

## 2023 Interim Results

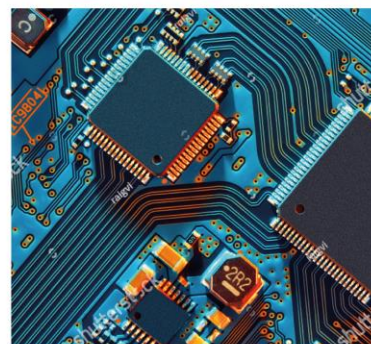
**Martyn Ratcliffe**  
Chairman

—

**Dan Edwards**  
Group Managing Director

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**Jon Brett**  
Group Finance Director



# Financial Summary

## Group revenue

£56.1m

H1-22: £44.8m  
+25%

## Adjusted operating profit

£10.4m

H1-22: £8.8m  
+18%

## Earnings per share (adjusted basic)

16.6 pence

H1-22: 14.6 pence  
+14%

## Group cash (excl. client funds)

£29.2m

H1-22: £38.6m  
-24%, post acquisition of TPG

### – Record H1 performance, in line with Board expectations

- Revenue increase of 25% compared to H1-22
- Adjusted operating profit increased by 18% compared to H1-22

### – Very strong balance sheet

- Group cash of £29.2m (June 2022: £38.6m)
- Net funds of £15.7m (June 2022: £23.9m)
- c. £17m cash outflow in period in respect of TP Group acquisition
- £3.3m returned to Shareholders in half year in dividend payments and share buy-backs

### – Completed acquisition of TP Group (TPG) in January 2023

- Interim results include TPG Services and CMS2 (previously TPG Maritime) from 26 January 2023

## Science & technology business providing consultancy and systems to international client base

### Consultancy Services

#### Research & Development



Provides science-led advisory and product/technology development services in medical, consumer, food & beverage and industrial sectors.

Brands:

- ✓ Sagentia Innovation

#### Regulatory & Compliance



Provides scientific and regulatory advice together with registration and compliance services for the chemicals and food & beverage sectors

Brands:

- ✓ TSG
- ✓ Leatherhead Food Research

#### Defence & Aerospace



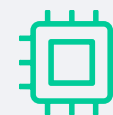
Provides technical expertise for successful delivery of large, complex and critical programmes in defence and aerospace

Brands:

- ✓ TP Group
- ✓ Osprey Consulting Services

### Products & Systems

#### Audio Chips & Modules



Market leader in DAB/DAB+/SmartRadio/connected audio technology chips and modules

Brands:

