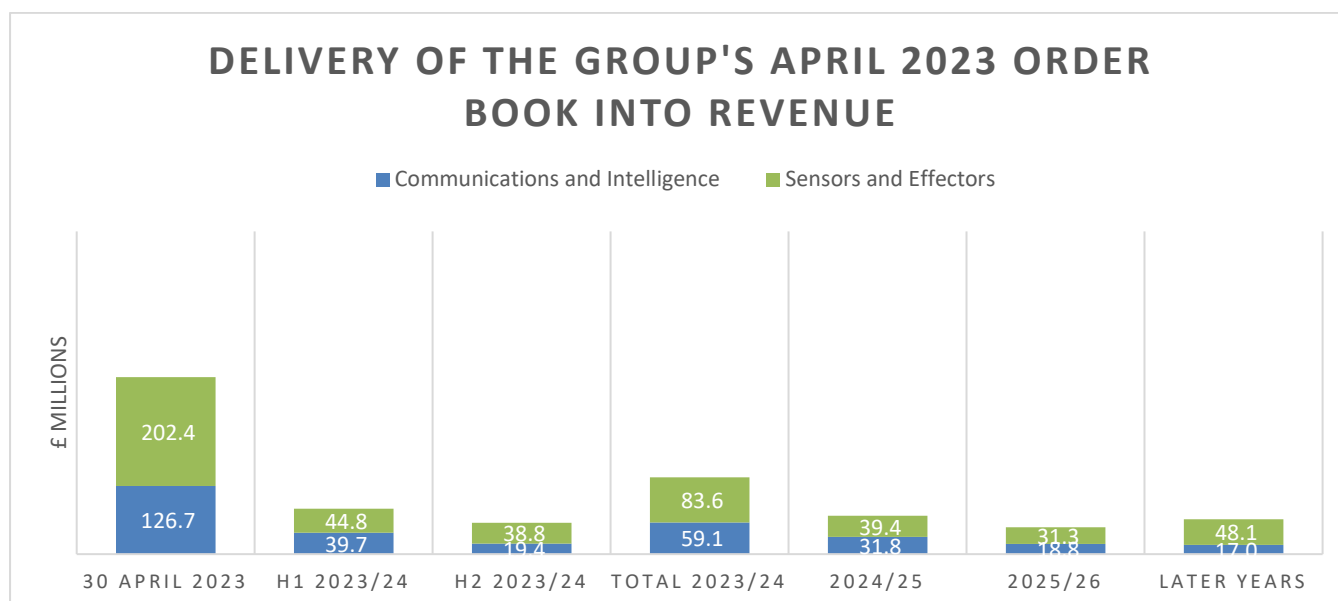
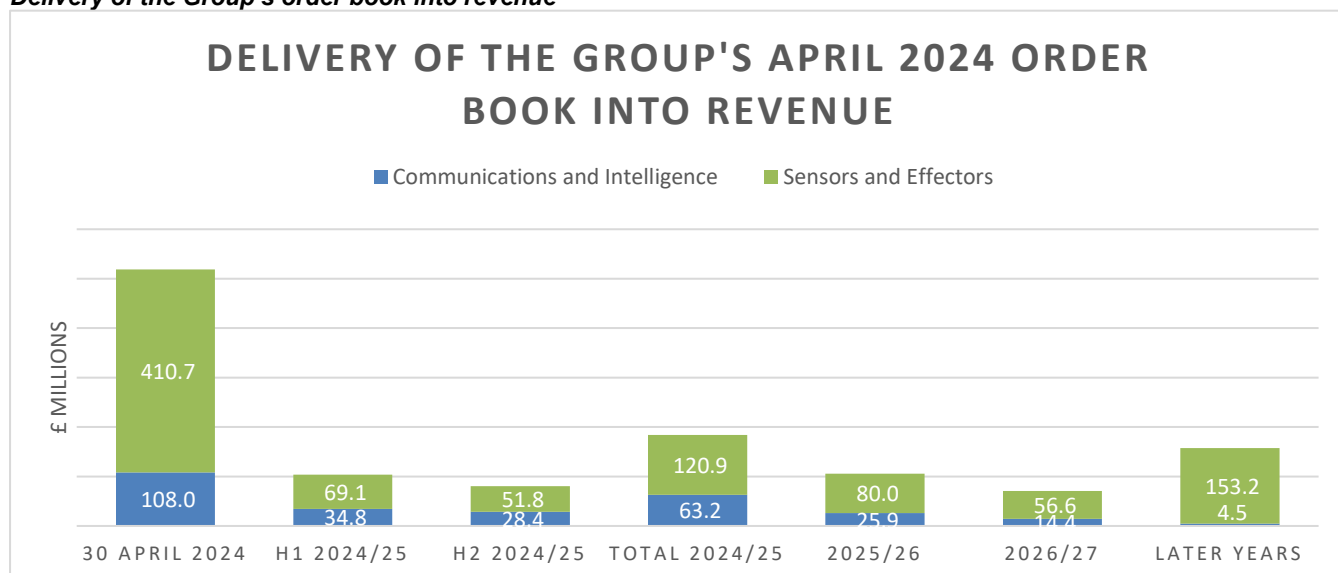
This year was dominated by the large order (over £135m) for our Ancilia system from the Royal Navy. This order will supply and support systems for seventeen surface ships and runs until 2037. Other important Royal Navy work included orders for the next batch of Type 26 frigates and the Dreadnought submarines. 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 Italy sonar (Boat 3) was received by ELAC, endorsing its solution for the new class of Italian submarines.

