

## Strong H1 24 results backed by a record order book

13 December 2023

For the six months to 31 October 2023 Cohort reported revenue of **£94.3m, +22%YoY**, EBIT (adj.) of **£6.0m, +20%YoY** and (adj.) EPS of **10.36p (adj. dil., 10.33p)**. The closing order book further increased to **£353.9m** (H1 22, £304.2m; FY23, £329.1m) with H1 order intake of £119.1m (H1 22: £88.6m). With £90m of orders deliverable in H2 the Group reports that 95% of market consensus revenue outlook is covered, whilst the order book has longevity to 2033. **The net cash position was £13.3m** compared to £15.6m at year-end FY23 and H1 23 net debt of £0.6m boosted by operating cashflow of £10.3m (H1 23: £7.7m). **The Group raised the Interim dividend by 10% to 4.70p/share**, maintaining the track record of progressive returns.

### Divisional performance

Cohort noted revenue growth in each division underpinned by UK MOD demand. Revenue in the **Communications & Intelligence** (C&I) division (EID, MASS and MCL) increased 32.3%YoY to £43.9m (46.3% of total). Revenue in the **Sensors & Effectors** (S&E) division (Chess Dynamics, ELAC Sonar and SEA) grew 14.7%YoY to £51.0m (53.7% of total). Although S&E posted slower year-on-year revenue growth (H1 23: +46%YoY) the division led order growth momentum with SEA winning £51m of new orders since May, and ELAC adding another £13.7m order post period-end. The Communications & Intelligence division delivered £6.0m in (adj.) EBIT, 13.7% margin (H1 23 £5.2m, 15.6% margin), whilst Sensors and Effectors (adj.) EBIT of £2.3m (4.5% margin) compared to £2.45m a year earlier (5.5% margin).

### Board appointment

The Group announced that Peter Lynas, formerly Finance Director of BAE Systems, will join the Board as Non-Executive Director and Audit Chair designate in January 2024.

### Outlook to 2025 & valuation

Overall, these results confirm the all-important upward trend in orders and contract awards which in turn underpin revenue growth and visibility from operations which span the major theatres of defence operations, Asia-Pacific and Europe-NATO: Cohort highlights Portugal, SE Asia and Australasia. The Group detects an **“increased tempo” of order intake**, although events in the Middle East have necessitated some diversion of resources and demand. These interim results continue the pattern of order-led demand for Cohort’s expertise and services, linking the bigger picture issues that focus on defence to Group prospects.

In addition, cashflow generation as the basis for growth and a progressive dividend policy remains sound. At the FY 23 results we raised our FY24 revenue estimate by 7% to £188.1m and EBITDA (adj.) from £24.0m to £25.0m (+5%), an outlook which we maintain.

**Our Fair Value remains at 650p/share.**

### Summary financials

Yr to 30 April (£m)	2021	2022	2023	2024E	2025E
Revenue	143.3	137.7	182.7	188.1	194.9
EBITDA (adj)	22.1	19.4	23.2	25.2	27.3
Pre-Tax Profit (adj)	17.9	14.7	17.7	18.7	19.7
EPS (adj, p)	33.3	30.9	36.4	36.2	36.7
Dps (p)	11.1	12.2	13.4	14.7	15.4
Net debt / (cash)	(2.5)	(11.0)	(15.6)	(8.2)	(11.0)
P/E	16.1x	17.3x	14.7x	14.8x	14.6x
EV/EBITDA	9.1x	10.4x	8.7x	8.0x	7.4x

Source: Company data, Equity Development estimates.

### Company Data

EPIC	CHRT
Price (last close)	535p
52 weeks Hi/Lo	560p/401p
Market cap	£217m
ED Fair Value / share	650p
Proforma net cash	£13.3m

### Share Price (p)



Source: ADVFN

### Description

Operating in the UK, Germany and Portugal, Cohort Group has two divisions.

**Communications and Intelligence** comprising: EID, communications systems for naval and land defence; MASS, advanced digital defence and security; MCL, electronic and surveillance technology design and support for the UK MOD.

**Sensors & Effectors** comprising: Chess, electro-optical tracking and surveillance systems for naval, land defence and security; ELAC SONAR, advanced sonar systems and underwater communications; SEA, technology-based products for defence and transport markets, and specialist research and training services.

### Next event:

May 2024 Trading Update

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## H1 24 performance summary

### Report outline

H1 24 performance summary

Divisional performance

Communications & Intelligence

Sensors & Effectors

Group outlook

H1 24 cashflow

Valuation considerations

Appendix I: Defence update

Financials

The Group recorded:

- H1 revenue: £94.3m, +21.7%YoY (H1 23: +29.0%YoY) comprising C&I, £43.9m, +32.3%YoY and S&E, £51.0m, +14.7%YoY.
- Gross profit was £31.2m, 33.0% margin, compared to 31.3% a year earlier and 35.5% for the year, second half profitability being typically stronger.
- Reported EBIT was £4.4m (H1:23: £1.6m); on an **adjusted basis, £6.0m** (H1 23: £5.0m), a 6.4% margin. Reported basis costs included centralised costs of £2.3m (H1 23: £2.6m), and amortisation of intangible assets of £1.6m (H1 23: £1.8m).
- Reported EBITDA was £8.2m (H1 23: £5.5m); on an **adjusted basis also £8.2m** (H1 23: £7.1m) with combined amortisation and depreciation reduced from £3.9m in H1 23 to £3.7m.
- Operating cashflow increased 34%YoY to £10.3m (H1 23: £7.7m) whilst working capital was broadly neutral (£0.2m) compared to the £12.6m absorbed in H1 23. The net cash position of £13.3m compared to £15.6m at year-end and net debt of £0.6m a year earlier.

Below summarises semi-annual performance to H1 24.

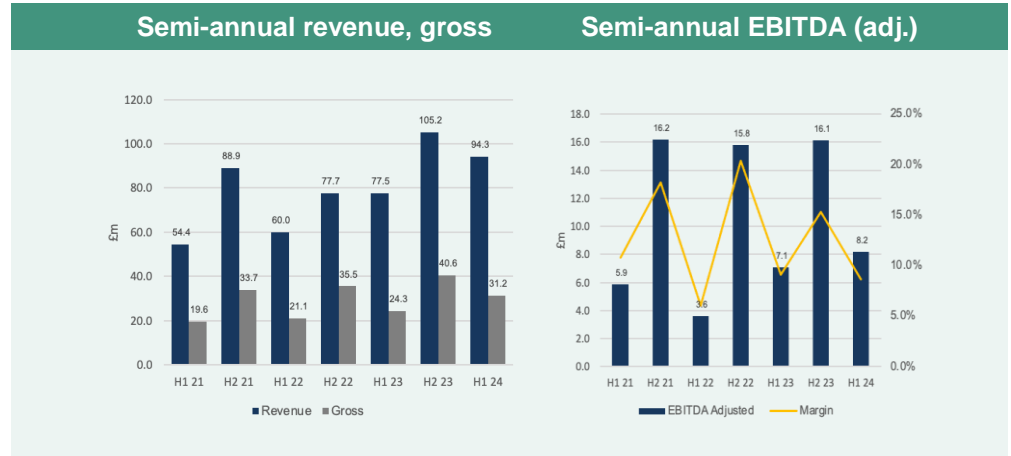
### Semi-annual performance, H1 22 – H1 24

