

2024 Interim Results

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To be read in conjunction with the Interim Results
announcement released on 23 July 2024

Financial Summary

Group Revenue

£53.7m

H1-23: £56.1m

Adjusted Operating Profit

£11.0m

H1-23: £10.4m

Group Cash (excl. client funds)

£38.8m

H1-23: £29.2m

Net Funds

£26.4m

H1-23: £15.7m

Earnings Per Share (adj. basic)

18.1p

H1-23: 16.6p

H1 in line with Board expectations

Record Adjusted Operating Profit ('AOP')

AOP margin of 20.5%

Resilient performance in uncertain environment

Consultancy Services

Premium AOP margin

Respectable performance against challenging prior year comparator and general consultancy market conditions

Increasing integration of operations

Systems Businesses

Significant increase in Revenue and AOP

CMS2 turnaround delivering significant contribution

Frontier recovery making progress

Strong Balance Sheet

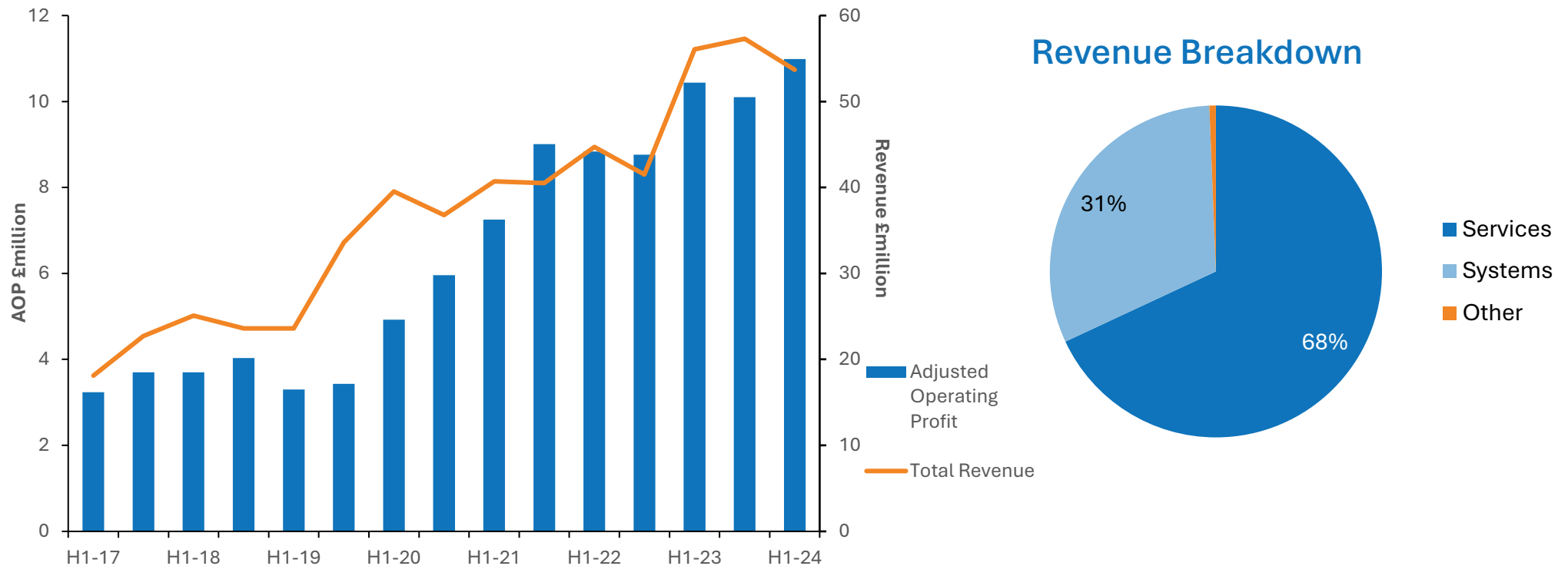
Group Cash of £38.8m (H1-23: £29.2m)

Net Funds of £26.4m (H1-23: £15.7m)

