

Confident AGM statement: outlook maintained

25 September 2025

In today's AGM statement, Cohort noted the strength of record FY25 performance with expectations for growth in FY26 remaining, with the usual seasonal H2 weighting. Following contract wins since the start of FY2026 of over £60m, the order book on 20 September 2025 stood at over £590m, giving revenue cover of consensus FY26 estimated revenue of nearly 90%. The Group remains "*optimistic for prospects for further significant new orders*", with demand for products and services from both domestic and export customers.

Cohort expects H1 trading performance to slightly lag the particularly strong comparative H1 24, noting that in Q1 a strong contribution from EM Solutions was offset by reduced activity at MCL - the latter having enjoyed notably strong levels last year - plus a weaker mix at both ELAC and SEA (which includes the sale of the latter's transport business in May 2025). The combination of planned capital expenditure, including the completion of ELAC SONAR's new facility in Kiel and the unwinding of the strong year-end working capital position, primarily customer advances, indicates net debt of c.£30m at the half year. The Group expects to close FY2026 with net funds "*in the range of £10m to £15m as previously reported*".

FY25: record revenue and closing order book

To recall, (our report 21 July 2025 '[New records and more to come](#)') FY25 results saw record revenue of £270.0m and record (adj.) EBIT of £27.5m. The new high closing order book of £616.4m was seen as underpinning 79% of FY26 revenue, which is now at c.90%. At the time of July results the Group indicated confidence of maintaining c.10% earnings growth and a target of a "low to mid-teens" (adj.) EBIT margin (ED FY27 E 13.0%). We raised our FY26 revenue estimate then by 4% (indicating +7%YoY growth), and for FY27 outlook +9%YoY revenue growth.

Fair value of 1,930p/share maintained

Cohort also notes: "*Geopolitical tensions are driving increased investment in defence, as highlighted by the UK Strategic Defence Review in June, and those are expected to persist, creating the conditions for organic growth*" with a business model "*well adapted to generating value from carefully targeted acquisitions, and we continue to seek opportunities for these in the UK and elsewhere*".

We think the combination of increased defence spending and the focus on coordinated specific new defence technologies evident in the Strategic Defence Review (June 2025), which includes the use of Drones and electronic warfare, plays to Cohort's strengths and track record of strategic acquisitions. In July, given the accelerated earnings momentum evident in FY24/25, order book visibility and the opportunities evident in the Strategic Defence Review we raised our **Fair Value to 1,930p/share**.

Company data

EPIC	CHRT.L
Price (last close)	1,386p
52 weeks Hi/Lo (p)	1,796/835
Market cap	£592m
ED Fair Value / share	1,930p
Net cash / (debt) 2025A	£5.3m
Avg. daily volume (3m)	172,203

Share price, p



Source: Investing.com

Description

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

Communications and Intelligence:

EID, defence communications; MASS, digital defence and security; MCL, electronic and surveillance technology; EMS, satellite-based communications.

Sensors & Effectors:

Chess, electro-optical tracking and surveillance; ELAC SONAR, advanced sonar systems and underwater communications; SEA, technology for defence and transport markets, specialist research and training services.

Next event: Interim results, December 2025

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Key financials & valuation metrics

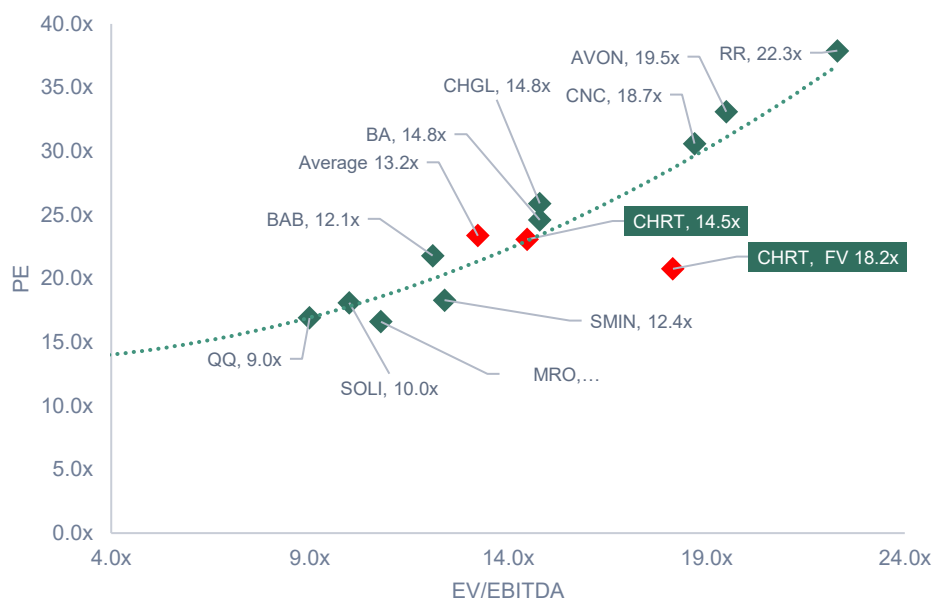
Year to 30 April (£m)	2023A	2024A	2025A	2026E	2027E
Revenue	182.7	202.5	270.0	290.2	315.5
EBIT (adj.)	19.1	21.1	27.5	35.0	40.9
EBITDA (adj.)	23.2	25.7	32.9	40.5	46.4
Pre-Tax Profit (adj.)	17.7	19.8	27.0	34.5	40.4
EPS (adj. p)	36.4	42.7	53.5	60.1	66.8
Dps (p)	13.4	14.8	16.3	17.9	19.7
Net cash / (debt)	15.6	23.1	5.3	7.3	21.6
P/E	38.1x	32.4x	25.9x	23.1x	20.8x
EV/EBITDA	25.3x	22.8x	17.8x	14.5x	12.7x

