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CHEMRING GROUP PLC

RESULTS FOR THE YEAR ENDED 31 OCTOBER 2021

A STRONGER GROUP WITH GOOD PROSPECTS FOR GROWTH

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MICHAEL ORD

GROUP CHIEF EXECUTIVE

2021 OVERVIEW – DELIVERING SUSTAINABLE GROWTH

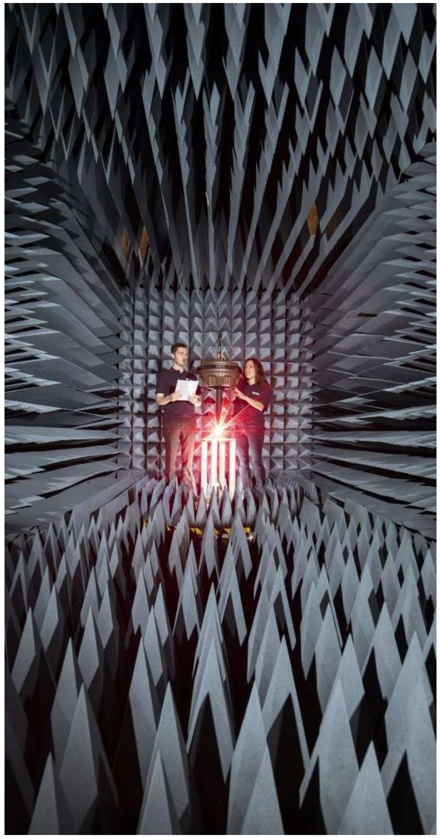
Group performance **in line with expectations** despite FX

Operating profit
5%
£57.5m

EPS
12%
16.9p

Cash Conversion
105%

Net debt
45%
£26.6m



Good progress on strategic imperatives in both sectors

Recordable Injury Frequency rate
21%
0.67

Dividend per share
23%
4.8p

Order book
5%
£501m

2022 expected revenue
84%
covered by order book

BALANCING SHORT-TERM PERFORMANCE WITH LONGER-TERM VALUE CREATION

Numbers set out on this slide are underlying measures as reported for the year ended 31 October 2021

SAFETY IS AT THE CORE OF OUR BROADER SUSTAINABILITY AGENDA

Fully committed to long-term **sustainable** value creation through **safe**, **values-based** and **ethical** business conduct.

Maintained good progress in line with our HSE strategy:

- Reduction in Recordable Injuries = 0.67 (2020: 0.85) down 21%
- Ensuring that we focus on the right skills, tools and processes as we continue to progress from a calculative to a proactive safety culture, with the goal of zero harm

Our purpose is to help make the world a safer place. Across physical and digital environments, our exceptional teams deliver innovative **protective technologies** to detect and defeat ever-changing threats.

WE ARE COMMITTED TO BUILDING A STRONG AND SUSTAINABLE GROUP

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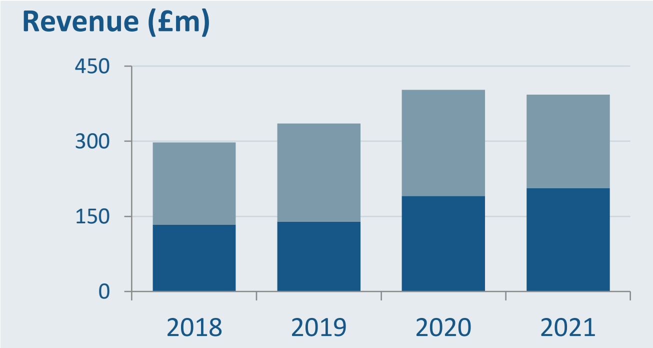
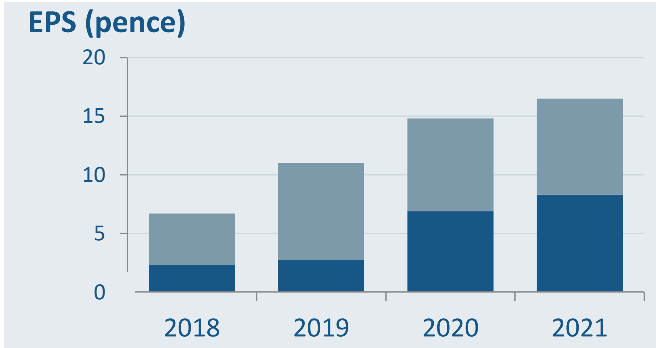
ANDREW LEWIS

GROUP FINANCE DIRECTOR

GROUP PERFORMANCE

H1 H2





FINANCIAL HIGHLIGHTS

- Revenue down 2% to £393m but up 1% at constant currency to £408m
- Operating profit growth of 5% to £57.5m and 10% to £60.1m at constant currency
- Operating margin increased 100 bps to 14.6%
- Finance expense down 47% to £1.6m
- Diluted EPS increased 11% to 16.5p
- Operating cash conversion of 105% of EBITDA
- Net debt down 45% to £26.6m
- Full year dividend up 23% to 4.8p per share

OPERATIONAL HIGHLIGHTS

- Strong performance from S&I driven by Roke and HMDS Program of Record
- Operational delivery at C&E sites driving margin progression, investment in sites progressing
- Order intake down 1% to £431m but up 3% at constant currency to £449m
- Closing order book of £501m, £358m expected to be delivered in 2022
- 2022 expected revenue approximately 84% covered by order book

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INCOME STATEMENT

£m	Constant currency		2021	Reported		2021	2020
Revenue	↑	1%	**408.0**	↓	2%	393.3	402.5
Operating profit	↑	10%	**60.1**	↑	5%	57.5	54.7
Operating margin	↑	110bps	**14.7%**	↑	100bps	14.6%	13.6%
Finance expense	↓	43%	**(1.7)**	↓	47%	(1.6)	(3.0)
Profit before tax	↑	13%	**58.4**	↑	8%	55.9	51.7
Tax rate			**14.8%**			14.8%	17.6%
Earnings per share (diluted)	↑	17%	**17.3p**	↑	11%	16.5p	14.8p
Dividend per share	↑	23%	**4.8p**	↑	23%	4.8p	3.9p