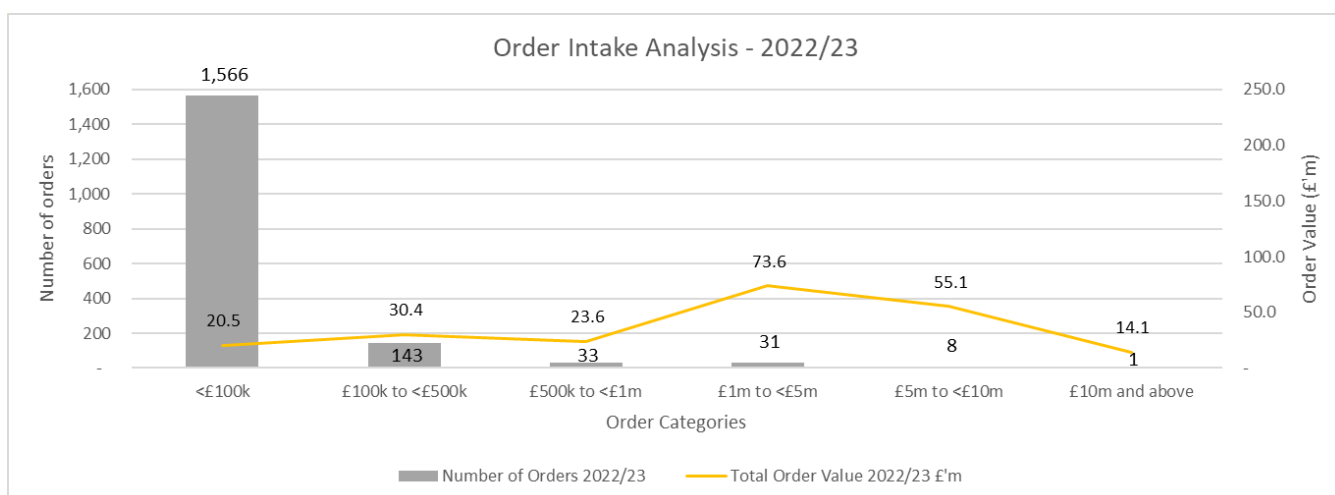
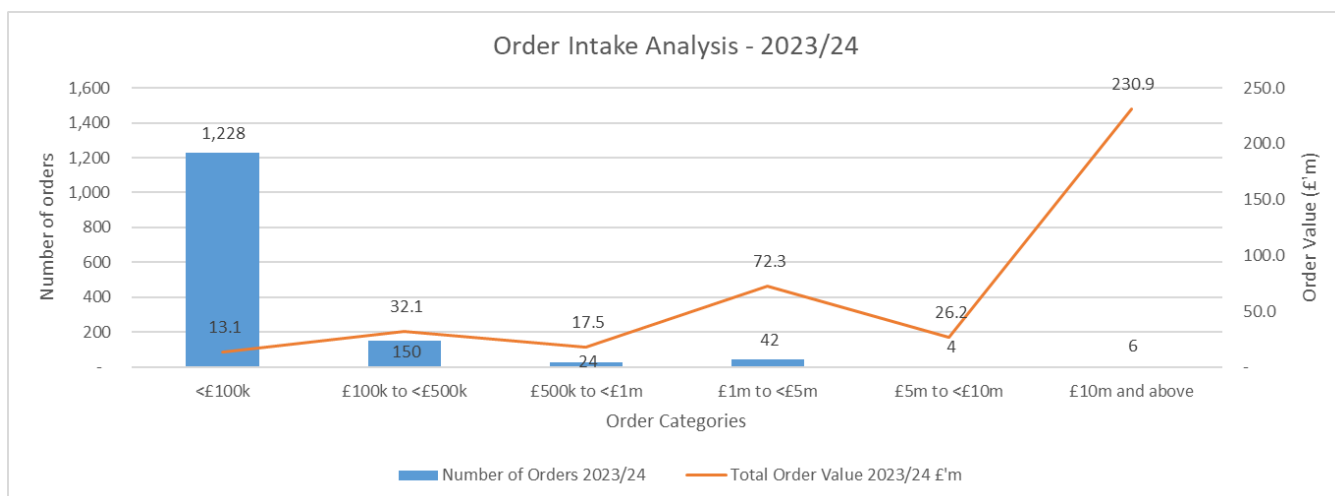
We continue to see good prospects in the Maritime domain for our products, both in export markets as well as our domestic markets and the success of Ancilia adds to this pipeline.