£m	H1 22	H2 22	H1 23	H2 23	H1 24
Communications & Intell	29.6	38.8	33.2	53.0	43.9
Sensors & Effectors	30.5	38.9	44.5	52.1	51.0
Inter-segment	(0.0)	0.0	(0.2)	0.2	(0.6)
<b>Revenue</b>	<b>60.0</b>	<b>77.7</b>	<b>77.5</b>	<b>105.2</b>	<b>94.3</b>
<i>Comms &amp; Intel YoY</i>	<i>0.1%</i>	<i>-20.7%</i>	<i>12.1%</i>	<i>36.8%</i>	<i>32.3%</i>
<i>Sensors &amp; Effectors YoY</i>	<i>22.5%</i>	<i>-2.7%</i>	<i>45.9%</i>	<i>33.7%</i>	<i>14.7%</i>
<i>Revenue YoY</i>	<i>10.3%</i>	<i>-12.6%</i>	<i>29.0%</i>	<i>35.5%</i>	<i>21.7%</i>
<b>Gross</b>	<b>21.1</b>	<b>35.5</b>	<b>24.3</b>	<b>40.6</b>	<b>31.2</b>
<i>Margin</i>	<i>35.2%</i>	<i>45.7%</i>	<i>31.3%</i>	<i>38.6%</i>	<i>33.0%</i>
Central costs	(2.1)	(2.1)	(2.6)	(2.5)	(2.3)
Comms & Intel EBIT	3.8	8.5	5.2	9.0	6.0
Sensors & Effectors EBIT	0.1	7.4	2.5	7.5	2.3
EBIT Reported	(1.3)	12.4	1.6	13.6	4.4
<b>EBIT Adjusted</b>	<b>1.7</b>	<b>13.8</b>	<b>5.0</b>	<b>14.1</b>	<b>6.0</b>
<i>Comms &amp; Intel mrg</i>	<i>12.8%</i>	<i>21.9%</i>	<i>15.6%</i>	<i>16.9%</i>	<i>13.7%</i>
<i>Sensors &amp; Effectors mrg</i>	<i>0.3%</i>	<i>19.0%</i>	<i>5.5%</i>	<i>14.5%</i>	<i>4.5%</i>
<i>EBIT (adj.) mrg</i>	<i>2.9%</i>	<i>17.8%</i>	<i>6.5%</i>	<i>13.4%</i>	<i>6.4%</i>
Underlying op-ex	(19.4)	(21.7)	(19.3)	(26.5)	(26.7)
<i>% of revenue</i>	<i>91.9%</i>	<i>61.1%</i>	<i>79.4%</i>	<i>65.4%</i>	<i>85.8%</i>
EBITDA Reported	4.0	17.9	5.5	17.6	8.2
<b>EBITDA Adjusted</b>	<b>3.6</b>	<b>15.8</b>	<b>7.1</b>	<b>16.1</b>	<b>8.2</b>
<i>Margin</i>	<i>6.0%</i>	<i>20.3%</i>	<i>9.1%</i>	<i>15.3%</i>	<i>8.7%</i>
PBT Reported	(1.7)	11.9	1.1	12.8	3.7
<b>PBT Adjusted</b>	<b>1.3</b>	<b>13.3</b>	<b>4.5</b>	<b>13.3</b>	<b>5.2</b>

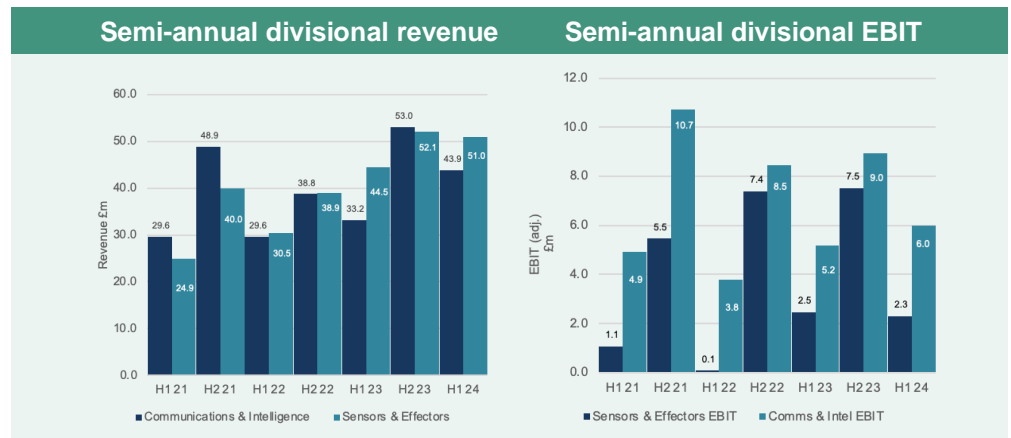
Source: Company data. Equity Development estimates

## Divisional performance to H1 24

H1 24 revenue and gross contribution continued a progressive trend of first-half improvement, reiterated in gross contribution and EBITDA (adj.) profitability.



Source: Company data.



Source: Company data.

In the six months to 30 September we note that Cohort announced three major contracts, totalling **£50.7m**, all of which were awarded to SEA in the Sensors & Effectors business category:

- 9 May, £26.2m: **SEA** (Systems Engineering & Assessment: Sensors & Effectors division) received a contract worth £26.2m from an overseas Ministry of Defence in the second phase of a communications systems upgrade on two naval surface vessels. The contract runs from May 2023 to the end of 2026.
- 30 May, £7.0m: **SEA** received a contract worth £7.0m from a SE Asian Navy for anti-submarine warfare capabilities for two vessels. The contract runs from May 2023 up to the end of 2026.
- 23 August, £17.5m: **SEA** received a contract worth £17.5m from a UK customer for an external communications system (ECS). The contract runs for 32 months.

Post period-end (on 5 December) **ELAC** (S&E division) received a 60-month sonar system (third) follow-on contract worth €16.0m (£9.6m) from the Italian Navy.

## Communications & Intelligence Division

The **Communications & Intelligence** division, comprising subsidiaries EID, MASS and MCL, reported:

- Revenue of £43.9m, +32.3%YoY, and (adj.) EBIT of £6.0m, 13.7% margin.
- An order book at £108.3m, reduced from £126.7m at 30 April, with the completion and delivery of MCL's UK MOD order. Cohort notes that orders from the Portuguese Navy remain delayed; however performance is expected to be line with 2022-23, as illustrated below.

Revenue performance was driven predominantly by UK MOD demand, whilst Cohort noted margin weakness associated with some slippage in contribution from MASS (digital defence and security) into H2.

As a reminder of the importance of the element of defence operations in which MASS specialises, Kyivstar, the Ukrainian mobile communications provider with 24m users, yesterday suffered an outage attributed to a coordinated cyber-attack.