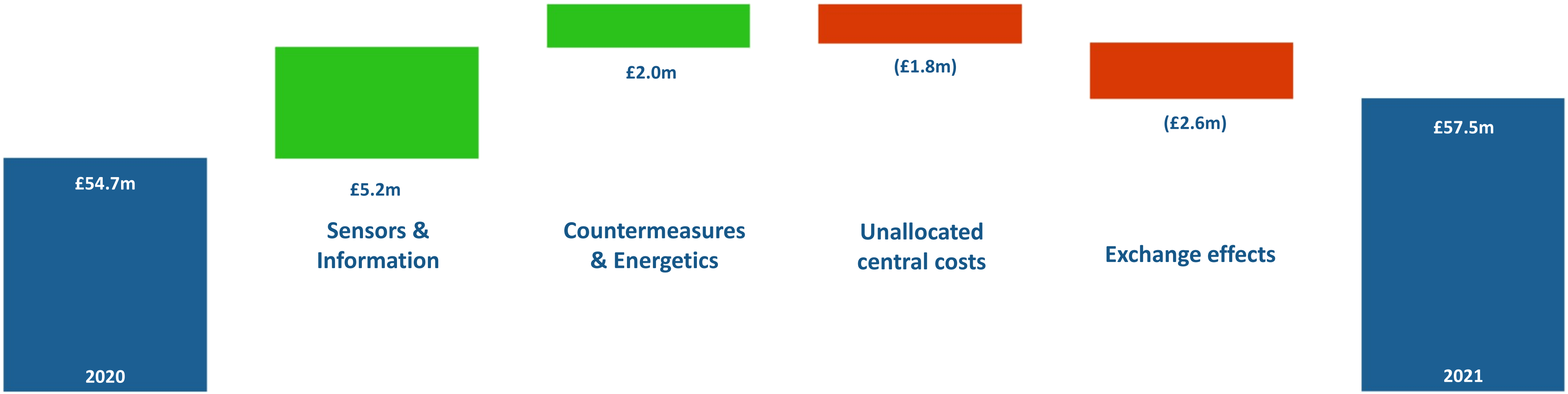
- Strong year in Sensors & Information driven by double-digit growth at Roke
- Countermeasures & Energetics benefited from improved operational and financial execution at UK countermeasures site
- USD average exchange rate moved from $1.28 to $1.38 giving an operating profit headwind of £2.6m

References to operating profit, profit before tax and earnings per share are to underlying measures

GROUP REVENUE BRIDGE

- Strong year in Sensors & Information driven by double-digit growth at Roke and delivery on HMDS Program of Record
- Countermeasures & Energetics experienced a softer year in the niche energetics businesses driven by commercial aerospace demand for metron actuators and timing differences on space deliveries due to customer acceptance testing
- USD average exchange rate moved from $1.28 to $1.38 giving a revenue headwind of £14.7m

GROUP OPERATING PROFIT BRIDGE



- Strong growth in Sensors & Information driven by drop through of higher margin revenue growth at Roke resulting in segmental margin increasing by 160bps to 21.6%
- Countermeasures & Energetics benefited from improved operational execution at UK countermeasures site which drove improvement in operating margin of 120bps to 16.2%
- USD average exchange rate moved from $1.28 to $1.38 giving an operating profit headwind of £2.6m

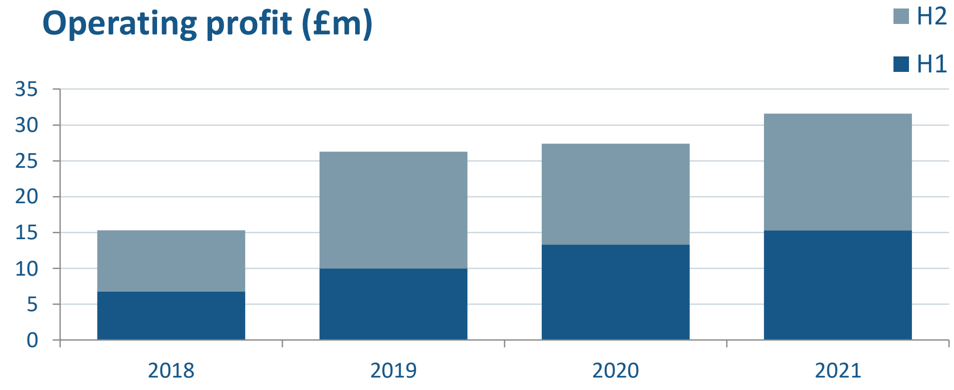
SENSORS & INFORMATION

			2021 £m	2020 £m
Revenue	⬆	7%	**146.6**	137.2
EBITDA	⬆	12%	**34.4**	30.7
Operating profit	⬆	15%	**31.6**	27.4
Operating margin	⬆	160 bps	**21.6%**	20.0%
Order book	⬆	30%	**113.6**	87.3

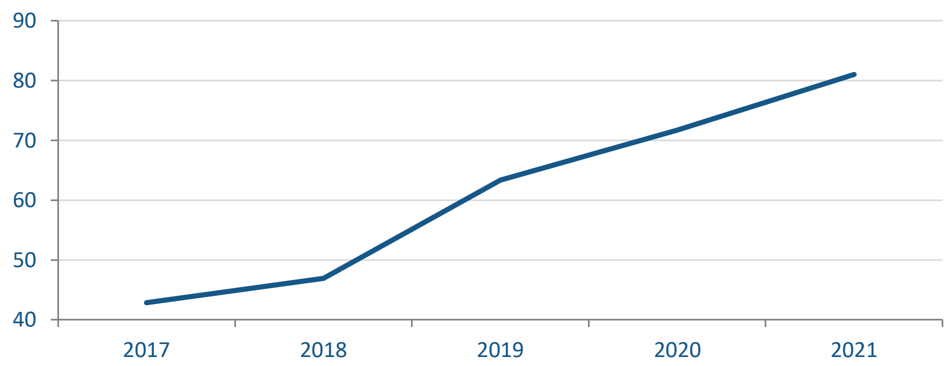
- Roke's market continues to be strong, record order intake (>£100m), double digit revenue and operating profit growth with strong margins maintained
- Roke revenue has grown from £43m to £81m over the last five years, CAGR of 14%
- HMDS delivery phase continuing, further delivery orders received ($69m) against $200m IDIQ contract
- EMBD FRP contract awarded in October for $99m over six years
- AVCAD (Chem) / JBTDS (Bio) PoR progressing as planned
- Closing order book of £114m

References to EBITDA, operating profit and operating margin are to underlying measures

Operating profit (£m)



Roke revenue (£m) - last 5 years



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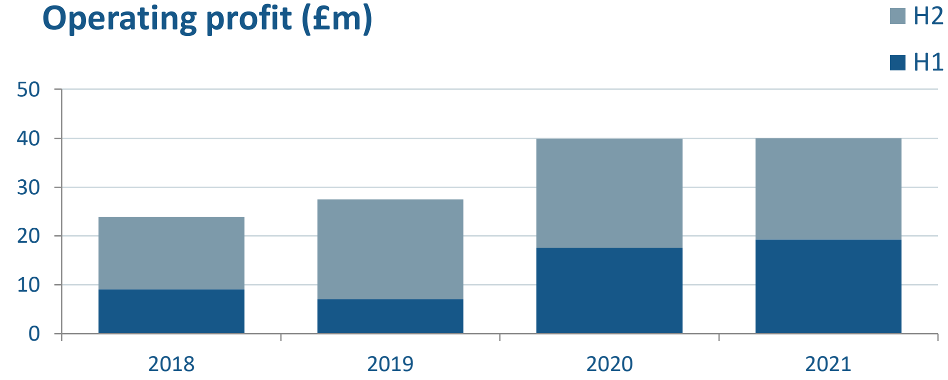
COUNTERMEASURES & ENERGETICS

			2021 £m	2020 £m
Revenue	⬇	7%	**246.7**	265.3
EBITDA	⬌		**56.1**	56.5
Operating profit	⬌		**40.0**	39.9
Operating margin	⬆	120 bps	**16.2%**	15.0%
Order book	⬌		**387.2**	388.7