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 focussed in Europe and Chess secured around £17m of orders with some good prospects for the coming year and beyond.

#### Delivery of the Group's order book into revenue



“The Group order book underpins over 90% of the 2024/25 latest analyst forecasts for revenue. This has increased to 95% in July.”



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, mean that this division will typically enter a financial year with less revenue on order. 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 order infill still required for the coming year of under 10% is an 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 above. 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 with 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 the 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.

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 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 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 net 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 £10m 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.

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)
<b>2024</b>	<b>14.8</b>	<b>10</b>	<b>2.9</b>	<b>3.7</b>
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 higher capital expenditure by £1.5m. The balance was higher dividends and 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 to build to a peak as we approach completion in the Summer of 2025.

### 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 £7.4m (2023: £3.2m), a prior year corporation tax credit of £0.6m (2023: £0.4m) and a deferred tax credit of £2.3m (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 rate in 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
<b>Year ended 30 April 2024</b>	<b>21.1</b>	<b>42.89</b>
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**

**UNAUDITED CONSOLIDATED INCOME STATEMENT**

For the year ended 30 April 2024

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

All profit for the year is derived from continuing operations.

	Notes	Pence	Pence
<b>Earnings per share</b>			
Basic	4	<b>37.87</b>	27.92
Diluted	4	<b>37.72</b>	27.86
<b>Adjusted earnings per share</b>			
Basic	4	<b>42.89</b>	36.48
Diluted	4	<b>42.72</b>	36.40
<b>Dividends per share paid and proposed in respect of the year</b>			
Interim		<b>4.70</b>	4.25
Final		<b>10.10</b>	9.15
		<b>14.80</b>	13.40



**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 April 2024

	2024 £'000	2023 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	50,145	50,145
Other intangible assets	2,848	5,969
Right of use asset	7,818	8,521
Property, plant and equipment	19,370	15,304
Deferred tax asset	2,543	1,600
	<b>82,724</b>	<b>81,539</b>
<b>Current assets</b>		
Inventories	33,310	32,041
Trade and other receivables	79,377	55,612
Current tax assets	1,823	2,126
Derivative financial instruments	105	42
Cash and cash equivalents	55,157	50,956
	<b>169,772</b>	<b>140,777</b>
<b>Total assets</b>	<b>252,496</b>	<b>222,316</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(80,967)	(55,897)
Current tax liabilities	(2,150)	(4,269)
Derivative financial instruments	(399)	(1,041)
Lease liability	(1,781)	(1,660)
Bank borrowings	(15,490)	(9,511)
Provisions	(8,914)	(8,687)
	<b>(109,701)</b>	<b>(81,065)</b>
<b>Non-current liabilities</b>		
Deferred tax liability	(887)	(1,467)
Lease liability	(6,708)	(7,473)
Bank borrowings	(16,530)	(25,837)
Provisions	(3,204)	(1,404)
Retirement benefit obligations	(5,626)	(5,292)
	<b>(32,955)</b>	<b>(41,473)</b>
<b>Total liabilities</b>	<b>(142,656)</b>	<b>(122,538)</b>
<b>Net assets</b>	<b>109,840</b>	<b>99,778</b>
<b>Equity</b>		
Share capital	4,161	4,146
Share premium account	32,157	31,484
Own shares	(4,569)	(3,601)
Share option reserve	2,859	2,116
Retained earnings	74,066	62,876
<b>Total equity attributable to the equity shareholders of the parent</b>	<b>108,674</b>	<b>97,021</b>
<b>Non-controlling interests</b>	<b>1,166</b>	<b>2,757</b>
<b>Total equity</b>	<b>109,840</b>	<b>99,778</b>

