Chemring Group PLC
Annual report and accounts 2025

Delivering the plan

Chemring
Innovating to protect

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STRATEGIC ROADMAP

OUR PURPOSE

Chemring helps make the world a safer place. Across physical and digital environments, our exceptional teams deliver innovative technologies and products that detect, defeat and counter ever-changing threats.

OUR VISION

To be our customers' preferred supplier operating in niche markets with high barriers to entry and where we enjoy sole source or market-leading positions.

OUR STRATEGIC IMPERATIVES

GROW | ACCELERATE | PROTECT

> Read more on page 5

OUR AMBITION

To double annual revenue to c.£1bn by 2030.

OUR ESG PILLARS

Health and safety | Environment | People | Ethics and business conduct

> Read more on pages 18 to 35

OUR VALUES

Safety | Excellence | Innovation

FINANCIAL HIGHLIGHTS

Revenue
£497.5m
(+1.9%) (+2.8% at constant currency*)

Strong performance in Energetics delivering ahead of schedule and improving operational performance at our Tennessee Countermeasures business, offset by a decline in Sensors & Information as a result of delayed UK Government order placement.

Underlying operating profit*
£73.5m
(+5.6%) (+6.8% at constant currency*)

Resilient high-quality business, and the result of a focus on operational excellence.

Underlying diluted earnings per share*
19.4p
(2024: 18.9p)

Increasing tax and interest charges more than offset by increased profitability.

Profit before tax
£67.7m
(+31%)

Profit before tax increased as significant defined benefit pension transaction costs in the prior year were not repeated, and an FX gain in the current year was a loss in the prior year.

Underlying cash conversion*
114%
(2024: 103%)

Continued strong cash conversion, with an average of 101% on a rolling 36-month basis (2024: 101%), driven by disciplined working capital management.

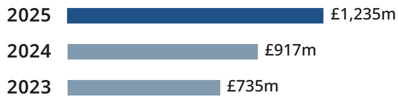
Order intake
£781m
(2024: £649m)

Continued strong order intake in Countermeasures & Energetics and improving order intake in Sensors & Information.

ORDER BOOK

Group
£1,345m

Countermeasures & Energetics
£1,235m



> Read more on pages 14 to 15

Sensors & Information
£110m

> Read more on pages 16 to 17

OUTLOOK

The Group continues to see robust market conditions, with increasing customer demand for its technology-driven solutions and a resurgent demand for traditional defence capabilities driving another record order book. This strong outlook is expected to be maintained as we balance near-term performance with long-term growth and value creation.

KEY ACHIEVEMENTS

- Resilient revenue growth of 2% with continued strong momentum in Countermeasures & Energetics, offset by softness in Sensors & Information due to short-term delays in UK Government spending
- Underlying operating profit margin of 14.8% (2024: 14.3%), reflecting a focus on operational excellence and Energetics expansion programmes delivering ahead of schedule
- Improved cash conversion of 114% (2024: 103%) with continued focus on working capital
- Net debt was £89.0m (2024: £52.8m), driven by capital investment. Net debt to underlying EBITDA of 0.90x (2024: 0.58x)
- Another record order book of £1,345m, providing excellent medium-term revenue visibility
- Good progress made on capital projects to date with completed programmes delivering ahead of expectations
- Acquisition of Landguard Systems to further enhance and accelerate growth in Roke
- The Board's expectations for the Group's 2026 operating performance remain in line with market expectations. Approximately 76% (2024: 77%) of expected 2026 revenue is already covered by the order book

* References to underlying operating profit and earnings per share throughout this strategic report are to underlying measures from continuing operations; see note 3 for a reconciliation to the statutory profit after tax from both continuing and discontinued operations of £48.2m (2024: £39.5m). Note 5 contains a reconciliation of the comparative values that have been re-presented on the basis of the classification of operations as discontinued. For references to constant currency equivalents of reported numbers please refer to page 36 for further explanation and for calculation of underlying cash conversion please refer to page 13.

CHAIRMAN'S STATEMENT

Delivering the plan

Tony Wood
Chairman

DEAR SHAREHOLDERS

Since joining the Board on 1 October 2024 and becoming Chairman on 1 December 2024, I have spent much of my time this year getting to know our businesses, their leadership teams, workforce, products and market opportunities.

I have continued to be impressed by the calibre of our people and the depth of technical expertise across all our businesses. The passion and commitment I have observed are underpinned by a robust culture of safety, with a collective focus on protecting our people, customers, and the communities we serve. Safety is the foundation of everything we do and must always be our top priority. As a Board, we will persist in driving further investment and improvement in this area, reducing risk to our people and automating processes wherever possible.