- ✓ Frontier

#### Submarine Systems



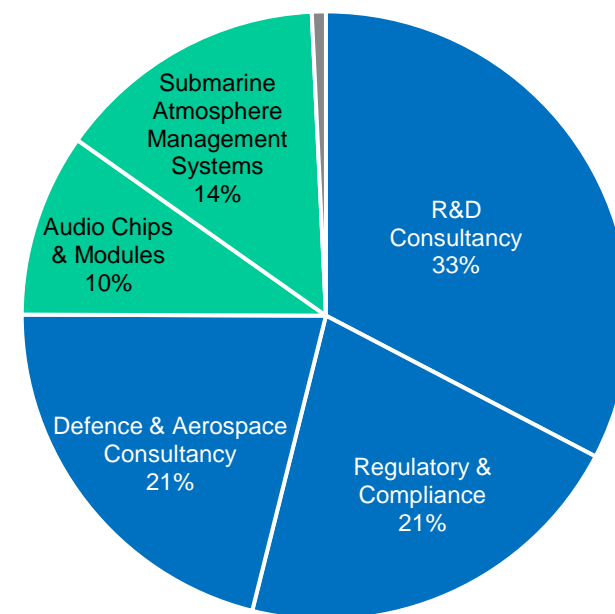
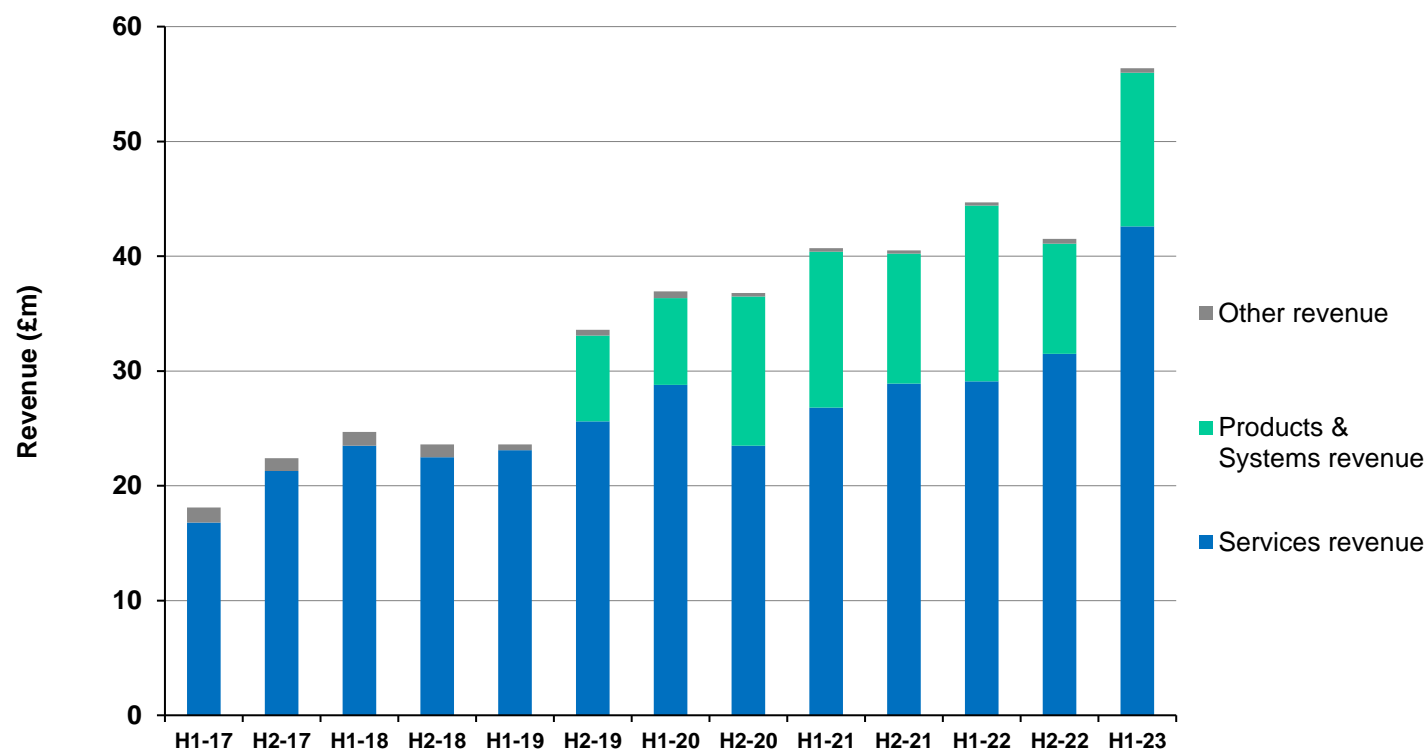
Designs, develops and manufactures atmosphere management and life support systems for submarines

Brands:

- ✓ CMS2  
(Critical Maritime Systems & Support, previously TPG Maritime)