Increased 2024 share buyback up to £5.0m

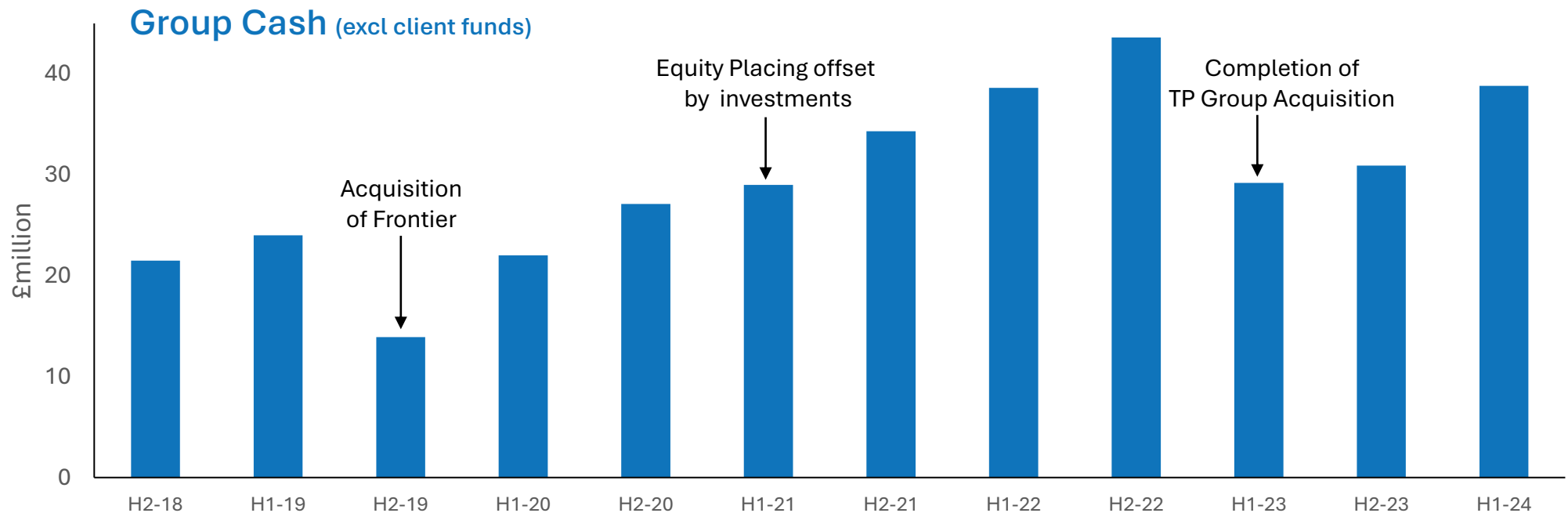
Group Performance Summary

- Record half-year Adjusted Operating Profit of £11.0m (H1-23: £10.4m)
- Revenue of £53.7m (H1-23: £56.1m)
- Group AOP Margin of 20.5% (H1-23: 18.6%)
- Consultancy Services reporting against challenging prior year comparator
- Strong performance from CMS2



Group Balance Sheet and Cash Flow

- Strong cash balance
 - Group cash of £38.8m (H1-23: £29.2m)
 - Net funds of £26.4m (H1-23: £15.7m)
- Good working capital management and operating business cash conversion
 - Cash generated from operations of £10.7m (H1-23: £7.2m), prior to dividend payment in July
 - Inventory days (Frontier primarily) normalise to pre-Covid levels
- Two freehold properties in Cambridge and Epsom