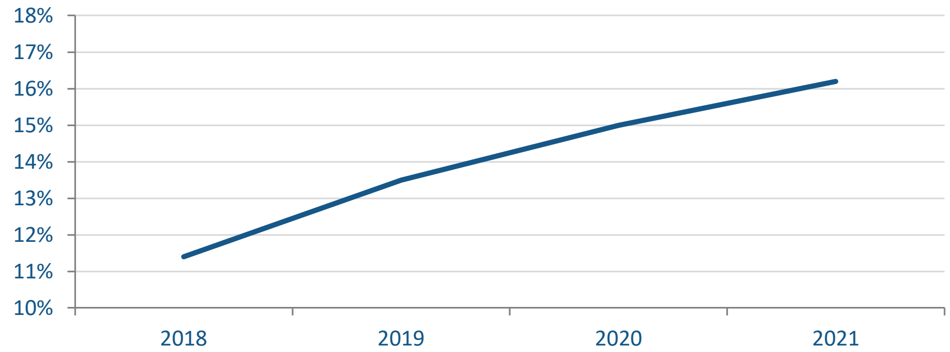
- Improved operational execution at the UK countermeasures site drove margin improvement
- $42m F-35 countermeasure order received by Australian facility and strong order intake of $111m in US countermeasures businesses
- Softer year in niche energetics businesses driven by commercial aerospace demand for metrons and timing differences on space deliveries due to customer acceptance testing
- Tennessee capacity expansion investment continued, first revenue still expected in late 2022
- Closing order book of £387m

References to EBITDA, operating profit and operating margin are to underlying measures

Operating profit (£m)



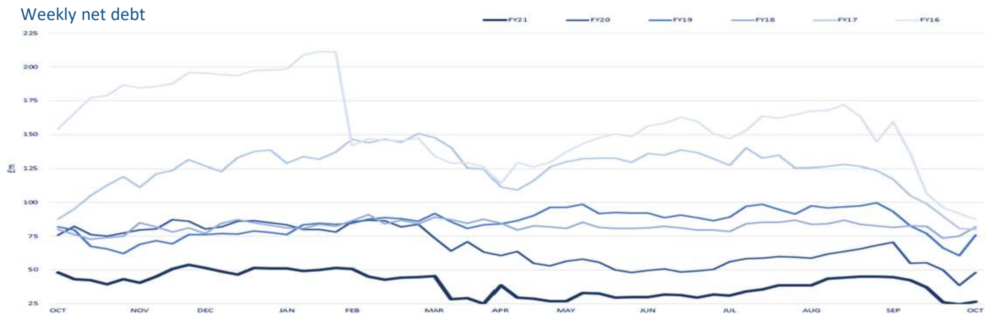
Operating margin (%)



CASH FLOW

£m		2021	2020
Cash generated from continuing underlying operations		**80.0**	82.4
Cash impact of discontinued and non-underlying operations		**(1.7)**	(7.5)
Cash flows from operating activities	↑ 5%	**78.3**	74.9
Tax		**(2.6)**	1.0
Acquisition/divestment of subsidiaries		**(4.7)**	14.5
Capital expenditure		**(30.2)**	(39.9)
Free cash flow		**40.8**	50.5
Finance expense (including capitalised facility fees)		**(3.7)**	(3.0)
Own shares purchased, FX translation and other movements		**(3.6)**	(3.1)
Dividends paid		**(11.9)**	(10.4)
Movement in net debt		**21.6**	34.0
Adoption of IFRS 16: *Leases*		**-**	(6.5)
Opening net debt		**(48.2)**	(75.7)
Closing net debt	↓ 45%	**(26.6)**	(48.2)

- Strong operating cash conversion, 105% (2020: 110%) operating cash: EBITDA, showing continued focus on working capital and management of intra period net debt volatility
- Capex investment, primarily in C&E segment with major programmes at Scottish, Norwegian and Tennessee sites
- Net debt reducing from £48.2m to £26.6m and net debt: EBITDA reducing from 0.65x to 0.35x
- 2022 capex guide remains c£40m before reducing in 2023 and expected to start to trend back towards depreciation by 2024



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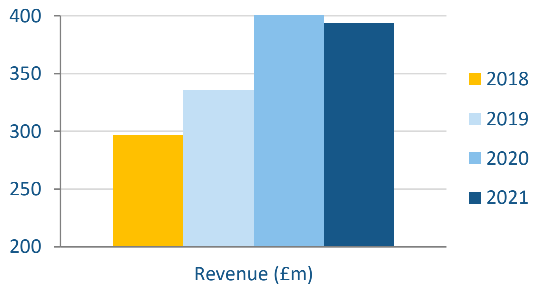
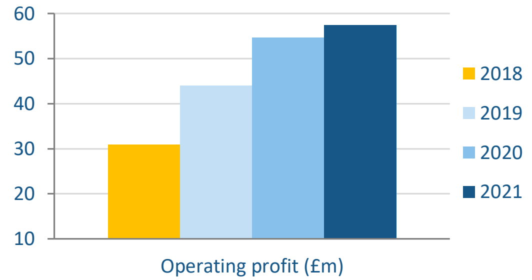
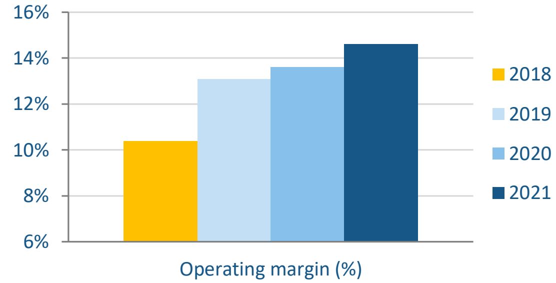
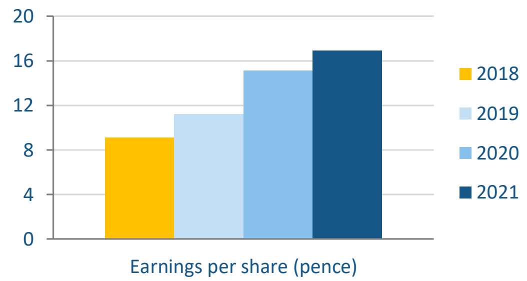
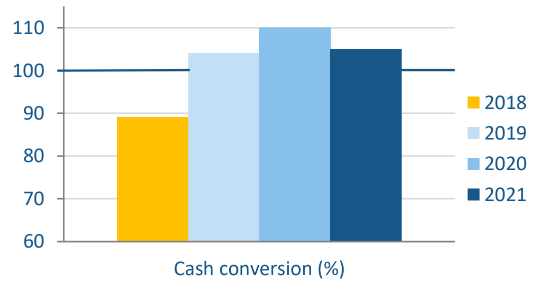
IMPROVED GROUP PERFORMANCE OVER THE LAST THREE YEARS

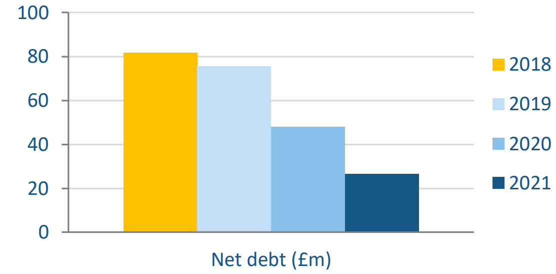












- Good track record of improvement over the last three years
- Operating margin expansion - good progress towards our medium term objective
- Improved quality of earnings with no exceptional items in any of the last three years
- Strong cash conversion over the period
- Investment in the infrastructure of the business with capex greater than depreciation in each of the last three years