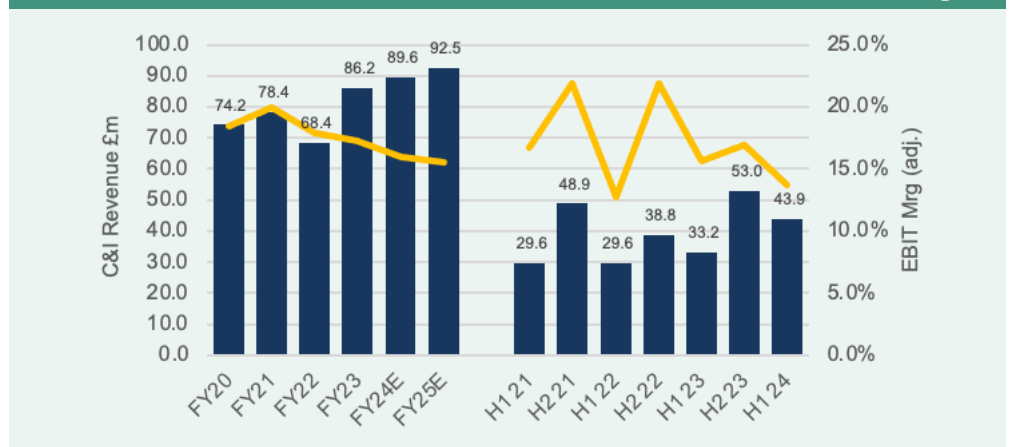
### Semi-annual performance and outlook to FY25

£m	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23	H1 24
Revenue	29.6	48.9	29.6	38.8	33.2	53.0	43.9
EBIT	4.9	10.7	3.8	8.5	5.2	9.0	6.0
Mrg	16.7%	21.9%	12.8%	21.9%	15.6%	16.9%	13.7%
	FY20	FY21	FY22	FY23	FY24E	FY25E	23-25 CAGR
Revenue	74.2	78.4	68.4	86.2	89.6	92.5	3.6%
YoY	2.8%	5.7%	-12.8%	26.1%	4.0%	3.2%	
EBIT	13.7	15.6	12.3	14.9	14.3	14.3	-1.9%
Mrg	18.4%	20.0%	17.9%	17.3%	16.0%	15.5%	

Source: Company data. Equity Development estimates.

### Revenue outlook to FY25

### Semi-annual revenue and EBIT margin



Source: Company data. Equity Development estimates.

## Sensors & Effectors Division

H1 24 performance in the **Sensors & Effectors** division, comprising subsidiaries Chess Dynamics, ELAC Sonar and SEA:

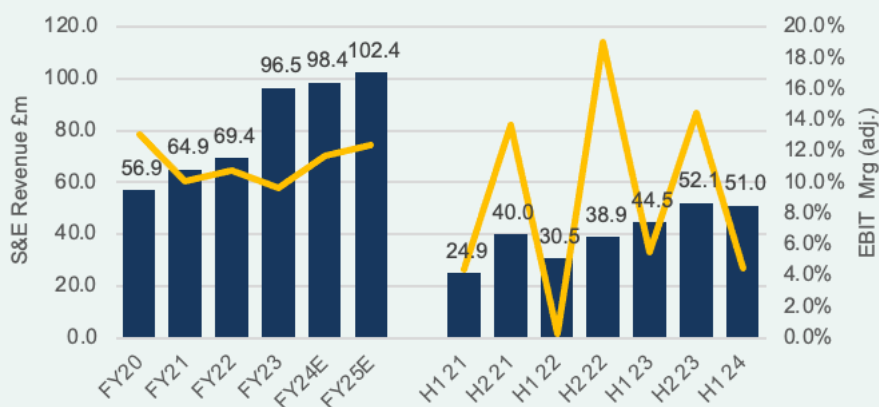
- Revenue of £51.0m, +14.7%YoY, and (adj.) EBIT of £2.3m, 4.5% margin.
- The order book increased from £202.4m at year-end FY23 to £245.6m, with the addition of £93.7m of new orders; we have noted the string of contract wins at SEA. Cohort notes that the order book covers £60m of revenue for the year, adding weight to an expected strong second half performance.

### Semi-annual performance and outlook to FY25

£m	H1 21	H2 21	H1 22	H2 22	H1 23	H2 23	H1 24
Revenue	24.9	40.0	30.5	38.9	44.5	52.1	51.0
EBIT	1.1	5.5	0.1	7.4	2.5	7.5	2.3
Mrg	4.3%	13.7%	0.3%	19.0%	5.5%	14.5%	4.5%
	FY20	FY21	FY22	FY23	FY24E	FY25E	23-25 CAGR
Revenue	56.9	64.9	69.4	96.5	98.4	102.4	3.0%
YoY	16.0%	14.1%	6.9%	39.1%	2.0%	4.0%	
EBIT	7.5	6.5	7.5	9.3	11.5	12.7	16.7%
Mrg	13.1%	10.1%	10.8%	9.7%	11.7%	12.4%	

Source: Company data. Equity Development estimates.

### Revenue outlook to FY25 Semi-annual revenue and EBIT margin



Source: Company data. Equity Development estimates.

## Group outlook to FY25

Our outlook to FY25 remains unchanged:

- FY 24 revenue of £188.1m, gross profit margin of 41.0%, EBITDA (adj.) of £25.2m, a 13.4% margin.
- FY 25 revenue of £92.5m, gross profit margin of 41.5%, EBITDA (adj.) of £27.3m, a 14.0% margin.

Summary outlook to FY25						
£m	FY20	FY21	FY22	FY23	FY24E	FY25E
Communications & Intelligence	74.2	78.4	68.4	86.2	89.6	92.5
Sensors & Effectors	56.9	64.9	69.4	96.5	98.4	102.4
Inter-segment	0.0	0.0	(0.0)	0.0	0.0	0.0
<b>Revenue</b>	<b>131.1</b>	<b>143.3</b>	<b>137.7</b>	<b>182.7</b>	<b>188.1</b>	<b>194.9</b>
<i>Comms &amp; Intel YoY</i>	2.8%	5.7%	-12.8%	26.1%	4.0%	3.2%
<i>Sensors &amp; Effectors YoY</i>	16.0%	14.1%	6.9%	39.1%	2.0%	4.0%
<i>Revenue YoY</i>	8.2%	9.3%	-3.9%	32.7%	2.9%	3.6%
<b>Gross</b>	<b>51.0</b>	<b>53.4</b>	<b>56.6</b>	<b>64.9</b>	<b>77.1</b>	<b>80.9</b>
<i>Margin</i>	38.9%	37.2%	41.1%	35.5%	41.0%	41.5%
Central costs	(2.9)	(3.6)	(4.2)	(5.2)	(5.4)	(5.5)
Comms & Intel EBIT	13.7	15.6	12.3	14.9	14.3	14.3
Sensors & Effectors EBIT	7.5	6.5	7.5	9.3	11.5	12.7
EBIT Reported	10.7	7.8	11.1	15.3	18.0	21.5
<b>EBIT Adjusted</b>	<b>18.2</b>	<b>18.6</b>	<b>15.5</b>	<b>19.1</b>	<b>20.5</b>	<b>21.5</b>
<i>Comms &amp; Intel mrg</i>	18.4%	20.0%	17.9%	17.3%	16.0%	15.5%
<i>Sensors &amp; Effectors mrg</i>	13.1%	10.1%	10.8%	9.7%	11.7%	12.4%
<i>EBIT (adj.) mrg</i>	13.9%	13.0%	11.3%	10.4%	10.9%	11.0%
Underlying op-ex	(32.8)	(34.7)	(41.1)	(45.8)	(56.7)	(59.3)
<i>% of revenue</i>	64.3%	65.1%	72.6%	70.6%	73.5%	73.4%
EBITDA Reported	20.7	21.4	21.8	23.1	26.2	28.3
<b>EBITDA Adjusted</b>	<b>20.9</b>	<b>22.1</b>	<b>19.4</b>	<b>23.2</b>	<b>25.2</b>	<b>27.3</b>
<i>Margin</i>	15.9%	15.4%	14.1%	12.7%	13.4%	14.0%
PBT Reported	10.0	7.1	10.2	13.9	16.2	19.7
<b>PBT Adjusted</b>	<b>17.5</b>	<b>17.9</b>	<b>14.7</b>	<b>17.7</b>	<b>18.7</b>	<b>19.7</b>

Source: Company data. Equity Development estimates.