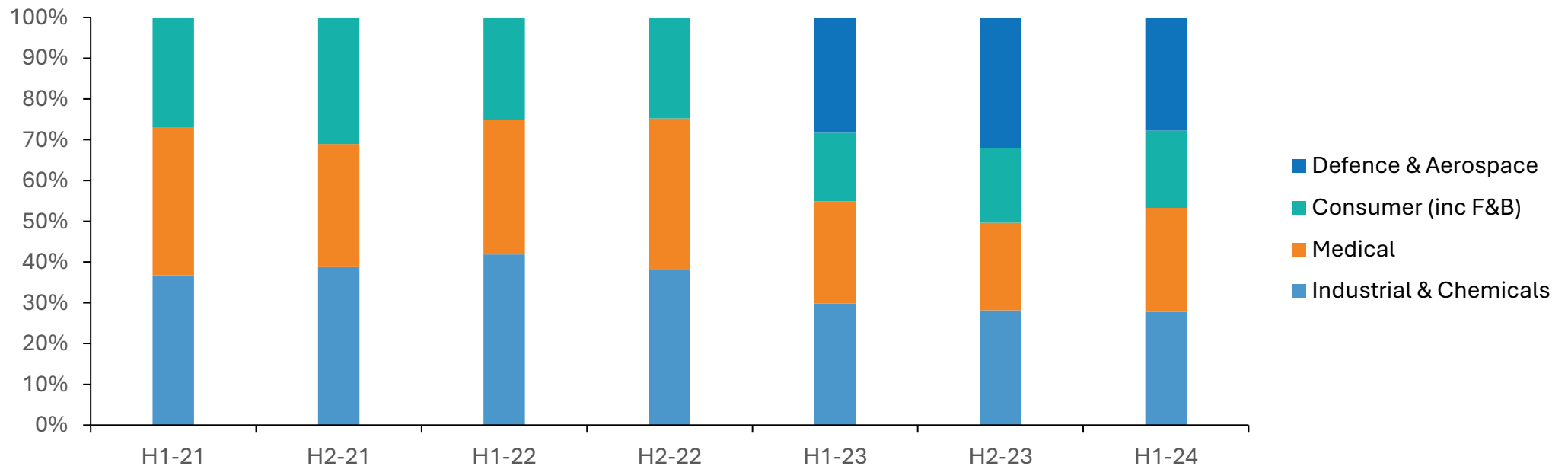
Consultancy Services Division - Financial

Financial Summary

- Revenue of £36.5m (H1-23: £42.3m)
 - Softer consultancy market from mid-2023
 - Challenging prior year comparator (H1-23)
- AOP of £8.8m in line with H2-23
 - (H1-23: £11.5m; H2-23: £8.9m)

Sector Commentary

- Medical: large projects completed in H1-23 but sequential revenue growth relative to H2-23
- Industrial: large projects completed in 2023 and sector remains subdued
- Defence & Aerospace: management action to reduce low-margin legacy activities coincided with slow-down in run-up to UK election
- Consumer: satisfactory performance



Consultancy Services Division - Operations

Practice and Sector Capabilities

	Science & Technology	Regulatory /Safety	Programme Mgmt	Product Dev
Industrial/ Chemicals	✓	✓		✓
Medical	✓			✓
Defence & Aerospace	✓	✓ (Aerospace)	✓	✓
Consumer (incl. Food & Bev)	✓	✓		✓

Increasing Consultancy Integration

- Continual focus on operational effectiveness and efficiency drives strong margins
- Coordinated account management to maximise synergies in common clients
- Integrating Practice marketing teams into single Consultancy organisation
- Single IT ERP platform across all Consultancy operations being implemented
 - Regulatory businesses completed
 - Defence & Aerospace being migrated in H2 2024
 - R&D transition in process
- Consolidating finance function including shared service model for transaction processing

CMS2 - Financial

Successful turnaround

- Excellent financial performance
- Revenue increased to £10.9m (5 months H1-23: £7.9m)
- Significant increase in AOP to £3.2m (5 months H1-23: £0.8m)
- Revenue timing variability due to project scale

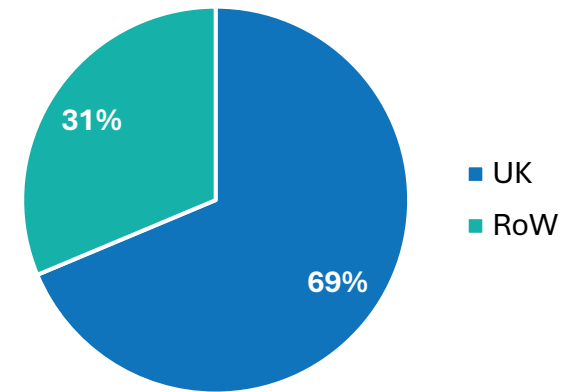
Benefitting from commercial discipline and operational focus

- Exiting non-core and low-margin activities
- Renegotiating onerous contracts
- Significantly reduced contract risk profile
- Operational improvement programme
- Restructuring of in-service support model