References to operating profit and earnings per share are to underlying measures

IMPROVING FUTURE VISIBILITY THROUGH A GROWING ORDER BOOK

2021 ORDER BOOK UP 5% TO £501M - £358M EXPECTED TO BE DELIVERED AS REVENUE IN 2022, GIVING 84% COVERAGE

SENSORS & INFORMATION

- Order intake of £176m (2020: £149m), up 18%
- Book to bill ratio of 120%
- Year end order book of £114m (2020: £87m)
- 2022 deliveries in order book of £103m, covering 65% of expected 2022 revenue (2020: 53%)

COUNTERMEASURES & ENERGETICS

- Order intake of £255m (2020: £288m), down 11%
- Book to bill ratio of 103%
- Year end order book of £387m (2020: £389m)
- 2022 deliveries in order book of £255m, covering 95% of expected 2022 revenue (2020: 92%)

THE ORDER BOOK’S IMPROVED QUALITY IS DRIVEN BY STRONG LONG-TERM CUSTOMER RELATIONSHIPS

Examples include:

- Continued strong order intake from Roke’s National Security and Defence customers, with Roke’s order intake exceeding £100m for the first time
- US Sensors Programs of Record received further orders for the next phase of HMDS delivery, valued at $69m, under the previously announced $200m IDIQ contract
- Australian countermeasures business received $42m of orders from US DoD for F-35 countermeasures
- US countermeasures business secured orders totalling $111m from US Navy, US Air Force and other services

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MICHAEL ORD
GROUP CHIEF EXECUTIVE

MARKET OUTLOOK

RESILIENT HOME MARKETS:

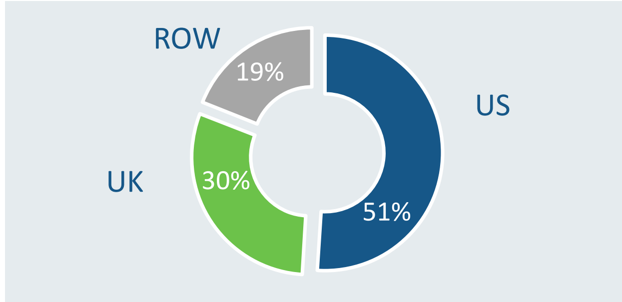
- Defence and national security priorities align with the US
- Increased spending with strong and growing demand for Chemring's capabilities
  - Shift to data and intelligence driven solutions
  - Cyber, AI, EW and digital integration all prioritised for new investments

- $753bn national defence and security budget identifies targeted investment that supports Chemring capabilities
  - AI, EW, cyber and biosecurity benefiting S&I sector
  - Hypersonic technology and additional budget for a further 85 F-35 aircraft benefits C&E sector

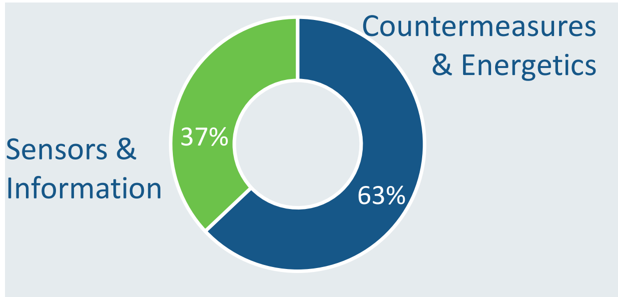
- Total defence spending set to rise by c40% over the next decade to AU$270bn
- AUKUS security pact strategically important and will create opportunities across the Group

- Budgets of NATO countries increasing
- Growing opportunities for international sales for the Group's capabilities

2021 Revenue by Geography



2021 Revenue by Sector



INVESTING IN SUSTAINABLE PERFORMANCE & GROWTH

In 2022 our strategic imperatives will be to:

- Continue to build a strong **proactive safety culture**
- Continue our programme of **modernisation** and **investment** in people and infrastructure, driving **operational excellence**
- **Invest** in new and adapt existing **technologies** to meet evolving customer requirements
- Continue to **grow** our **Roke** business
- Pursue **specific international** opportunities with our Defence, Security and Industrial customers
- Support organic growth opportunities with **focused, strategy-led acquisitions** to **accelerate growth**

OUR STRATEGIC GOAL IS TO BALANCE NEAR-TERM PERFORMANCE WITH LONG-TERM VALUE CREATION

ROKE – POSITIONED FOR FURTHER GROWTH

- Roke will continue to focus its efforts on growing across all its business areas, increasing in scale both organically and through further bolt-on acquisitions

- Roke will target double digit percentage growth in revenue while maintaining its strong margins over the next three years, maintaining the performance of the previous three years

- Grow further within National Security
- Linking geography, talent access & academia across Roke's five hubs – Romsey, Gloucester, London, Manchester and Woking

- Grow ECM/EW/AI portfolio within Defence securing key strategic UK programmes and maintain 'path to prime'
- Maintain and expand international CEMA/EW/ECM programmes – focus on MENA, Baltics and NATO

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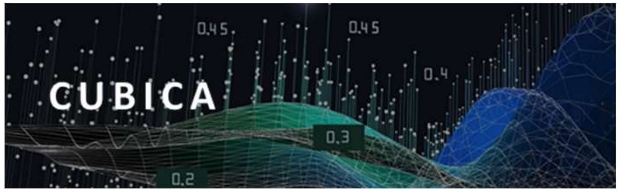
ROKE – POSITIONED FOR FURTHER GROWTH (2)

- Expand Industry further into healthcare, high-value manufacturing, information and comms, transport and utilities

- Develop Public Sector into Data Science and Architecture as well as expanding customer base



- Grow Cubica in Autonomy & AI across markets
- Grow Krunam JV - tackling harmful content and activity online

ROKE | USA

- Leverage Roke's innovation to address US requirements
- Expanding CEMA/EW programme activity from tactical to strategic sales
  - Leverage capability to access growing (CAGR >c2%) US Land EW market, valued at $7.6bn FY21-FY25

US SENSORS – SECURING OPPORTUNITIES

Continue to focus on building winning solutions to convert remaining **US Programs of Record** into **Full Rate Production (FRP)**

HMDS	EMBD	JBTDS	AVCAD
Sole source	**Sole source**	**Sole source**	**Competitive**
Initial $200m FRP IDIQ awarded Expected to run for the next decade	$99m FRP IDIQ awarded Expected to run until 2027	$300m opportunity In EMD phase LRIP decision expected FY22	$800m opportunity In EMD phase LRIP decision expected FY22

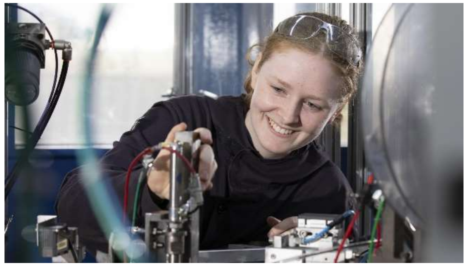
Invest in **modifying existing detection technologies** to enable them to be deployed on a wider number of platforms for both US military and non-military customers, and international