### Progressive dividend policy

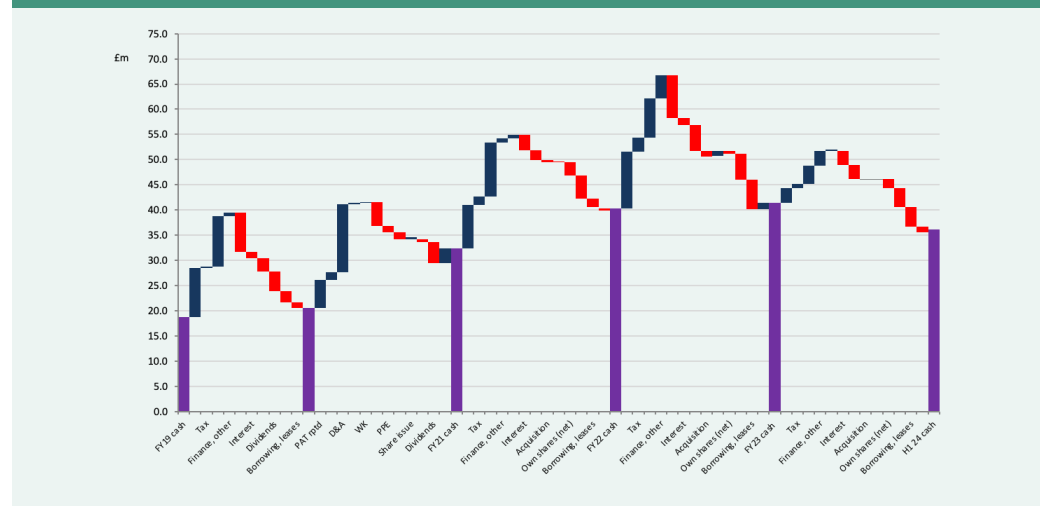
With an increase of 10%YoY to the Interim dividend to 4.70p/share (H1 23: 4.25p/share) Cohort continues to maintain a progressive dividend policy. Dividend cover in FY22 was 1.9x, in FY23, 2.2x. For FY24 we estimate this ratio at 2.1x and in FY25, 2.4x.

## H1 24 cashflow: cash build continues

As illustrated below **sound cashflow management** contributed at all levels to a period-end stability:

- Profit from operations contributed £2.9m compared to £0.9m a year earlier.
- Operating cashflow of £10.3m compared favourably (+34%YoY) with £7.7 in H1 23.
- A £1.6m increase in inventories and £5.7m increase in receivables, reflective of the pace of growth, was offset by £7.5m in payables, resulting in neutral working capital for the period (£0.2m).
- Capital spending of £2.3m was in line with the previous year (£2.6m).
- Dividends paid (£3.7m) and the repayment of £3.0m of outstanding debt, resulting in borrowings of £22.8m (H1 23: £29.6m), contributed to an overall use of cash of £4.3m (before forex) and a period-end cash position of £36.0m (FY23: 41.5m; H1 23: £28.8m). Net cash was £15.6m compared to £0.6m in H1 23.

### Cashflow performance FY19 – H1 24



Source: Company data, Equity Development estimates.

### Potential for further acquisitions

As of year-end FY23 the Group had borrowings of £25.8m carrying a weighted average 2022-23 rate of 3.31%. In July 2022 the Group secured a £35m facility (Lloyds, NatWest and Commerzbank) with an option for a further £15m. With Interim net cash of £15.5m the Group has resources to continue the process of strategic acquisition(s). To date these comprise:

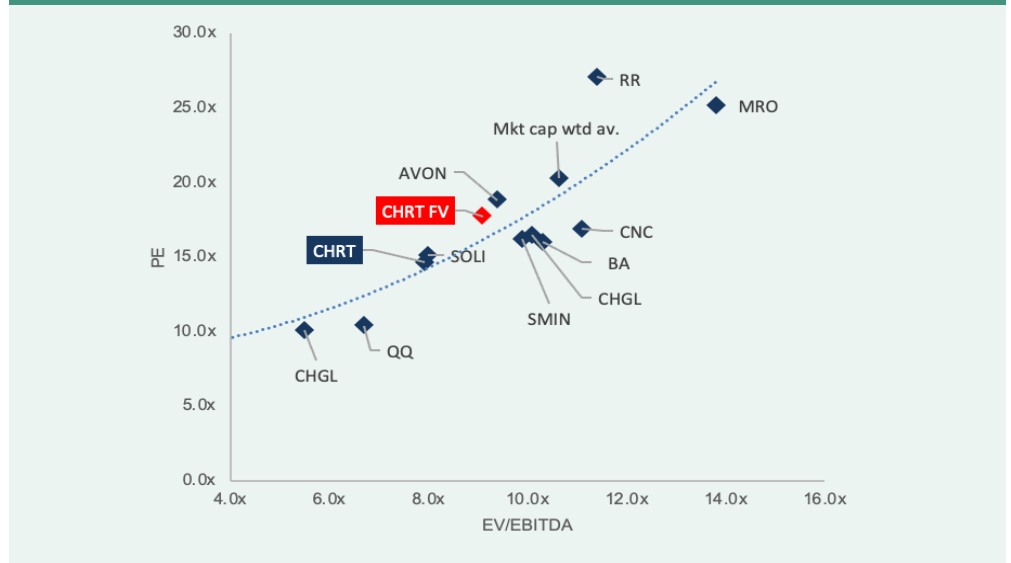
- SCS (at IPO in 2006).
- MASS, acquired for £13m, 2006.
- SEA, acquired for £25m in 2007; J+S, acquired for £12m in 2014 and integrated into SEA.
- MCL, 50% acquired in 2014, 100% in 2017, for a total of £14m.
- EID, acquired 80% for £13m for 80%.
- Chess, in 2018, £20.1m with the minority added in 2022 for £1.0m.
- Wärtsilä ELAC Nautik GmbH, acquired for €11.3m in 2020.

## Valuation considerations

Below we illustrate the comparative positioning of Cohort, at current valuation and at ED Fair Value, alongside a sample of peers in the UK defence and military equipment sector: Amedeo Air Force Plus, Avon Protection, Babcock, BAE Systems, Chemring Group, Concurrent Technologies PLC, Melrose Industries, QinetiQ, Rolls Royce Holdings, Senior PLC, Smiths Group and Solid State PLC.

- Cohort PLC current trades on a FY24 E PE of 14.8x and EV/EBITDA of 8.0x.
- This compares to a market cap weighted average for the peer group PE of 20.3x and EV/EBITDA of 10.6x (source: Koyfin).
- Below illustrates Cohort's position at ED Fair Value-implied EV/EBITDA (9.1x) and PE (17.7x).