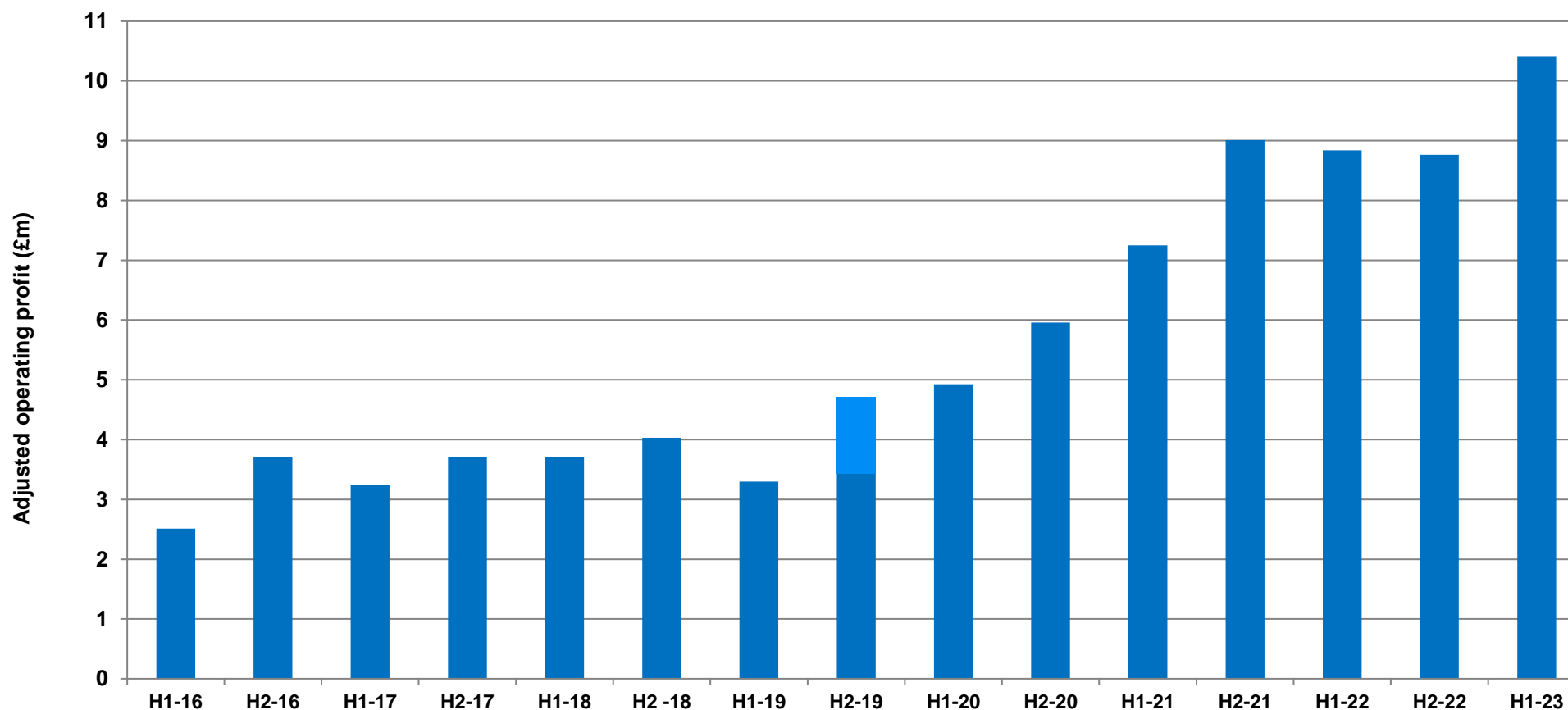
# Group Revenue

- Revenue of £56.1m (H1-22: £44.8m)
- Increase of 25%, including TPG acquisition
- 62% of revenue denominated in pounds sterling
- 35% of revenue denominated in US dollars



# Group Adjusted Operating Profit

- Adjusted Operating Profit of £10.4m (H1-22: £8.8m)
- Increase of 18% on H1-22
- AOP Margin of 18.6% (H1-22: 19.7%)



# Consultancy Services Segment

## – Services revenue\* of £42.3m (H1-22: £29.1m)

- Organic growth and acquisition
- TPG Services revenue included from 26 January 2023

## – AOP margin of 27% (H1-22: 23.9%)

- AOP of £11.5m (H1-22: £7.0m)
- Regulatory division margin significantly increased
- TPG Services margin lower than other Services businesses