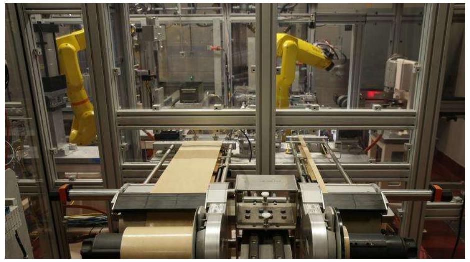
- Lightweight ground penetrating radar
- Autonomous systems – UGVs and UAVs
- Bio-security post CV-19 – point of care diagnostics

COUNTERMEASURES & ENERGETICS

STRENGTHENING AND PROTECTING OUR MARKET LEADING POSITIONS

- Continue the process of **modernisation** across our sites, **improving safety and competitiveness** through investment in **automation** and **lean** manufacturing capabilities
  - Chicago / Salisbury / Pennsylvania / Australia – investment phase complete and sites delivering to expectations
  - Tennessee capacity expansion project in progress. First revenue expected H2 FY22, meeting the continuing demand for airborne countermeasures
  - Scotland / Norway – commencing investment capex projects, focus on safety and productivity to secure long-term agreements eg Martin Baker and ATK
- Win market share by ensuring our product portfolio remains **highly relevant** to our customers and by investing in **new product development**
- Continue to **secure long-term contracts** with blue chip customers, improving visibility and enabling long-term planning and investment decisions





A GROUP OF HIGH MARGIN ADVANCED ENGINEERING BUSINESSES ALL OF WHICH NOW OPERATE IN NICHE MARKET POSITIONS

ESG HIGHLIGHTS IN 2021

HEALTH & SAFETY

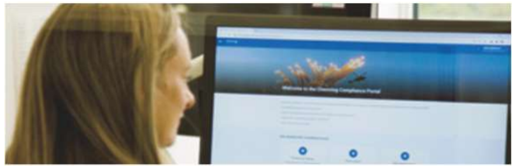
- Recordable injury frequency rate 0.67 (2020: 0.85) Down 21%
- Technical safety and Healthy Workplace sub-committees in place
- Asset Integrity roll out & Electrostatic Discharge review commenced

ENVIRONMENT

- GHG and Carbon emissions flat (<1% difference year on year) on higher revenue
- Carbon reduction plans being implemented in every business
- Sustainability Committee in place to shape, monitor and ensure future progress

PEOPLE

- 100% of senior leaders participated in Diversity, Equity and Inclusion workshops
- All new graduates and apprentices in the UK took part in early careers development programmes



ETHICS & BUSINESS CONDUCT

- Updated Code of Conduct and training issued
- Continued implementation of the Chemring Compliance Portal
- Operational assurance process enhanced.

- Multi-stakeholder materiality assessment and UN SDG mapping exercise completed
- Appropriate targets identified against which progress can be measured
- ESG Performance targets to be part of annual and long-term incentive arrangements from FY22

WE ARE COMMITTED TO BUILDING A STRONG AND SUSTAINABLE COMPANY

ESG COMMITMENTS

ENVIRONMENTAL Actively seeking ways to reduce our environmental impact	• **We have set ourselves the goal of being carbon neutral by 2030 (scope 1 and scope 2)** • **We are working towards being a net zero organisation by 2050 and are committed to supporting our value chain**
	• We will reduce our total direct (scope 1) and indirect (scope 2) emissions year on year • We will continue to focus our efforts on reducing energy consumption and on embracing green technology • We will target zero waste to landfill by 2030
SOCIAL The safety and wellbeing of our people is at the heart of our business	• **We are committed to the safety and wellbeing of our workforce and to ensuring that, in support of our wider commitment to ethnic and gender diversity, our workforce represents the diversity of the local communities we operate in**
	• We will set a Total Recordable Injury Frequency Rate limit of 1, in line with upper quartile benchmark performance • We will continue to reduce the risk of High Hazard Events • We will increase the proportion of women in all senior management positions across the business to 33% by 2027
GOVERNANCE Conducting business in an ethical and responsible manner at all times	• **We will actively seek to increase representation of ethnicity and gender on our Board, within our leadership teams and across all our localities**
	• We will maintain the Hampton-Alexander target of 33% of women on the Board • We will seek to meet the guidelines of the Parker review on ethnic diversity as we refresh the composition of the Board

M&A

- Focus on creating balance sheet flexibility to be able to execute the right opportunities
- Strengthening business processes and capabilities to identify, transact and integrate opportunities
- Focus on Sensors & Information segment providing technology, skills and routes to market
- Cubica Group acquisition - integration has progressed to plan and the business is performing well

MARKET	KEY ATTRIBUTES	FINANCIAL	OPPORTUNITIES
• Assessing differentiated players in a fragmented market • Cyber-security and digital resilience businesses tend to drive higher multiples	• Niche position • Discriminating IP • Customer mission criticality • High degree of customer intimacy • Cultural compatibility	• Target has profitable track record and predicted growth • Target has strong operating margins that fit our medium term objectives • Funding discipline – balance sheet strength must be maintained post acquisition	• Allocating suitable resources to target identification, prioritisation and relationship development

OUTLOOK

- Continue to build a **high quality business** for sustainable performance and growth
- Strengthening our values-based culture of **Safety, Excellence and Innovation**
- **Growing order book** across our US, UK and Australian home markets
- Approximately **84%** of 2022 expected revenue **covered** by order book
- Focus on **strong cash generation** to remain a primary objective, enabling opportunities for **further growth**
- **Strengthening our sustainability** agenda
- Board's **expectations for 2022 performance remain unchanged**
- **Chemring's long-term prospects remain strong**

HELPING TO MAKE THE WORLD A SAFER PLACE BY DELIVERING INNOVATIVE PROTECTIVE TECHNOLOGIES

APPENDICES

APPENDIX 1. CHEMRING AT A GLANCE

A TECHNOLOGY COMPANY WITH AN INTERNATIONAL FOOTPRINT AND A BREADTH OF MARKET LEADING PRODUCTS AND SERVICES

SENSORS & INFORMATION

- Focused on information and electronic warfare, chemical & biological agent and explosive hazard detection
- Operating across defence, national security and industrial domains
- Operate across whole life cycle – advice, engineering, design, research and solutions
- 500+ scientists, engineers and consultants