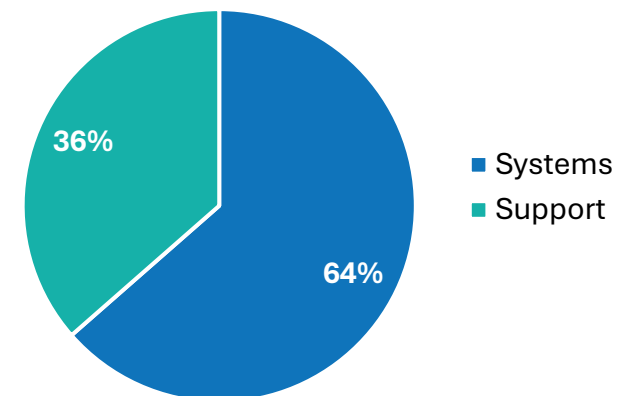
Well-positioned for the future in attractive market sector

- Decades of experience and expertise
- Good visibility of UK and international boat programmes

Revenue by Geography



Revenue by Type



CMS2 – Market Opportunity

Leading market position (outside USA)

- Limited competition for systems capable of supporting extended underwater deployment
- Installed base gives unparalleled experience and capability
- Incumbent supplier to the UK Navy for all major classes of submarine
- Addressable market growing as strategic importance of submarines is increasingly recognised
- Investment in next-generation systems (12 patents filed in the period)

Good revenue visibility over submarine system lifecycle

- Systems currently being manufactured and commissioned for UK and international navies
- Design/Build – revenues 1-4 years from initial contract
- Install/Commission – revenues 1-3 years from system supply
- In-Service Support – revenues over 25+ year operational life of boat

Growing in-service support programme

- Commercial discipline to ensure all activities are profitable
- Active migration from ad hoc support to term contracts
- First international customer contracted to support programme
- 2 year extension of UK support contract, renegotiated and signed in June 2024

Frontier

Revenue of £5.9m (H1-23: £5.4m; H2-23: £4.5m)

- Business returns to break even
- Channel inventory levels normalising

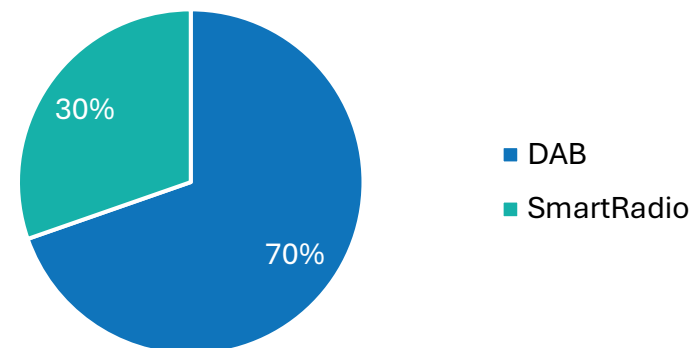
Connected Audio

- Continued investment in R&D
- All costs expensed, not capitalised
- New product, Auria, well advanced
- Opens up potential new product categories

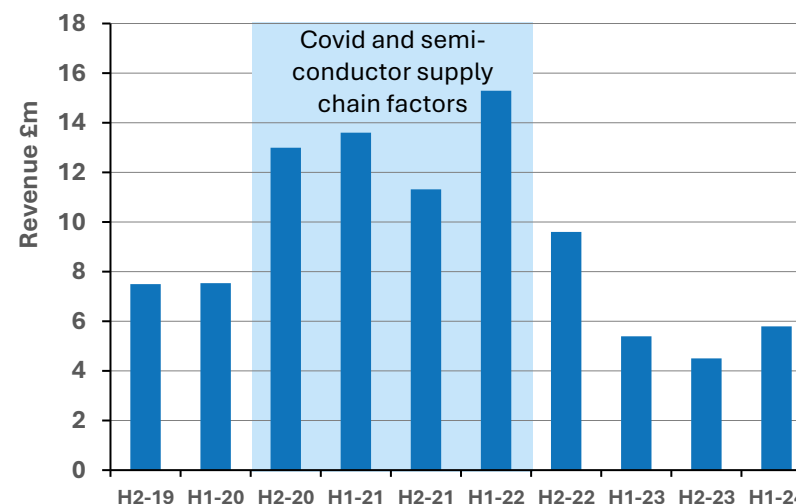
Business Evolution

- UK focused on semiconductor and module design, development and supply
- Asia operations provide sales and customer support incl. customisation services for clients
- Internet content service being outsourced
 - Consistent model with streaming music services, podcasts and other services
 - Reduced fixed infrastructure costs
 - Simplification of business model

Volumes by Product



Market Dynamics



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