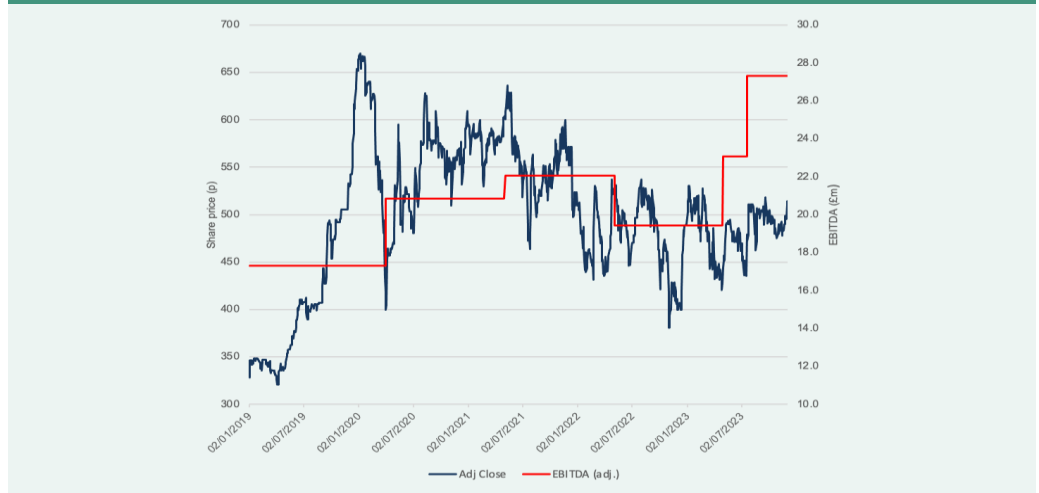
### Comparative valuation: PE and EV/EBITDA multiples



Source: Equity Development estimates, Koyfin.

This chart compares and contrasts the evolution of (adj.) EBITDA (ED outlook to FY25E) compared to the past four years' share price performance.

### Cohort PLC: 4 years share price, evolution of (adj.) EBITDA and outlook (FY25)



Source: Company data, LSE, Equity Development estimates.



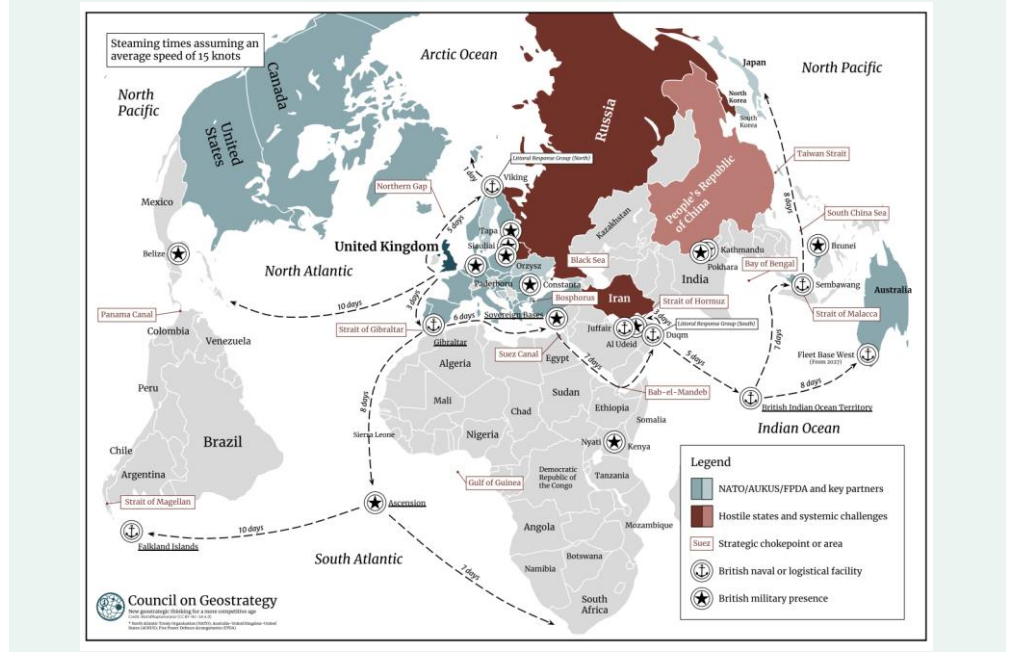
## Appendix I: UK defence update

### First Sea Lord's Sea Power Conference 2023

In May 2023 The First Sea Lord and Chief of the Naval Staff, Royal Navy, Admiral Sir Ben Kay, hosted a conference<sup>1</sup> which featured discussions by senior defence figures from the UK, Europe and the US on subjects ranging from, the mobilisation of sea power, the relationship between defined theatres (Euro-Atlantic, Indo-Pacific), the role of naval power as a deterrence to, notably, the role of technology in maintaining a competitive edge.

To reinforce the point the Council on Geostrategy provided a series of maps, illustrated below, in which maritime distances are represented in terms of accessibility, i.e. steaming time at an average 15 knots expressed in days; pertinent for example given the aspiration of the recently elected President of Argentina, Javier Milei, to reclaim the Falkland Islands.

#### Maritime space redrawn in terms of Royal Navy access



Source: Council on Geostrategy, First Sea Lord's Sea Power Conference May 2023.

<sup>1</sup><https://www.geostrategy.org.uk/app/uploads/2023/06/Conference-Pack.pdf>

### Role of submarines highlighted

Focussing on the role of technology, a paper on 'Naval innovation in a maritime century'<sup>2</sup> begins with a quote from James Mattis, US Defence Secretary in 2018, where he stressed the need for innovation to "**deliver performance at the speed of relevance**", in other words meet the needs of strategic priorities which may change at any moment. The paper highlighted that "**Undersea sensors and submarines are likely to play a much greater role**" in naval and defence strategy given the potential vulnerability of undersea cables and their vital importance for digital connectivity. In addition submarines offer the means to extend the range of operations, offsetting the steaming time limitations shown in the map above.

The importance of the role of submarines is evident in the series of recent contracts awarded to Cohort subsidiaries SEA and ELAC for (i) submarine external communications systems (ECS) and (ii) anti-submarine capabilities, which total **over £60m** so far this year.

<sup>2</sup> Prof. Alessio Patalano, King's College London, Emma Salisbury, Council on Geostrategy.