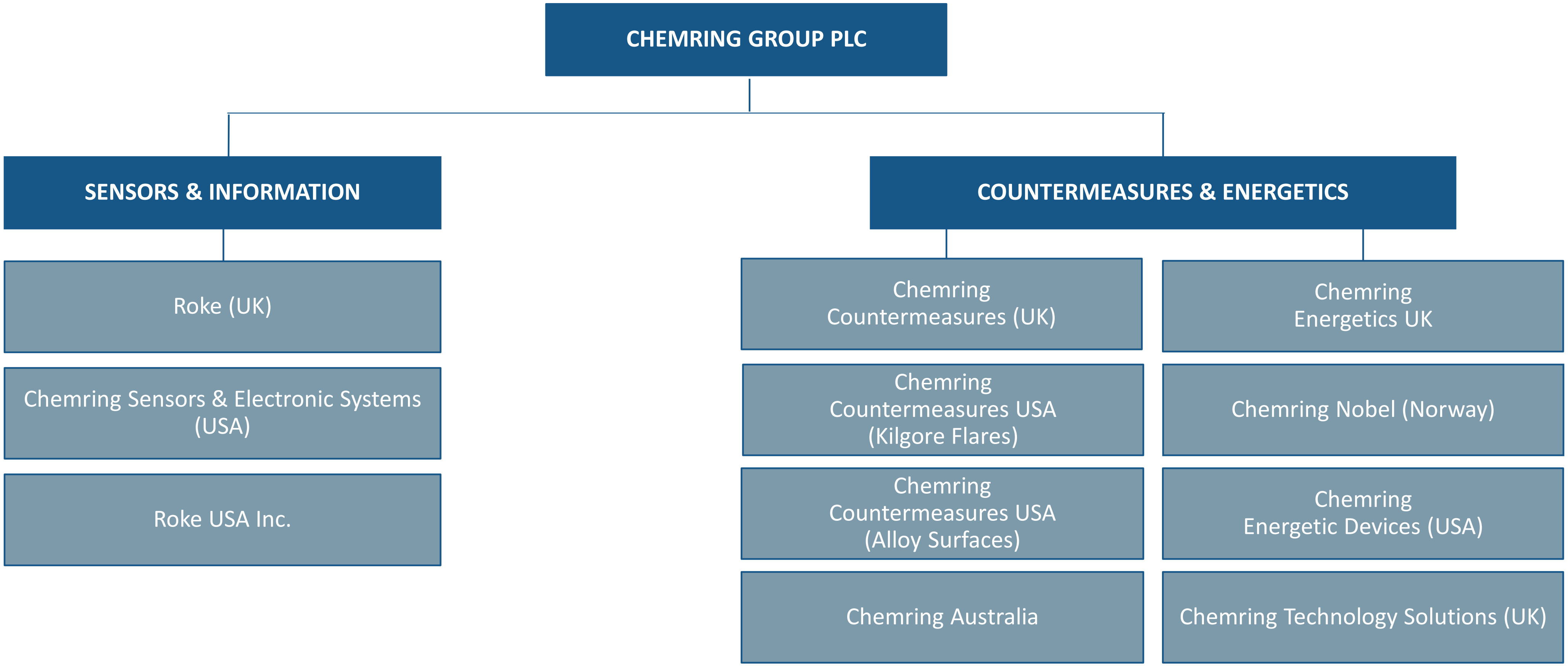
COUNTERMEASURES & ENERGETICS

- Focused on advanced expendable countermeasures to protect air and sea platforms from the threat of missile attack
- High reliability single use devices performing critical functions for the space, aerospace, defence and industrial markets
- Cutting edge innovations including aircraft safety systems and space applications

INNOVATING TO PROTECT

We place safety at the heart of everything we do	**Focussed on ensuring we consistently meet high standards**	**We create world-class solutions and develop world-class thinking**

APPENDIX 2. ORGANISATIONAL CHART



APPENDIX 3. INVESTMENT CASE

- Significant multi-year visibility and high barriers to entry
- Diversified, protection-led portfolio, with strong customer relationships
- We operate in niche markets where we have technology differentiation
- Longer term growth underpinned by increasing demand and possible market share gains augmented by selective acquisitions
- Mid teens margin Group with strong cash conversion

APPENDIX 4. CHEMRING'S TRANSFORMATION

ACHIEVEMENTS SINCE MARCH 2019 STRATEGIC REVIEW

- Embedded a proactive safety and risk management culture
- Strategic exit from commoditised energetics
- Strengthened divisional management teams
- Consolidated Countermeasures into a single global structure
- Increased margins by 420bps
- Decreased net debt from £81.8m to £26.6m while spending circa £116m on capex over the period.
- Secured significant HMDS and EMBD biological detection contract wins / extensions
- Secured first Roke order from US DoD for electronic warfare systems
- Expanded Roke by acquisition of the Cubica Group

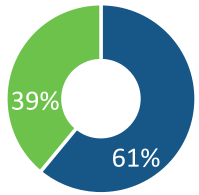
ORGANIC GROWTH, MARGIN EXPANSION AND NEW STRATEGIC FOCUS HAS DRIVEN A MAJOR RE-RATING AND VALUATION UPLIFT

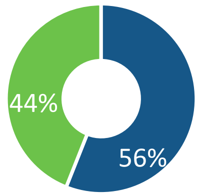
		"Then" 2018	"Now" 2021
Financial & Operational	Revenue	£297m	**£393m**
	% EBIT	10.4%	**14.6%**
	EPS (diluted)	6.7p	**16.5p**
	Net debt	£81.8m	**£26.6m**
	Leverage	1.6x	**0.35x**
	Injury rate	2.77	**0.67**

Business Mix

EBIT by Division

- Countermeasures & Energetics
- Sensors & information





		"Then" 2018	"Now" 2021
Valuation	Share price	~160p	**~300p**
	Market cap.	~£450m	**~£860m**
	EV / EBITDA	8.7x	**11.3x**
	P/E (normalised)	14x	**17.6x**

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APPENDIX 5. IMPACT OF FOREIGN EXCHANGE TRANSLATION

	Constant currency movement	2021 Restated at 2020 rates £m	2020 £m	Reported 2021 £m
Revenue	⬆ 1%	**408.0**	402.5	**393.3**
EBITDA	⬆ 6%	**79.4**	74.6	**76.4**
Operating profit	⬆ 10%	**60.1**	54.7	**57.5**
Order book	⬆ 8%	**514.1**	476.0	**500.8**

TRANSLATION

- 53% of revenue US $ denominated in 2021
- P&L translation $1.38 vs $1.28 in 2020
- Balance sheet translation rate $1.37 vs $1.29 at 2020

SENSITIVITIES

- 10 cent weaker US $ gives £2.4m decrease in operating profit
- 10 cent weaker US $ gives £2.2m decrease in net debt
- Future guidance based on $1.35

APPENDIX 6. IMPACT OF FOREIGN EXCHANGE TRANSLATION - SEGMENTAL

Group	Constant currency movement	2021 Restated at 2020 rates £m	2020 £m	2021 £m
Revenue	↑ 1%	**408.0**	402.5	393.3
EBITDA	↑ 6%	**79.4**	74.6	76.4
Operating profit	↑ 10%	**60.1**	54.7	57.5
Order book	↑ 8%	**514.1**	476.0	500.8

Sensors & Information	Constant currency movement	2021 Restated at 2020 rates £m	2020 £m	2021 £m
Revenue	↑ 10%	**151.5**	137.2	146.6
EBITDA	↑ 15%	**35.4**	30.7	34.4
Operating profit	↑ 19%	**32.6**	27.4	31.6
Order book	↑ 34%	**116.8**	87.3	113.6

Countermeasures & Energetics	Constant currency movement	2021 Restated at 2020 rates £m	2020 £m	2021 £m
Revenue	↓ 3%	**256.5**	265.3	246.7
EBITDA	↑ 3%	**58.4**	56.5	56.1
Operating profit	↑ 5%	**41.9**	39.9	40.0
Order book	↑ 2%	**397.3**	388.7	387.2