Source: Company data. Equity Development estimates. ¹ FY26 revenue based on market expectations at the time of reporting.

Relative valuation: undemanding

Below we update Cohort's relative valuation positioning (EV/EBITDA, PE) both current (FY26E) and at ED Fair Value, compared to UK defence peers (*Koyfin data*, +1 years outlook). On a comparative basis Cohort's valuation looks undemanding compared to its peers:

Cohort relative valuation



Source: Koyfin. Equity Development estimates

Next, we illustrate progression of Cohort's share price from December 2019 compared to EBITDA performance and outlook:

Cohort share price performance (5-year) and outlook (adj) EBITDA



Source: Investing.com, Equity Development estimates

Financials

P&L

£m	H1 24A	H2 24A	H1 25A	H2 25A	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	94.3	108.2	118.2	151.8	182.7	202.5	270.0	290.2	315.5
Gross	31.2	45.1	38.3	52.2	64.9	76.3	90.4	120.4	132.5
<i>Margin</i>	33.0%	41.7%	32.4%	34.4%	35.5%	37.7%	33.5%	41.5%	42.0%
COGS	(63.2)	(63.1)	(80.0)	(99.6)	(117.9)	(126.3)	(179.6)	(169.8)	(183.0)
Op-ex excluding one-off items	(25.2)	(30.0)	(28.1)	(34.8)	(45.8)	(55.1)	(63.0)	(85.4)	(91.6)
Amortisation intangibles	(1.6)	(1.6)	(1.0)	(2.0)	(3.7)	(3.1)	(3.0)	(8.0)	(8.0)
R&D credits	0.0	2.9	0.0	3.3	0.9	2.9	3.3	2.0	2.0
Forex	(0.0)	0.3	(0.1)	0.2	(1.1)	0.3	0.1	0.0	0.0
One-off charges	0.0	0.0	(0.2)	(1.5)	0.0	0.0	(1.7)	0.0	0.0
EBIT rptd.	4.4	16.8	8.8	17.3	15.3	21.2	26.1	29.0	34.9
EBIT (adj.)	6.0	15.1	10.1	17.4	19.1	21.1	27.5	35.0	40.9
<i>EBIT (adj.) mrg</i>	6.4%	14.0%	8.6%	11.4%	10.4%	10.4%	10.2%	12.1%	13.0%
Amortisation Intangibles	(1.6)	(1.6)	(1.0)	(2.0)	(3.7)	(3.1)	(3.0)	(8.0)	(8.0)
Depreciation PPE	(1.3)	(1.4)	(1.6)	(1.6)	(2.4)	(2.6)	(3.2)	(3.2)	(3.2)
Depreciation RoU	(0.9)	(1.1)	(1.1)	(1.2)	(1.8)	(2.0)	(2.3)	(2.3)	(2.3)
EBITDA Reported	8.2	20.7	12.5	22.1	23.1	28.9	34.6	42.5	48.4
EBITDA Adjusted	8.2	17.6	12.8	20.2	23.2	25.7	32.9	40.5	46.4
<i>Margin</i>	8.7%	16.2%	10.8%	13.3%	12.7%	12.7%	12.2%	14.0%	14.7%
Financial income	0.2	0.3	0.3	0.8	0.1	0.5	1.1	1.2	1.2
Financial expense	(1.0)	(0.9)	(0.6)	(1.0)	(1.5)	(1.9)	(1.6)	(1.6)	(1.7)
PBT Reported	3.7	16.2	8.5	17.1	13.9	19.8	25.6	28.5	34.4
PBT Adjusted	5.2	14.5	9.8	17.2	17.7	19.8	27.0	34.5	40.4
Tax	(0.7)	(3.8)	(1.7)	(4.3)	(2.7)	(4.5)	(6.0)	(8.4)	(11.3)
Reported tax rate	20.0%	23.5%	20.0%	25.2%	19.2%	22.9%	23.4%	29.5%	33.0%
PAT Reported	2.9	12.4	6.8	12.8	11.3	15.3	19.6	20.1	23.0
PAT Adjusted	4.5	10.7	8.1	12.9	15.1	15.2	21.0	26.1	29.0
Basic wtd. Av. shares (m)	40.4	40.7	40.5	40.7	40.7	40.4	42.7	42.7	42.7
Diluted wtd. av. shares (m)	40.5	40.8	40.9	41.5	40.8	40.6	43.5	43.5	43.5
EPS Reported Basic (p)	7.7	27.9	17.5	27.9	27.9	37.9	45.1	47.1	53.9
EPS Adjusted Diluted (p)	10.3	36.4	19.8	35.8	36.4	42.7	53.5	60.1	66.8