## Summary financials

P&L, semi-annual					
Semi-annual (£m)	H1 22	H2 22	H1 23	H2 23	H1 24
Communications & Intelligence	29.6	38.8	33.2	53.0	43.9
Sensors & Effectors	30.5	38.9	44.5	52.1	51.0
Inter-segment	(0.0)	0.0	(0.2)	0.2	(0.6)
<b>Revenue</b>	<b>60.0</b>	<b>77.7</b>	<b>77.5</b>	<b>105.2</b>	<b>94.3</b>
<b>Gross</b>	<b>21.1</b>	<b>35.5</b>	<b>24.3</b>	<b>40.6</b>	<b>31.2</b>
<i>Margin</i>	35.2%	45.7%	31.3%	38.6%	33.0%
COGS	(38.9)	(42.2)	(53.2)	(64.7)	(63.2)
Underlying op-ex	(19.4)	(21.7)	(19.3)	(26.5)	(26.7)
Amortisation intangibles	(3.4)	(3.5)	(1.8)	(1.8)	(1.6)
R&D credits	0.0	1.0	0.0	0.9	0.0
Forex	0.1	0.6	(1.6)	0.5	(0.0)
One-off charges	0.3	0.4	0.0	0.0	0.0
EBIT Reported	(1.3)	12.4	1.6	13.6	4.4
<b>EBIT Adjusted</b>	<b>1.7</b>	<b>13.8</b>	<b>5.0</b>	<b>14.1</b>	<b>6.0</b>
<i>EBIT (adj.) mrg</i>	2.9%	17.8%	6.5%	13.4%	6.4%
Amortisation Intangibles	(3.4)	(3.5)	(1.8)	(1.8)	(1.6)
Depreciation PPE	(1.1)	(1.1)	(1.2)	(1.2)	(1.3)
Depreciation RoU	(0.8)	(0.9)	(0.9)	(0.9)	(0.9)
EBITDA Reported	4.0	17.9	5.5	17.6	8.2
<b>EBITDA Adjusted</b>	<b>3.6</b>	<b>15.8</b>	<b>7.1</b>	<b>16.1</b>	<b>8.2</b>
<i>Margin</i>	6.0%	20.3%	9.1%	15.3%	8.7%
Financial income	0.0	0.0	0.0	0.1	0.2
Financial expense	(0.4)	(0.5)	(0.6)	(0.9)	(1.0)
PBT Reported	(1.7)	11.9	1.1	12.8	3.7
<b>PBT Adjusted</b>	<b>1.3</b>	<b>13.3</b>	<b>4.5</b>	<b>13.3</b>	<b>5.2</b>
Tax	0.3	(1.8)	(0.2)	(2.5)	(0.7)
Reported tax rate	16.8%	15.3%	17.0%	19.4%	20.0%
<i>Tax rate % adjusted</i>	-21.6%	13.7%	4.1%	18.8%	14.0%
PAT Reported	(1.4)	10.1	0.9	10.4	2.9
<b>PAT Adjusted</b>	<b>1.6</b>	<b>11.5</b>	<b>4.3</b>	<b>10.8</b>	<b>4.5</b>
Basic wtd. Av. shares (m)	40.9	40.9	40.6	40.7	40.4
Diluted wtd. av. shares (m)	41.2	41.2	40.7	40.8	40.5
EPS Reported Basic (p)	(1.74)	24.28	2.73	25.19	7.69
EPS Reported Diluted (p)	(1.74)	24.16	2.72	25.14	7.67
EPS Adjusted Basic (p)	3.04	28.04	10.12	26.36	10.36
<b>EPS Adjusted Diluted (p)</b>	<b>3.01</b>	<b>27.89</b>	<b>10.09</b>	<b>26.31</b>	<b>10.33</b>

Source: Company data, Equity Development estimates.

## Summary financials

P&L, outlook to FY25 E						
Year to 30 April (£m)	FY20	FY21	FY22	FY23	FY24E	FY25E
Communications & Intelligence	74.2	78.4	68.4	86.2	89.6	92.5
Sensors & Effectors	56.9	64.9	69.4	96.5	98.4	102.4
Inter-segment	0.0	0.0	(0.0)	0.0	0.0	0.0
<b>Revenue</b>	<b>131.1</b>	<b>143.3</b>	<b>137.7</b>	<b>182.7</b>	<b>188.1</b>	<b>194.9</b>
<b>Gross</b>	<b>51.0</b>	<b>53.4</b>	<b>56.6</b>	<b>64.9</b>	<b>77.1</b>	<b>80.9</b>
<i>Margin</i>	38.9%	37.2%	41.1%	35.5%	41.0%	41.5%
COGS	(80.0)	(90.0)	(81.1)	(117.9)	(111.0)	(114.0)
Underlying op-ex	(32.8)	(34.7)	(41.1)	(45.9)	(56.7)	(59.3)
Amortisation intangibles	(7.4)	(10.1)	(6.9)	(3.7)	(3.5)	(1.0)
R&D credits	0.8	1.0	1.0	0.9	1.0	1.0
Forex	(0.1)	(0.4)	0.7	(1.1)	0.0	0.0
One-off charges	(0.8)	(1.3)	0.7	0.0	0.0	0.0
EBIT Reported	10.7	7.8	11.1	15.1	18.0	21.5
<b>EBIT Adjusted</b>	<b>18.2</b>	<b>18.6</b>	<b>15.5</b>	<b>18.9</b>	<b>20.5</b>	<b>21.5</b>
<i>EBIT (adj.) mrg</i>	13.9%	13.0%	11.3%	10.4%	10.9%	11.0%
Amortisation Intangibles	(7.3)	(10.1)	(6.9)	(3.7)	(3.5)	(1.0)
Depreciation PPE	(1.5)	(2.0)	(2.2)	(2.4)	(3.0)	(4.0)
Depreciation RoU	(1.2)	(1.5)	(1.7)	(1.8)	(1.8)	(1.8)
EBITDA Reported	20.7	21.4	21.8	22.9	26.2	28.3
<b>EBITDA Adjusted</b>	<b>20.9</b>	<b>22.1</b>	<b>19.4</b>	<b>23.1</b>	<b>25.2</b>	<b>27.3</b>
<i>Margin</i>	15.9%	15.4%	14.1%	12.6%	13.4%	14.0%
Financial income	0.0	0.0	0.0	0.1	0.1	0.1
Financial expense	(0.8)	(0.8)	(0.9)	(1.5)	(1.9)	(2.0)
PBT Reported	10.0	7.1	10.2	13.8	16.2	19.7
<b>PBT Adjusted</b>	<b>17.5</b>	<b>17.9</b>	<b>14.7</b>	<b>17.6</b>	<b>18.7</b>	<b>19.7</b>
Tax	(0.3)	(1.6)	(1.5)	(2.7)	(3.7)	(4.7)
Reported tax rate	3.0%	22.0%	15.1%	19.4%	23.0%	24.0%
<i>Tax rate % adjusted</i>	1.7%	8.7%	10.5%	15.2%	19.9%	24.0%
PAT Reported	9.7	5.5	8.7	11.1	12.5	15.0
<b>PAT Adjusted</b>	<b>17.2</b>	<b>16.3</b>	<b>13.1</b>	<b>14.9</b>	<b>15.0</b>	<b>15.0</b>
Basic wtd. Av. shares (m)	40.7	40.8	40.8	40.7	40.7	40.7
Diluted wtd. av. shares (m)	41.1	41.3	41.0	40.8	40.8	40.8
EPS Reported Basic (p)	23.5	13.4	22.5	27.9	31.3	36.8
EPS Reported Diluted (p)	23.2	13.2	22.4	27.9	31.3	36.7
EPS Adjusted Basic (p)	37.1	33.6	31.1	36.5	36.6	36.8
<b>EPS Adjusted Diluted (p)</b>	<b>36.7</b>	<b>33.3</b>	<b>30.9</b>	<b>36.4</b>	<b>36.5</b>	<b>36.7</b>

Source: Company data, Equity Development estimates.