APPENDIX 7. BALANCE SHEET

£m	2021	2020
Goodwill & intangibles	**122.8**	125.1
Development costs	**30.0**	29.8
Property, plant & equipment	**198.7**	194.0
Trade working capital	**84.4**	85.1
Pension surplus	**13.7**	7.6
Other	**(70.2)**	(63.8)
	379.4	377.8
Net debt	**(26.6)**	(48.2)
Net assets	**352.8**	329.6

- Net debt reducing from £48.2m to £26.6m and net debt: EBITDA reducing from 0.65x to 0.35x
- Over the 2 year period, 108% of EBITDA has been converted to operating cash (2020: 108%) funding reinvestment in capex
- Decrease in absolute value of working capital due to continued management focus. Working capital as a % of revenue has remained consistent at 21%, as working capital fell £0.7m
- Total facilities of £157m, of which £128m were undrawn at 31 October 2021, provide good immediately available liquidity

Future focus

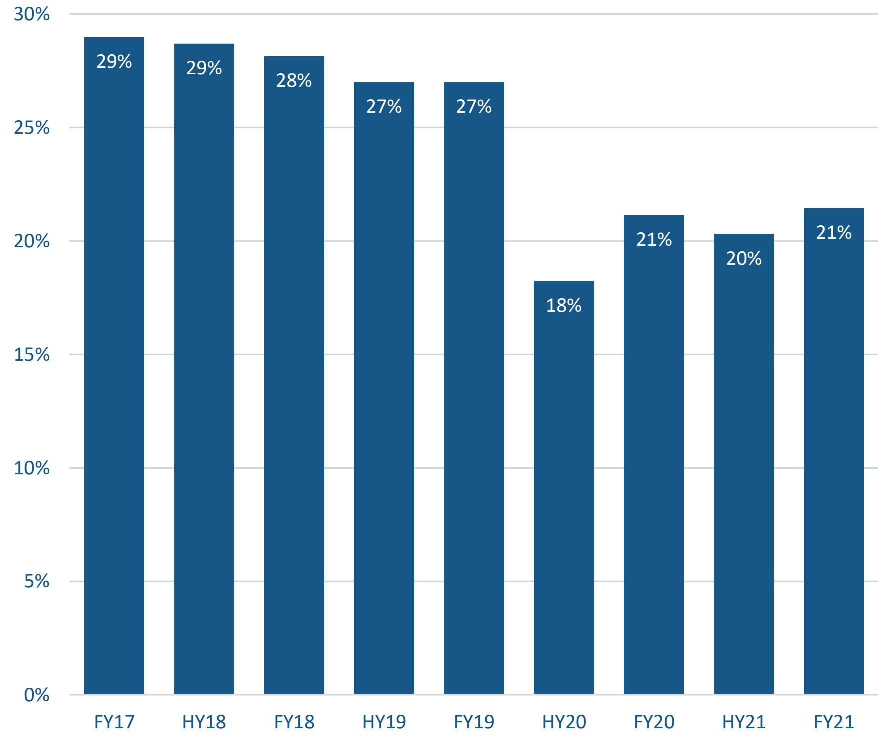
- Continue to drive strong operating cash conversion to fund capex in 2022/23 as Tennessee and other site investments are completed
- Free cash flow likely to strengthen further in 2023/24 as capex trends towards depreciation having been elevated for four years

APPENDIX 8. TRADE WORKING CAPITAL

£m		2021	2020
Inventories		**80.7**	91.3
Advance receipts from customers		**(17.1)**	(22.8)
Net inventory		**63.6**	68.5
Receivables		**40.9**	45.9
Payables		**(13.1)**	(19.9)
Other items		**(7.0)**	(9.4)
	1%	**84.4**	85.1

		2021	2020
Revenue (£m)	2%	**393.3**	402.5
Working capital as a % of revenue		**21%**	21%

Working capital as a % of revenue



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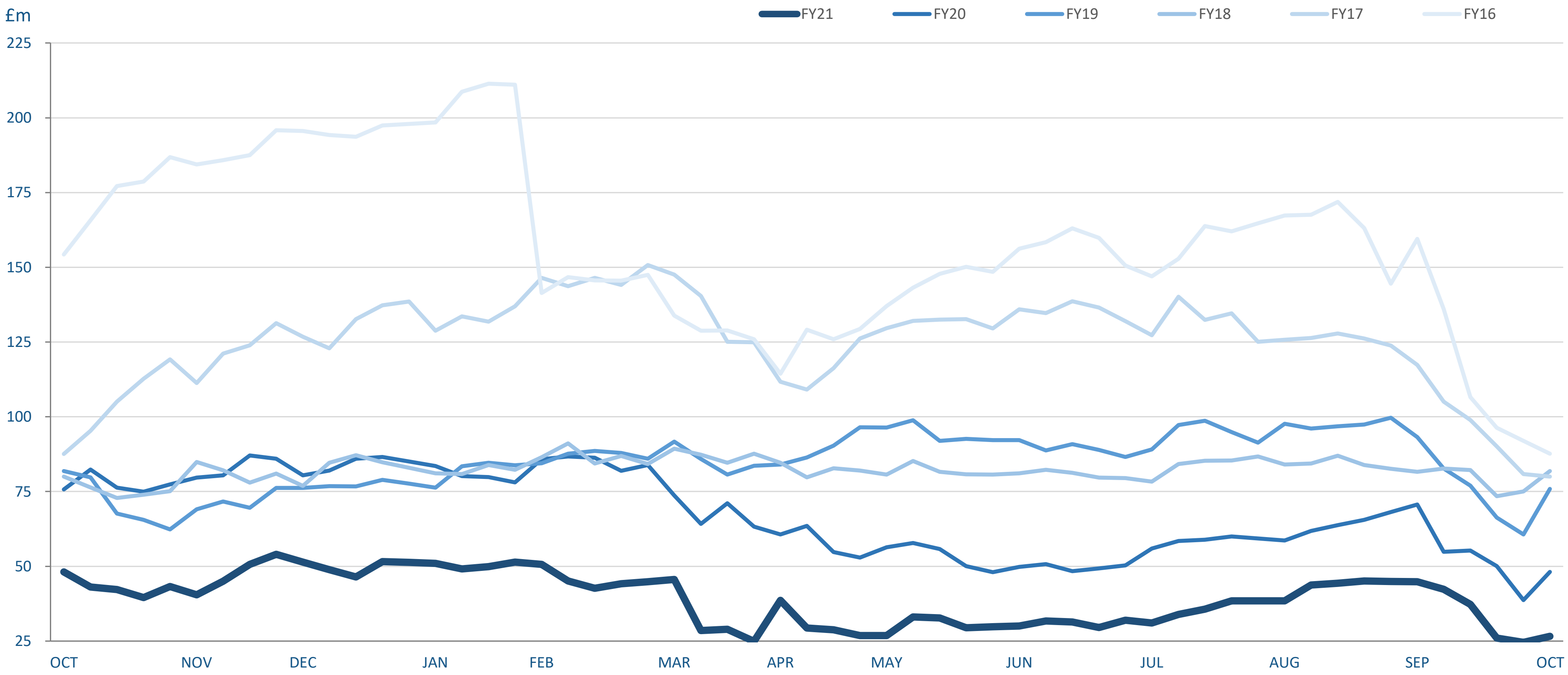
APPENDIX 9. WEEKLY NET DEBT