Our dedication to achieving zero harm must be matched by an unwavering focus on delivery, striving to exceed our customers' expectations by providing high-quality products and services on time and in full, while simultaneously anticipating and investing in their future needs. The strength of our enduring customer relationships enables the sharing of market and product intelligence, therefore enabling us to respond at pace to their evolving equipment and technology needs. This is vital in today's defence environment where the speed of innovation on the battlefield is such that new products are moving from concept to deployment in record time, requiring true agility that is well suited to Chemring.

The significant structural shift in our end markets driven by geopolitical events over the last year has emphasised the critical and, in many cases, unique sovereign capabilities the Company provides. Ongoing investment in our capabilities is therefore essential if we are to capitalise on these significant market opportunities, and to drive further improvements in quality and delivery we will continue to invest in our infrastructure and people. In doing so we will continue to grow our revenues and deliver increasing value to all our stakeholders.

Defence budgets continue to grow, creating significant opportunities for the Group as our customers seek to restore and enhance their defence and national security capabilities. This has resulted in order books that have been at record levels throughout the year. This visibility, together with the potential for further grant funding from our customers, opens up opportunities for us to explore further capacity expansion projects to meet this strong and enduring market demand, further reinforcing Chemring's position as a key supplier to NATO and positioning the Group well for strong future growth.

"In a geopolitical and business environment that remains volatile and uncertain, 2025 has been another successful year for Chemring with strong operational and financial performance supplemented by strategic organic and inorganic investment to drive future growth."

Strategy

Chemring is a technology-differentiated group operating in niche markets with high barriers to entry and where our differentiated capabilities provide a clear competitive advantage. We have a clear strategy for achieving our growth ambitions which is based on three essential strategic imperatives – grow, accelerate and protect.

First, we will drive organic growth by investing in our people, in technology and in increasing capacity. Next, we will inorganically accelerate that growth by seeking to make acquisitions in expanding, high-priority defence and national security markets such as cyber, information advantage and US space and missiles. For these market areas we have a live pipeline of technology and capability targets which we are actively evaluating against our robust acquisition criteria. Finally, we will continue to invest to protect and strengthen our sole source and market-leading positions through increased modernisation, automation and new product development. This strategy is fully aligned to the significant growth opportunities that we are seeing in the market and underpins our value proposition.

Health, safety and the environment

At Chemring our goal is zero harm. This goes beyond the management of safety and recognises that we have a duty to ensure that we take appropriate actions to minimise the impact of our operations on many different levels, from employee health, safety and wellbeing to climate change.

The Board recognises that the highest levels of safety are required to protect employees, product users and the general public. We believe that all incidents and injuries are preventable, and that all employees have the right to expect to return home safely at the end of every working day. Safety therefore remains one of the core values within Chemring and is central to our operating philosophy. A key part of our health, safety and environmental ("HSE") strategy is the collation and analysis of data at every level to focus on the underlying causes of incidents and the impact on our operations. This continues to facilitate the appropriate decision making at all levels of our organisation.

People and our community

Our values-based culture is central to our workforce feeling enabled to do the right thing for their colleagues, customers and communities. The values of Safety, Excellence and Innovation continue to provide the clarity of what we stand for and shape our decision making. We continue to focus on listening to our people through both local engagement tools and our Board engagement listening groups. Laurie Bowen, non-executive director and Chair of the Remuneration Committee, is tasked with employee engagement for the Board and met with employees from four business units across the Group in FY25. Meetings with over 100 colleagues in sessions at Roke, Chemring Countermeasures in Tennessee, Chemring Energetics UK in Scotland and Chemring Sensors & Electronic Systems in North Carolina provided insights into both the challenges and successes our workforces are experiencing through this period of growth. This feedback informs the Board and provides a valuable perspective with which to guide our thinking.

Our focus on Culture & Employee Experience has allowed us to emphasise doing the right thing for all employees. We established two key aims to guide our efforts in FY25 and beyond:

- We will always be an organisation where merit is recognised and rewarded.
- All our people decisions will be fair and unbiased, fostering an environment where everyone can succeed.

These aims are the foundation of the employee experience in Chemring, and will serve our goal of creating a high-performing and engaged workforce to deliver exceptional products and services for all our customers.

Governance and ethics

The Board remains focused on ensuring that we have the necessary policies and procedures in place to enable the business to operate with integrity and transparency, and to the highest ethical standards. To that end, we will continue to strengthen our policies and procedures to ensure that the Group's governance remains fit for purpose.