## Summary financials

Cashflow, semi-annual					
Semi-annual (£m)	H1 22	H2 22	H1 23	H2 23	H1 24
PAT rptd	(1.4)	10.1	0.9	10.4	2.9
Tax	(0.3)	1.8	0.2	2.5	0.7
Depreciation	1.9	2.0	2.1	2.1	2.2
Amortisation	3.4	3.5	1.8	1.8	1.6
Finance net	0.4	0.5	0.5	0.8	0.8
Derivatives/forex	(0.1)	(0.6)	1.6	(0.5)	0.0
Share-based payments	0.3	0.3	0.3	1.2	0.4
Provisions	0.7	(0.6)	0.3	0.4	1.7
<b>Operating Cash Flow</b>	<b>4.5</b>	<b>17.3</b>	<b>7.7</b>	<b>18.7</b>	<b>10.3</b>
(Increase)/Decrease inventories	(3.3)	(6.6)	0.2	(8.8)	(1.6)
(Increase)/Decrease in receivables	13.2	(2.7)	(4.1)	7.1	(5.7)
Increase/(Decrease) in payables	(5.3)	5.3	(8.7)	5.8	7.5
<b>Movement in working capital</b>	<b>4.6</b>	<b>(4.0)</b>	<b>(12.6)</b>	<b>4.1</b>	<b>0.2</b>
<b>Cash generated by operations</b>	<b>9.1</b>	<b>13.3</b>	<b>(4.9)</b>	<b>22.8</b>	<b>10.5</b>
Interest paid	0.1	(1.0)	(0.5)	(0.7)	(0.9)
Tax (paid)/received	(0.4)	(1.7)	(0.4)	0.3	(2.1)
<b>Net cash from operations</b>	<b>8.8</b>	<b>10.7</b>	<b>(5.8)</b>	<b>22.4</b>	<b>7.6</b>
<b>Investing activities</b>					
Interest received	0.0	0.0	0.0	0.1	0.2
PPE	(0.6)	(1.4)	(2.6)	(2.6)	(2.7)
Acquisition	(0.4)	0.0	0.0	(1.0)	0.0
Net cash used in investing	(1.0)	(1.4)	(2.6)	(3.5)	(2.5)
<b>Net OpFCF</b>	<b>7.8</b>	<b>9.3</b>	<b>(8.4)</b>	<b>18.8</b>	<b>5.1</b>
<b>Financing activities</b>					
Share issue	0.3	0.3	0.6	0.3	0.1
Dividends	(3.1)	(1.6)	(3.4)	(1.7)	(3.7)
Purchase own shares	(0.6)	(2.4)	(0.3)	(0.3)	(1.9)
Sale own shares	0.1	0.1	0.1	0.0	0.1
Borrowings	0.0	0.0	0.0	0.0	0.0
Repayments	(0.0)	(0.0)	(0.0)	(4.0)	(3.0)
Lease repayments	(0.9)	(1.0)	(0.9)	(2.0)	(1.0)
Net cash from financing	(4.2)	(4.5)	(3.9)	(7.6)	(9.4)
<b>Net increase in cash / equivalents</b>	<b>3.7</b>	<b>4.8</b>	<b>(12.3)</b>	<b>12.2</b>	<b>(4.3)</b>
Forex	(0.4)	0.0	0.7	0.6	(1.1)
Cash at beginning of year	32.3	35.5	40.4	28.7	41.5
<b>Cash at year end</b>	<b>35.5</b>	<b>40.4</b>	<b>28.7</b>	<b>41.5</b>	<b>36.1</b>

Source: Company data, Equity Development estimates.

## Summary financials

### Cashflow, outlook to FY25 E

Year to 30 April (£m)	FY20	FY21	FY22	FY23	FY24E	FY25E
PAT rptd	9.7	5.5	8.7	11.3	12.5	15.0
Tax	0.3	1.6	1.5	2.7	3.7	4.7
Depreciation	2.6	3.5	3.9	4.2	4.8	5.8
Amortisation	7.4	10.1	6.9	3.7	3.5	1.0
Finance net	0.8	0.8	0.9	1.3	1.8	1.9
Derivatives/forex	0.1	0.4	(0.7)	1.1	1.1	1.1
Share-based payments	0.3	0.4	0.6	0.7	0.0	0.0
Provisions	(0.5)	(1.3)	0.1	0.7	0.0	0.0
<b>Operating Cash Flow</b>	<b>20.7</b>	<b>20.9</b>	<b>21.8</b>	<b>25.5</b>	<b>27.3</b>	<b>29.4</b>
(Increase)/Decrease inventories	2.0	0.6	(9.9)	(8.6)	(1.5)	(1.2)
(Increase)/Decrease in receivables	(4.6)	(13.1)	10.5	3.0	(10.3)	0.3
Increase/(Decrease) in payables	(5.1)	12.6	0.0	(2.1)	1.2	0.0
<b>Movement in working capital</b>	<b>(7.7)</b>	<b>0.0</b>	<b>0.7</b>	<b>(7.7)</b>	<b>(10.6)</b>	<b>(0.9)</b>
<b>Cash generated by operations</b>	<b>13.0</b>	<b>20.9</b>	<b>22.5</b>	<b>17.9</b>	<b>16.7</b>	<b>28.5</b>
Interest paid	(0.8)	(0.8)	(0.9)	(1.2)	(2.6)	(2.7)
Tax (paid)/received	(0.6)	(3.9)	(2.1)	(0.1)	(3.7)	(4.7)
<b>Net cash from operations</b>	<b>11.6</b>	<b>16.2</b>	<b>19.5</b>	<b>16.5</b>	<b>10.4</b>	<b>21.0</b>
<b>Investing activities</b>						
Interest received	0.0	0.0	0.0	0.1	0.1	0.1
PPE	(2.7)	(1.2)	(2.0)	(5.2)	(10.0)	(10.0)
Acquisition	0.0	(1.3)	(0.4)	(1.0)	0.0	0.0
Net cash used in investing	(2.6)	(2.5)	(2.4)	(6.1)	(9.9)	(9.9)
<b>Net OpFCF</b>	<b>9.0</b>	<b>13.7</b>	<b>17.2</b>	<b>10.4</b>	<b>0.5</b>	<b>11.2</b>
<b>Financing activities</b>						
Share issue	0.0	0.3	0.6	1.0	0.0	0.0
Dividends	(3.9)	(4.2)	(4.7)	(5.1)	(6.0)	(6.3)
Purchase own shares	(3.7)	(1.4)	(2.9)	(0.6)	0.0	0.0
Sale own shares	1.5	0.8	0.3	0.1	0.0	0.0
Borrowings	0.1	12.1	0.0	0.0	0.0	0.0
Repayments	(0.1)	(7.2)	(0.1)	(4.0)	0.0	0.0
Lease repayments	(1.1)	(1.9)	(1.9)	(2.0)	(2.0)	(2.0)
Net cash from financing	(7.2)	(1.6)	(8.7)	(10.6)	(8.0)	(8.3)
<b>Net increase in cash / equivalents</b>	<b>1.8</b>	<b>12.1</b>	<b>8.4</b>	<b>(0.2)</b>	<b>(7.5)</b>	<b>2.9</b>
Forex	(0.0)	(0.4)	(0.4)	1.2	0.0	0.0
Cash at beginning of year	18.8	20.6	32.3	40.4	41.5	34.0
<b>Cash at year end</b>	<b>20.6</b>	<b>32.3</b>	<b>40.4</b>	<b>41.5</b>	<b>34.0</b>	<b>36.9</b>

Source: Company data, Equity Development estimates.