## – Research & Development

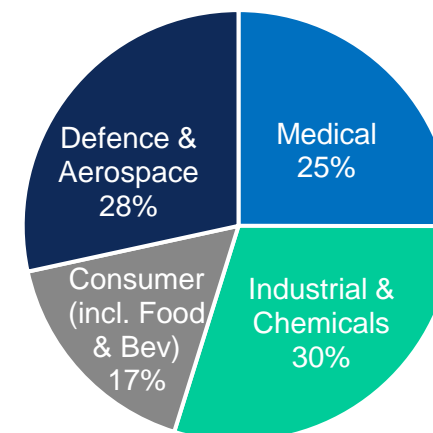
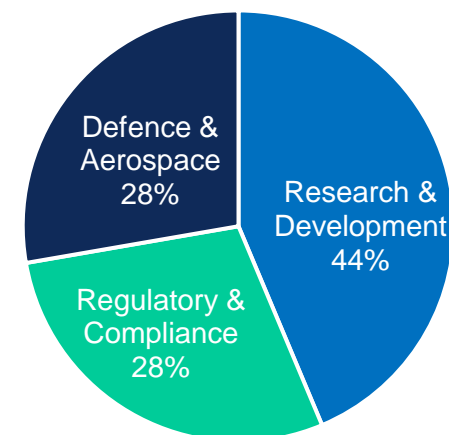
- Revenue\* of £18.5m (H1-22: £18.4m)
- First sales into defence market via TPG Services

## – Regulatory & Compliance

- Revenue of £12.1m (H1-22: £10.7m)
- Regulatory division combined under a single MD
- Consolidation of US operations into Washington DC in H2

## – Defence & Aerospace

- Revenue of £11.7m (H1-22: nil)
- New MD and establishment of Senior Leadership Team
- Improved governance – operational and corporate
- Exiting loss-making software development activity



\*includes M&E

## –Revenue of £5.4m (H1-22: £15.3m)

- 2022 comparator inflated due to supply-chain factors
- Small operating loss
- All R&D costs expensed