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

	Attributable to the equity shareholders of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium account	Own shares	Share option reserve	Other reserves	Retained earnings			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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
<b>Transactions with owners of Group and non-controlling interests, recognised directly in equity</b>									
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
<b>At 30 April 2023</b>	<b>4,146</b>	<b>31,484</b>	<b>(3,601)</b>	<b>2,116</b>	<b>—</b>	<b>62,876</b>	<b>97,021</b>	<b>2,757</b>	<b>99,778</b>
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
<b>Transactions with owners of Group and non-controlling interests, recognised directly in equity</b>									
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	—	—	—
<b>At 30 April 2024</b>	<b>4,161</b>	<b>32,157</b>	<b>(4,569)</b>	<b>2,859</b>	<b>—</b>	<b>74,066</b>	<b>108,674</b>	<b>1,166</b>	<b>109,840</b>

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 April 2024

	Notes	Group	
		2024 £'000	2023 £'000
Net cash from operating activities	5	23,017	16,288
<b>Cash flow from investing activities</b>			
Interest received		500	134
Purchases of property, plant and equipment		(6,659)	(5,231)
Net cash used in investing activities		(6,159)	(5,097)
<b>Cash flow from financing activities</b>			
Issue of new shares		688	982
Dividends paid		(5,598)	(5,124)
Purchase of own shares		(1,917)	(586)
Settlement of own shares		802	111
Purchase of non-controlling interest in Chess		—	(1,016)
Repayment of borrowings		(9,000)	(4,000)
Repayment of lease liabilities		(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 30 April 2023 £'000	Effect of foreign exchange rate changes £'000	Cash flow £'000	At 30 April 2024 £'000
<b>Net funds reconciliation</b>				
Cash and bank	50,956	(1,728)	(5,299)	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)	(6,047)	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

## **NOTES TO THE PRELIMINARY RESULTS ANNOUNCEMENT**

### **1. BASIS OF PREPARATION**

The unaudited summary financial information contained within this preliminary report has been prepared using accounting policies consistent with UK Adopted International Accounting Standards. The financial information contained in this announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The results for the year ended 30 April 2024 are unaudited. The financial statements for the year ended 30 April 2024 will be finalised on the basis of the financial information presented by the Board of Directors in this preliminary announcement and will be delivered to the Registrar of Companies after the Annual General Meeting. The financial statements are subject to completion of the audit and may also change should a significant adjusting event occur before the approval of the statutory accounts.

The Group owned 80% of EID throughout the period and 81.84% of Chess to 30 November 2022 before purchasing the remainder of the non-controlling interest and in both cases had effective control throughout. Therefore, 100% of EID's and Chess's results and balances have been consolidated with the non-controlling interest identified.

The comparative figures for the financial year ended 30 April 2023 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditor and delivered to the Registrar of Companies. The report of the auditor was:

- i. unqualified,
- ii. did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and
- iii. did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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 the light of recent events in Ukraine. As already mentioned, over 90% of our revenue (based on consensus analyst forecasts) for 2024/25 was on contract at 30 April 2024 providing further assurance, and this has since increased to over 95%.

As announced on 19 July 2022, the Group has renewed its bank facility, increasing it from £40m to £50m and extending it to July 2025 from November 2022. The Group extended this facility to July 2027 on 20 May 2024.

The Directors have a reasonable expectation that the Group 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.

The preliminary announcement was approved by the Board and authorised for issue on 17 July 2024.