Source: Company data. Equity Development estimates.

Cashflow

£m	H1 24A	H2 24A	H1 25A	H2 25A	FY23A	FY24A	FY25A	FY26E	FY27E
PAT rptd	2.9	12.4	6.8	12.8	11.3	15.3	19.6	20.1	23.0
Tax	0.7	3.8	1.7	4.3	2.7	4.5	6.0	8.4	11.3
Depreciation	2.2	2.4	2.7	2.8	4.2	4.6	5.5	5.5	5.5
Amortisation	1.6	1.6	1.0	2.0	3.7	3.1	3.0	8.0	8.0
Finance net	0.8	0.6	0.3	0.2	1.3	1.4	0.5	0.5	0.5
Derivatives/forex	0.0	(0.3)	0.1	(0.2)	1.1	(0.3)	(0.1)	(0.1)	(0.1)
Share-based payments	0.4	0.7	0.2	0.5	1.5	1.1	0.7	0.0	0.0
Provisions	1.7	0.5	0.2	3.7	0.7	2.2	3.9	0.0	0.0
Operating Cash Flow	10.3	21.6	13.0	26.0	26.4	31.9	39.0	42.4	48.2
(Inc)/Dec inventories	(1.6)	0.2	(6.0)	(1.2)	(8.6)	(1.4)	(7.1)	12.3	(3.5)
(Inc)/Dec receivables	(5.7)	(19.0)	5.6	(14.5)	3.0	(24.7)	(8.9)	9.5	(6.9)
Inc/(Dec) payables	7.5	16.3	22.1	13.1	(3.0)	23.8	35.2	(7.3)	13.0
Movement in working capital	0.2	(2.5)	21.7	(2.5)	(8.5)	(2.3)	19.2	14.5	2.6
Cash from operations	10.5	19.1	34.7	23.5	17.9	29.6	58.2	56.9	50.8
Interest paid	(0.9)	(1.0)	(0.6)	(1.0)	(1.2)	(1.9)	(1.6)	(4.9)	(5.2)
Tax (paid)/received	(2.1)	(2.7)	(2.7)	(2.8)	(0.1)	(4.7)	(5.5)	(8.4)	(11.3)
Net cash from operations	7.6	15.4	31.4	19.8	16.5	23.0	51.2	43.5	34.3
Interest received	0.2	0.3	0.3	0.8	0.1	0.5	1.1	1.2	1.2
PPE	(2.7)	(3.9)	(6.7)	(6.5)	(5.2)	(6.7)	(13.2)	(11.0)	(6.0)
Acquisition	0.0	0.0	(3.0)	(78.6)	(1.0)	0.0	(81.6)	0.0	0.0
Net cash investing	(2.5)	(3.7)	(9.3)	(84.3)	(6.1)	(6.2)	(93.6)	(9.8)	(4.8)
Net OpFCF	5.1	11.8	22.1	(64.5)	10.4	16.9	(42.5)	33.7	29.5
Share issue	0.1	0.6	1.4	39.9	1.0	0.7	41.3	0.0	0.0
Dividends	(3.7)	(1.9)	(4.1)	(2.4)	(5.1)	(5.6)	(6.5)	(7.6)	(8.4)
Purchase own shares	(1.9)	0.0	(4.0)	0.0	(0.6)	(1.9)	(4.0)	0.0	0.0
Settlement of own shares	0.1	0.7	0.9	0.0	0.1	0.8	0.9	0.0	0.0
Borrowings	0.0	0.0	(5.0)	21.8	0.0	0.0	16.8	0.0	0.0
Repayments	(3.0)	(6.0)	0.0	0.0	(4.0)	(9.0)	16.8	0.0	0.0
Lease repayments	(1.0)	(1.9)	(1.1)	(2.3)	(2.0)	(1.9)	(2.3)	(1.8)	(1.8)
Net cash from financing	(9.4)	(8.5)	(11.9)	57.0	(10.6)	(16.9)	46.2	(9.4)	(10.2)
Net increase in cash	(4.3)	4.2	10.1	(6.4)	(0.2)	(0.1)	3.7	24.2	19.3
Forex	(1.1)	(0.6)	(0.6)	(4.3)	1.2	(1.7)	(4.9)	0.0	0.0
Cash start	41.5	36.1	39.7	49.2	40.4	41.5	39.7	38.5	62.7
Cash end	36.1	39.7	49.2	38.5	41.5	39.7	38.5	62.7	82.0