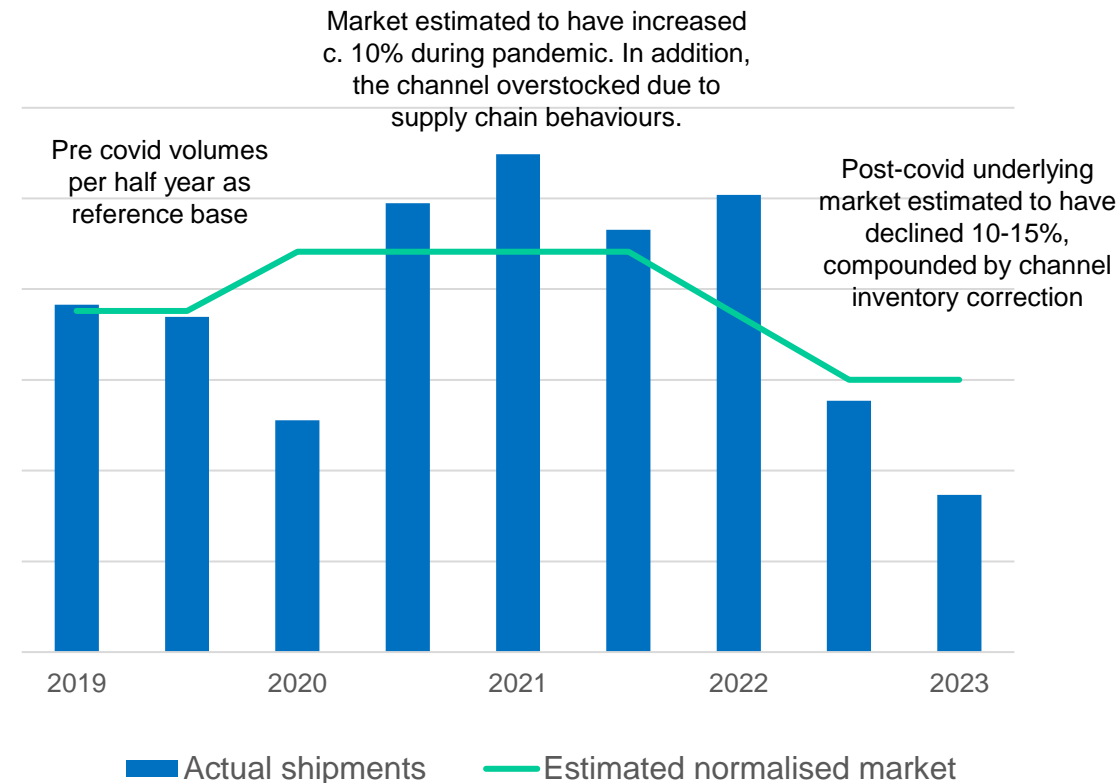
## –Operational & Product Update

- DAB (only) products comprised 75% of units sold
- DAB (only) products comprised 49% of product revenue
- Division re-focused under a single MD
- Consolidation of Hong Kong/China operations into Shenzhen in H2
- Magic X, cost-optimised SmartRadio module, launched
- Investment in high-end module for 2024 launch

## –Market Commentary

- Consumer electronics markets contracting in 2023
- Channel destocking post “over-buying” 2021/22
- Market share/position believed to be maintained
- Consumer electronics market recovery will track economic cycle

## Shipments and Market Dynamics



# CMS2 (formerly TPG Maritime)

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## – Revenue of £7.9m (H1-22: nil)

- Modest operating profit

## – Operational update

- Onerous major contracts all now substantially renegotiated
- Budget increase with largest customer agreed/confirmed
- Rebranded to Critical Maritime Systems & Support (CMS2)

[www.cms2.com](http://www.cms2.com)

## – Investment

- Planned new office in Portsmouth
- Investment in both product upgrades and next-generation systems

## – Business Overview

- 60 years experience in supplying critical atmosphere management systems
- Strong market position in its Total Addressable Market
  - Worldwide excluding US
  - Submarines requiring extended submerged periods
- Good order book following contract renegotiations

## – Future Opportunity

- Market for submarine capability increasing
- Launching system support services contract model
- Potential longer term opportunity for other critical systems