Copies of the Annual Report and accounts for the year ended 30 April 2024 will be posted to shareholders on 21 August 2024 and will be available on the Company's website ([www.cohortplc.com](http://www.cohortplc.com)) from that date.

## 2. SEGMENTAL ANALYSIS OF REVENUE AND OPERATING PROFIT

	Year ended 30 April 2024 £000	Year ended 30 April 2023 £000
<b>Revenue</b>		
Communications and Intelligence	82,929	86,195
Sensors and Effectors	119,604	96,518
	<u>202,533</u>	<u>182,713</u>
<b>Adjusted Operating Profit</b>		
Communications and Intelligence	12,842	14,911
Sensors and Effectors	12,787	9,320
Central costs	(4,488)	(5,167)
	<u>21,141</u>	<u>19,064</u>
Amortisation of other intangible assets	(3,121)	(3,672)
Research and development expenditure credit (RDEC)	2,870	941
Credit/charge on marking forward exchange contracts to market value at the year end	297	(1,082)
<b>Operating Profit</b>	<u>21,187</u>	<u>15,251</u>

The above segmental analysis is the primary segmental analysis of the Group.

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

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

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

## 3. TAX CHARGE

	Year ended 30 April 2024 £000	Year ended 30 April 2023 £000
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
	<u>5,868</u>	<u>2,839</u>
Deferred tax: in respect of this year	(1,292)	(96)
Deferred tax: in respect of prior years	(44)	(68)
	<u>(1,336)</u>	<u>(164)</u>
	<u>4,532</u>	<u>2,675</u>

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

4. **EARNINGS PER SHARE**

The earnings per share are calculated by dividing the earnings for the year by the weighted average number of ordinary shares in issue as follows:

	<b>Year ended 30 April 2024 £000</b>	Year ended 30 April 2023 £000
<b>Earnings</b>		
Basic and diluted earnings	<b>15,316</b>	<b>11,356</b>
Amortisation of other intangible assets (net of tax of £852,000; 2023: £987,000)	<b>2,254</b>	<b>2,672</b>
(Credit)/charge on non-trading foreign exchange movements (net of tax charge of £74,000 (2023: credit of £270,000))	<b>(223)</b>	<b>811</b>
Adjusted basic and diluted earnings	<b>17,347</b>	<b>14,839</b>

The adjustment for the amortisation of intangible assets in respect of EID and Chess to November 2022 reflects the interests of the equity holders of the parent only and excludes the proportion allocated to the non-controlling interest in each year. The Chess non-controlling interest was acquired in November 2022.

	<b>Year ended 30 April 2024 Number</b>	Year ended 30 April 2023 Number
<b>Weighted average number of shares</b>		
For the purposes of basic earnings per share	<b>40,445,297</b>	40,673,953
Share options	<b>156,639</b>	88,038
For the purposes of diluted earnings per share	<b>40,601,936</b>	40,761,991

	<b>Year ended 30 April 2024 Pence</b>	Year ended 30 April 2023 Pence
<b>Earnings per share</b>		
Basic	<b>37.87</b>	27.92
Diluted	<b>37.72</b>	27.86
<b>Adjusted earnings per share</b>		
Basic	<b>42.89</b>	36.48
Diluted	<b>42.72</b>	36.40

5. **NET CASH GENERATED FROM OPERATING ACTIVITIES**

	Year ended 30 April 2024 £000	Year ended 30 April 2023 £000
Profit for the year	15,292	11,252
Adjustments for:		
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 goodwill and other intangible assets	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
Movement in provisions	2,213	720
Operating cash inflows before movements in working capital	<u>31,930</u>	<u>26,399</u>
Increase in inventories	(1,371)	(8,565)
(Increase)/decrease in receivables	(24,726)	2,999
Increase/(decrease) in payables	<u>23,769</u>	<u>(2,976)</u>
	<u>(2,328)</u>	<u>(8,542)</u>
Cash generated by operations	29,602	17,857
Tax paid	(4,722)	(111)
Interest paid	(1,863)	(1,458)
Net cash generated from operating activities	<u>23,017</u>	<u>16,288</u>

Interest paid includes the interest element of lease liabilities under IFRS 16 of £284,000 (2023: £234,000).

6. **POST BALANCE SHEET EVENTS**

On 31st May 2024 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 £3m, 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.