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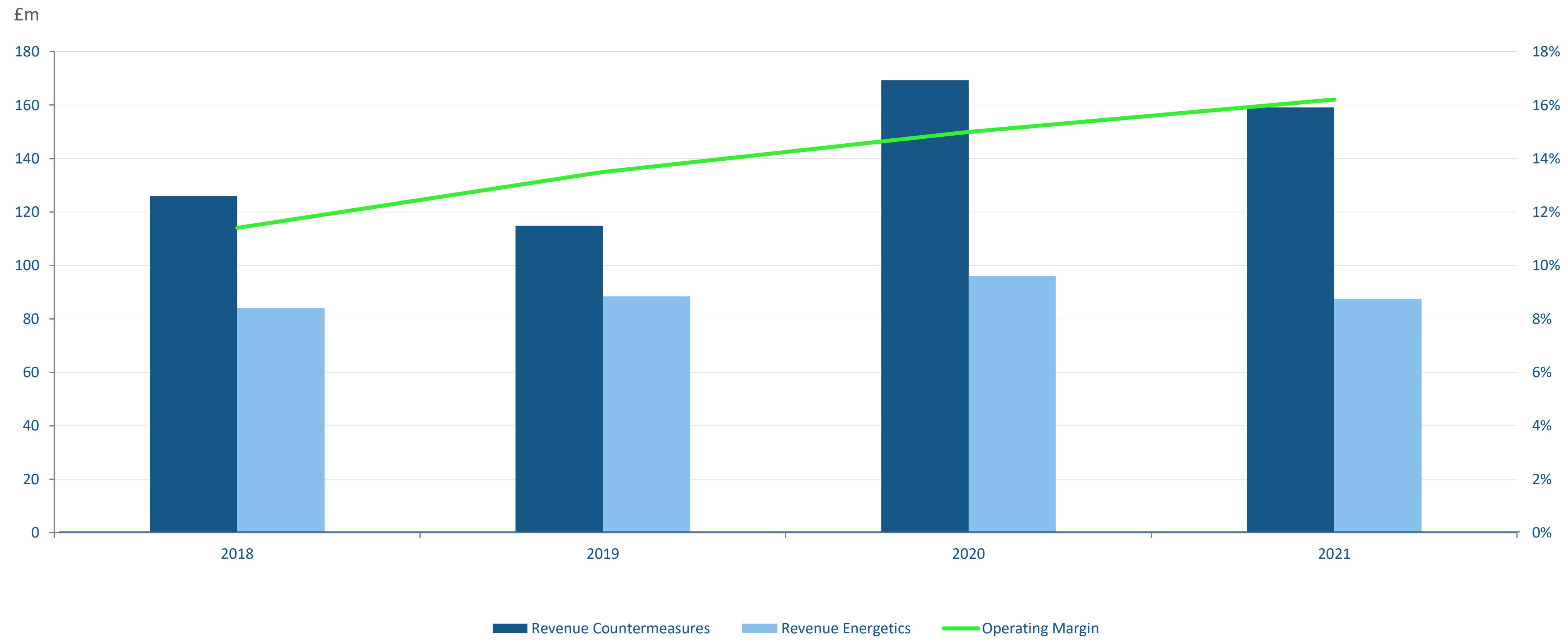
APPENDIX 10. C&E REVENUE AND OPERATING MARGIN PROGRESSION



APPENDIX 11. NON-UNDERLYING ITEMS

CONTINUING OPERATIONS

£m	Note	2021 P&L cost	2021 Cash paid
Acquired intangibles amortisation		(6.2)	-
Acquisition expenses	a	(1.6)	(1.1)
Business restructuring	b	-	(0.2)
Mark to market of FX forward contracts		0.7	-
Impact on profit before tax		(7.1)	(1.3)
Tax credit on non-underlying items		1.0	
Impact on profit after tax		(6.1)	

Notes

a - Costs relating to acquisition of the Cubica Group

b - Costs relating to Tennessee site transformation programme

DISCONTINUED OPERATIONS

£m	Note	2021 P&L cost	2021 Cash paid
Claim related costs	a	-	(0.4)

Notes

a - Legal costs relating to previously disposed of businesses

APPENDIX 12. FINANCIAL OBJECTIVES AND ASSUMPTIONS 2022-24

REVENUE	• S&I - Segmental mid single digit % growth from high single digit growth in Roke and low single digit growth in US Sensors, with the potential for step changes as the US PoRs commence FRP • C&E - Low single digit % growth driven by the US market, including F-35, potential for step change in 2023 as Tennessee facility is commissioned
OPERATING MARGINS	• S&I – Targeting high teen return on sales % in the medium term as the US PoR commence FRP, 2022 diluted by £2m OPEX investment in the start-up of Roke USA • C&E – Targeting mid to high teen return on sales % in the medium term • Group – Targeting mid teen return on sales % in the medium term
INTEREST	• Expected to fall again in 2022 due to continued reduction in net debt and then stabilise
CAPEX	• £40m for 2022 as investment in safety, automation and catch up capex continues in the main manufacturing facilities and the capacity expansion project in Tennessee is completed. Expected to trend towards depreciation in FY23/24 having been elevated for four years
FX	• US$1.35: £1 • Sensitivity to 10 cents movement in $ rate is £2.4m at an annual underlying operating profit level
TAX	• 2022 at a similar rate to 2021, after which the rate is expected to trend towards approximately 20%

APPENDIX 13. MARKET CONSENSUS 2022 & 2023

- The Group is aware of seven analysts publishing independent research on the Group
- The Group has compiled consensus data from the research it has been made aware of
- The Group compiled mean consensus is:

	2022	2023
Revenue (£m)	426	448
Underlying Operating Profit (£m)	62.3	67.8
Underlying Earnings Per Share (pence)	17.4	18.3
Net Debt (£m)	25	6

APPENDIX 14. GLOSSARY

Acronym	Meaning	Acronym	Meaning
AVCAD	Aerosol & Vapor Chemical Agent Detector	**F-35**	F-35 Joint Strike Fighter
CM	Countermeasures	**GHG**	Greenhouse Gases
CCM UK	Chemring Countermeasures UK	**HMDS**	Husky Mounted Detection System
CCM US	Chemring Countermeasures USA	**IDIQ**	Indefinite Delivery Indefinite Quantity
CED	Chemring Energetic Devices	**JBTDS**	Joint Biological Tactical Detection System
CEUK	Chemring Energetics UK	**LRIP**	Low Rate Initial Production
CHA	Chemring Australia	**LTI**	Lost Time Incident
CHG	Chemring Group	**MENA**	Middle East & North Africa
CSES	Chemring Sensors & Electronic Systems	**PoR**	Program of Record
C&E	Countermeasures & Energetics	**SFO**	Serious Fraud Office
CV-19	COVID-19	**SMD**	Special Material Decoy
EMBD	Enhanced Maritime Biological Detection	**S&I**	Sensors & Information
EMD	Engineering and Manufacturing Development	**UAV**	Unmanned Aerial Vehicle
EW	Electronic Warfare	**UK MOD**	United Kingdom Ministry of Defence
FRP	Full Rate Production	**US DoD**	United States Department of Defense

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