Source: Company data. Equity Development estimates.

Balance sheet

£m	H1 24A	H2 24A	H1 25A	FY23A	FY24A	FY25A	FY26E	FY27E
Goodwill	50.1	50.1	51.5	50.1	50.1	76.6	131.7	131.7
Intangible assets	4.4	2.8	3.7	6.0	2.8	49.1	(8.2)	(16.2)
RoU assets	8.1	7.8	7.5	8.5	7.8	9.7	3.3	1.0
PPE net	17.2	19.4	24.3	15.3	19.4	31.0	37.2	40.0
Deferred tax, other	1.5	2.5	2.6	1.6	2.5	7.9	7.9	7.9
Sum Fixed Assets	81.3	82.7	89.6	81.5	82.7	174.3	171.9	164.5
Inventories	33.8	33.3	39.3	32.0	33.3	52.1	39.8	43.2
Trade receivables	61.1	79.4	70.5	55.6	79.4	89.0	79.5	86.4
Derivatives, tax	1.9	1.9	3.4	2.2	1.9	6.5	8.4	9.8
Cash, Equivalents	36.1	55.2	75.4	51.0	55.2	74.6	62.7	82.0
Sum Current Assets	132.9	169.8	188.5	140.8	169.8	222.3	190.4	221.4
Trade payables, other	(62.9)	(81.0)	(99.0)	(55.9)	(81.0)	(126.6)	(119.3)	(132.2)
Derivatives, tax	(3.6)	(2.5)	(3.2)	(5.3)	(2.5)	(3.9)	(5.0)	(5.8)
Leases	(1.5)	(1.8)	(1.8)	(1.7)	(1.8)	(2.3)	(2.3)	(2.3)
Borrowings	0.0	(15.5)	(26.1)	(9.5)	(15.5)	(37.0)	(23.0)	(28.0)
Provisions	(10.4)	(8.9)	(11.0)	(8.7)	(8.9)	(6.4)	(6.1)	(6.7)
Other payables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sum Current Liabilities	(78.5)	(109.7)	(141.1)	(81.1)	(109.7)	(176.2)	(155.6)	(175.1)
Deferred tax	(1.1)	(0.9)	(1.1)	(1.5)	(0.9)	(13.5)	(18.9)	(25.4)
Leases	(7.2)	(6.7)	(6.3)	(7.5)	(6.7)	(7.2)	(5.4)	(3.6)
Borrowings	(22.8)	(16.5)	(11.3)	(25.8)	(16.5)	(32.4)	(32.4)	(32.4)
Provisions	(1.4)	(3.2)	(2.4)	(1.4)	(3.2)	(4.1)	(3.8)	(4.2)
Retirement benefit	(5.3)	(5.6)	(4.6)	(5.3)	(5.6)	(3.2)	(3.2)	(3.2)
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sum Long-term liabilities	(37.7)	(33.0)	(25.8)	(41.5)	(33.0)	(60.3)	(63.6)	(68.8)
Share Capital	4.1	4.2	4.2	4.1	4.2	4.7	4.7	4.7
Share Premium	31.6	32.2	33.5	31.5	32.2	73.0	43.6	27.9
Own shares	(5.2)	(4.6)	(7.4)	(3.6)	(4.6)	(7.4)	(7.4)	(7.4)
Share option reserve	2.5	2.9	3.3	2.1	2.9	4.7	4.7	4.7
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retained earnings	63.7	74.1	76.8	62.9	74.1	83.7	96.2	110.8
Equity	96.8	108.7	110.4	97.0	108.7	158.6	141.7	140.7
Non-controlling interests	1.1	1.2	0.8	2.8	1.2	1.5	1.3	1.3
Net cash / (debt) non-IFRS16	13.3	23.1	37.9	15.6	23.1	5.3	7.3	21.6

Source: Company data. Equity Development estimates.

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