## Summary financials

Balance sheet, semi-annual						
Semi-annual (£m)	H1 22	H2 22	H1 23	H2 23	H1 24	
<b>Fixed Assets</b>						
Goodwill	50.4	50.1	50.1	50.1	50.1	
Intangible assets	13.1	9.6	7.8	6.0	4.4	
RoU assets	7.7	9.6	8.8	8.5	8.1	
PPE net	12.0	12.3	13.8	15.3	17.2	
Deferred tax, other	3.8	1.4	1.4	1.6	1.5	
<b>Sum Fixed Assets</b>	<b>87.0</b>	<b>83.1</b>	<b>81.9</b>	<b>81.5</b>	<b>81.3</b>	
<b>Current Assets</b>						
Inventories	16.2	22.8	22.8	32.0	33.8	
Trade receivables	54.2	56.2	59.6	55.6	61.1	
Derivatives, tax	0.0	0.8	0.3	0.0	1.9	
Cash, Equivalents	35.5	40.4	29.0	41.5	36.1	
Sum Current Assets	106.0	120.1	111.6	129.1	132.9	
<b>Total Assets</b>	<b>193.1</b>	<b>203.2</b>	<b>193.6</b>	<b>210.7</b>	<b>214.2</b>	
<b>Current Liabilities</b>						
Trade payables	(48.5)	(54.0)	(44.3)	(58.0)	(62.9)	
Derivatives, tax	(0.7)	(0.9)	(2.4)	(1.0)	(3.6)	
Leases	(1.7)	(1.5)	(1.3)	(1.7)	(1.5)	
Borrowings	(0.0)	(29.4)	(0.0)	(0.0)	0.0	
Provisions	(9.6)	(8.9)	(8.8)	(8.7)	(10.4)	
Other payables	(2.8)	(1.4)	(1.0)	0.0	0.0	
Sum Current Liabilities	(63.3)	(96.0)	(57.8)	(69.4)	(78.5)	
<b>Total Assets less Current Liabilities</b>	<b>129.8</b>	<b>107.2</b>	<b>135.7</b>	<b>141.3</b>	<b>135.7</b>	
<b>Long-term Liabilities</b>						
Deferred tax	(3.8)	(1.4)	(1.0)	(1.5)	(1.1)	
Leases	(6.5)	(8.6)	(8.1)	(7.5)	(7.2)	
Borrowings	(29.4)	(0.0)	(29.6)	(25.8)	(22.8)	
Provisions	(1.3)	(1.1)	(1.3)	(1.4)	(1.4)	
Retirement benefit	(7.8)	(6.8)	(7.1)	(5.3)	(5.3)	
Other	0.0	0.0	0.0	0.0	0.0	
Sum Long-term liabilities	(48.9)	(18.0)	(47.1)	(41.5)	(37.7)	
Total liabilities	(112.1)	(114.0)	(104.9)	(110.9)	(116.3)	
<b>Net Assets</b>	<b>80.9</b>	<b>89.2</b>	<b>88.6</b>	<b>99.8</b>	<b>97.9</b>	
<b>Capital &amp; Reserves</b>						
Share Capital	4.1	4.1	4.1	4.1	4.1	
Share Premium	30.3	30.5	31.1	31.5	31.6	
Own shares	(1.1)	(3.3)	(3.0)	(3.6)	(5.2)	
Share option reserve	1.2	1.0	1.3	2.1	2.5	
Other	(2.4)	(1.4)	(1.0)	0.0	0.0	
Retained earnings	44.0	53.1	51.1	62.9	63.7	
<b>Equity</b>	<b>76.1</b>	<b>84.0</b>	<b>83.6</b>	<b>97.0</b>	<b>96.8</b>	
Non-controlling interests	4.9	5.2	5.0	2.8	1.1	
<b>Net debt / (cash)</b>	<b>(6.1)</b>	<b>(11.0)</b>	<b>0.6</b>	<b>(15.6)</b>	<b>(13.3)</b>	

Source: Company data, Equity Development estimates.

## Summary financials

Balance sheet, outlook to FY25 E						
Year to 30 April (£m)	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Fixed Assets</b>						
Goodwill	42.1	43.7	50.1	50.1	45.1	45.1
Intangible assets	13.2	15.1	9.6	6.0	1.1	0.1
RoU assets	6.9	7.1	9.6	8.5	1.8	0.1
PPE net	12.1	12.5	12.3	15.3	22.3	28.3
Deferred tax, other	0.6	0.6	1.4	1.6	1.6	1.6
<b>Sum Fixed Assets</b>	<b>74.9</b>	<b>79.0</b>	<b>83.1</b>	<b>81.5</b>	<b>71.9</b>	<b>75.1</b>
<b>Current Assets</b>						
Inventories	11.5	12.9	22.8	32.0	33.5	34.7
Trade receivables	47.4	66.7	56.2	55.6	66.0	65.7
Derivatives	0.0	0.0	0.8	0.0	0.0	0.0
Cash, Equivalents	20.6	32.3	40.4	41.5	34.0	36.9
Sum Current Assets	79.5	111.9	120.1	129.1	133.5	137.3
<b>Total Assets</b>	<b>154.4</b>	<b>190.9</b>	<b>203.2</b>	<b>210.7</b>	<b>205.4</b>	<b>212.4</b>
<b>Current Liabilities</b>						
Trade payables	(31.0)	(50.3)	(54.0)	(58.0)	(59.3)	(59.3)
Derivative	(0.2)	(0.7)	(0.9)	(1.0)	(1.0)	(1.0)
Leases	(1.3)	(1.6)	(1.5)	(1.7)	(1.7)	(1.7)
Borrowings	(0.1)	(0.1)	(29.4)	(0.0)	(0.0)	(0.0)
Provisions	(1.5)	(2.8)	(8.9)	(8.7)	(8.7)	(8.7)
Other payables	0.0	(2.8)	(1.4)	0.0	0.0	0.0
Sum Current Liabilities	(34.1)	(58.2)	(96.0)	(69.4)	(70.7)	(70.7)
<b>Total Assets less Current Liabilities</b>	<b>120.3</b>	<b>132.7</b>	<b>107.2</b>	<b>141.3</b>	<b>134.7</b>	<b>141.7</b>
<b>Long-term Liabilities</b>						
Deferred tax	(2.8)	(2.7)	(1.4)	(1.5)	(1.5)	(1.5)
Leases	(6.2)	(6.0)	(8.6)	(7.5)	(7.5)	(7.5)
Borrowings	(25.2)	(29.8)	(0.0)	(25.8)	(25.8)	(25.8)
Provisions	(0.3)	(1.1)	(1.1)	(1.4)	(1.4)	(1.4)
Retirement benefit	0.0	(8.0)	(6.8)	(5.3)	(5.3)	(5.3)
Other	(4.0)	0.0	0.0	0.0	0.0	0.0
Sum Long-term liabilities	(38.5)	(47.6)	(18.0)	(41.5)	(41.5)	(41.5)
Total liabilities	(72.6)	(105.8)	(114.0)	(110.9)	(112.1)	(112.1)
<b>Net Assets</b>	<b>81.8</b>	<b>85.1</b>	<b>89.2</b>	<b>99.8</b>	<b>93.2</b>	<b>100.2</b>
<b>Capital &amp; Reserves</b>						
Share Capital	4.1	4.1	4.1	4.1	4.1	4.1
Share Premium	29.7	30.0	30.5	31.5	16.4	13.8
Own shares	(1.6)	(1.1)	(3.3)	(3.6)	(3.6)	(3.6)
Share option reserve	0.8	0.9	1.0	2.1	2.1	2.1
Other	(3.6)	(2.4)	(1.4)	0.0	2.0	3.0
Retained earnings	46.1	47.8	53.1	62.9	69.4	78.0
<b>Equity</b>	<b>75.5</b>	<b>79.3</b>	<b>84.0</b>	<b>97.0</b>	<b>90.5</b>	<b>97.5</b>
Non-controlling interests	6.2	5.7	5.2	2.8	2.8	2.8
<b>Net debt / (cash)</b>	<b>4.7</b>	<b>(2.5)</b>	<b>(11.0)</b>	<b>(15.6)</b>	<b>(8.2)</b>	<b>(11.0)</b>

Source: Company data, Equity Development estimates.



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