# Office Consolidation

## – Office-based working is the Group's model

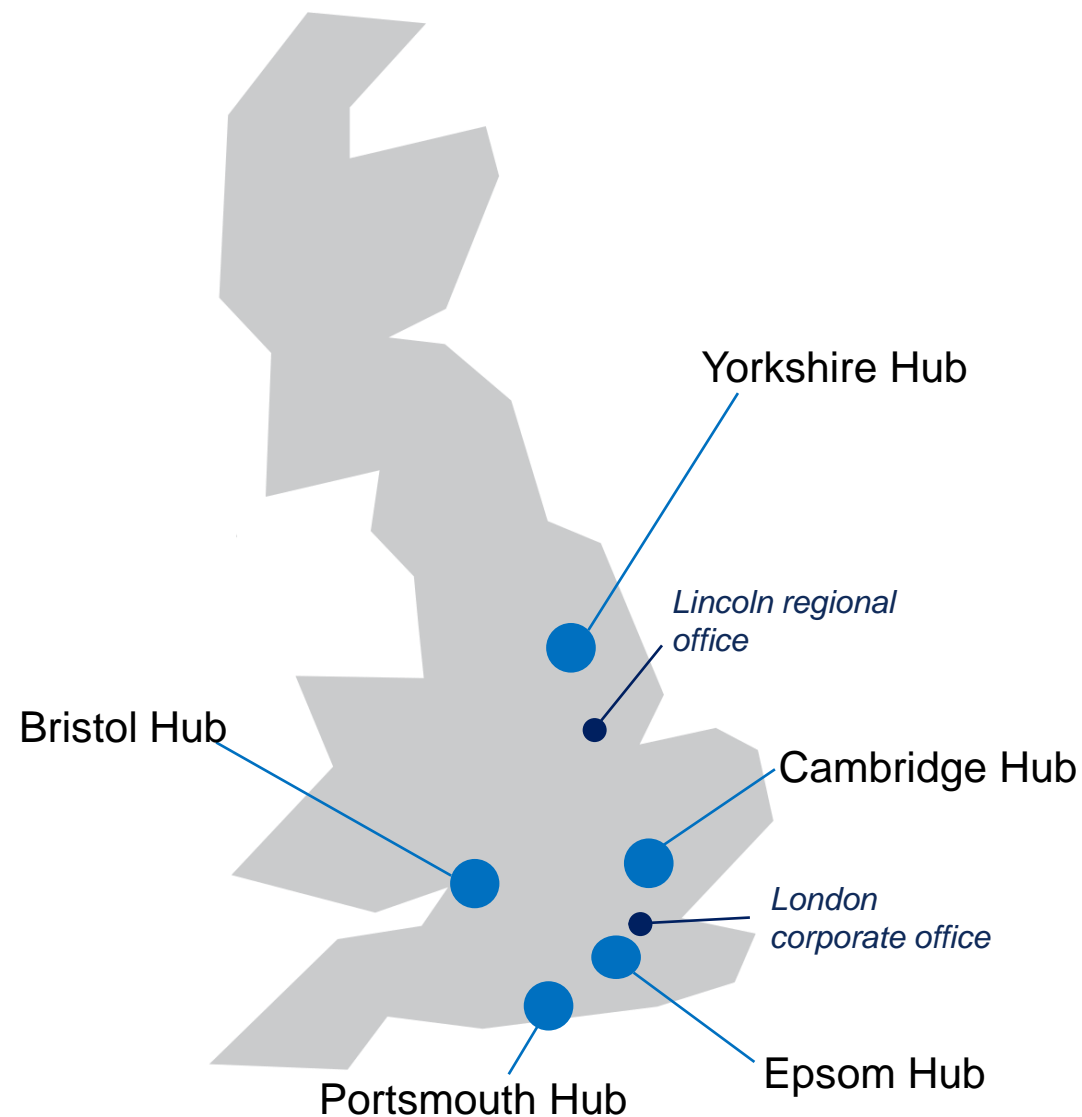
- Create, Collaborate & Connect

## – Regional hubs drive operational efficiency

- Consolidation of UK offices
- Cambridge Hub and London office remain core
- Farnborough office consolidated into Epsom Hub
- Investment in Bristol Hub doubling current size
- Investment in Portsmouth Hub to increase space and improve facilities in progress
- Anticipated consolidation of Yorkshire offices

## – Consolidation of International offices

- Hong Kong/China operations into Shenzhen
- US operations into Washington DC



## – Corporate

- TP Group acquisition completed via scheme of arrangement
- Continual administrative rationalisation (e.g. winding-up of dormant TPG companies)
- Settlement of warranty claim against former TPG company, Sapienza, with no future liability
- Continuing to evaluate complementary acquisition opportunities as they arise, but remain cautious

## – Property

- Two freehold properties: Harston Mill (Cambridge) and Great Burgh (Epsom)
- Book value: £20.7m (H1-22: £20.9m)
- Triennial independent valuation (March 2021): £21m to £35m
- Revenue (excluding intra-group charges) of £0.4m (H1-22: £0.3m)

## – ESG

- Integration of TPG into Group's governance model to improve operational and corporate governance
- Reporting for Streamlined Energy and Carbon Reporting (SECR) and Task Force on Climate-related Financial Disclosures (TCFD). Results will be reports in full year Annual Report for 2023 (to be published in 2024)
- Completed internal survey on Diversity, Equality and Inclusion with 75%\* completion rate from employees
- Gender pay gap reviewed favourably with other Cambridge-based peers

*\*UK only as at 1<sup>st</sup> January 2023*

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# Thank-you