The Group's Code of Conduct and Operational Framework provide the necessary governance to enable us to operate in a safe, consistent and accountable way, and our ESG Committee is responsible for the oversight and monitoring of Chemring's governance framework and ethical business conduct and compliance. Further details on the Committee's activities during the year can be found on page 34 of this report.

Dividends

The Board continues to recognise that dividends are an important component of total shareholder returns. The Board's objective is for a growing and sustainable dividend and we have met the target dividend cover of c.2.5 times underlying EPS, subject *inter alia* to maintaining a strong financial position.

The Board is recommending a final dividend in respect of the year ended 31 October 2025 of 5.3p (2024: 5.2p) per ordinary share. With the interim dividend of 2.7p per share, this results in a total dividend of 8.0p (2024: 7.8p) per share, an increase of 3% on the prior year. If approved, the final dividend will be paid on 10 April 2026 to shareholders on the register on 20 March 2026.

Board of directors

Andrew Davies, who had been a non-executive director of Chemring since May 2016 and the Senior Independent Director since May 2020, retired from the Board on 31 January 2025, having approached the end of his nine-year term. As indicated in the 2023 annual report, Fiona MacAulay, who has been a non-executive director since June 2020, succeeded Andrew as the Senior Independent Director.

In June the Board confirmed the appointment of Pete Raby as an independent non-executive director. He joined the Board on 1 September 2025. Pete was previously CEO of Morgan Advanced Materials plc, the FTSE 250 listed global manufacturer of advanced carbon and ceramic materials. On joining the Board, Pete became a member of the Audit, Nomination and Remuneration Committees.

In November 2025, Fiona MacAulay, Senior Independent Director, informed the Board that she would not be seeking re-election at the Group's Annual General Meeting in February 2026. Fiona's second three-year term as a non-executive director would otherwise have expired on 2 June 2026. A process to identify a suitable candidate to replace her is underway.

Conclusion

In closing, and on behalf of the Board, I would like to acknowledge and thank our people for their support and hard work throughout the year. 2025 has been a year of further financial and operational progress across the Group and this could not have been achieved without their skills, commitment and focus on ensuring that we meet our customers' critical needs.

Tony Wood
Chairman
8 December 2025

INVESTMENT CASE

Chemring: investing in sustainable growth and resilient performance

What we do

Chemring is a specialist manufacturing and technology business with unique market positions at the heart of national security, defence and space sectors. We work with our customers globally helping to protect their people, assets and nations, where agility, expertise and innovation are key to meeting their complex and evolving needs.

We enjoy market-leading positions, often sole source and qualified on a particular platform, with a wide range of governments and blue-chip companies around the world. Our core competencies include:

- The manufacture of specialist materials and devices – military explosives, propellants and pyrotechnic actuators that are used in a wide variety of applications, from artillery rounds and strike missiles to aircrew escape systems and heavy launch space vehicles.
- Supporting UK intelligence and law enforcement agencies with operational mission support and active cyber defence.
- Advanced defence technologies including tactical electronic warfare, counter drone and digital battlefield command and control systems.
- Global leader in the manufacture and development of advanced countermeasures to protect air and naval platforms from the threat of missiles.
- Highly effective detection systems for the US military to counter the threat of biological warfare agents.

With significant exposure to both short-cycle munitions rearmament and longer-cycle structural changes in defence technology requirements, Chemring is well placed to capitalise on growing European and US defence sector budgets.

Strategy

Our strategy, which is based around the strategic imperatives of **Grow**, **Accelerate** and **Protect**, is also focused on long-term partnerships, technical excellence and a commitment to protecting lives through relentless innovation.

Business model and culture

Our business model is built around high barriers to entry and engineering expertise, sole source positions and enduring customer relationships. Over 50% of our revenue is sole source, reflecting our embedded role in critical platforms, on which you often have to be qualified, and our global reach. Our people operate in high-hazard environments with a culture of safety, precision and accountability.

Long-term growth drivers

We focus on niche, high-margin markets with global reach and high barriers to entry – including advanced sensors, electronic warfare, cyber and energetic materials. These sectors benefit from resilient, long-term demand, underpinned by rising defence budgets, geopolitical tensions and the need to modernise and increase industrial capabilities across NATO and allied nations. Our sole source positions and technical barriers to entry underpin strong customer loyalty and premium margins.

Performance-driven value creation

With durable top-line growth, strong and expanding operating margins, excellent cash generation and a robust balance sheet, we are well positioned to deliver superior and sustainable shareholder value. We target mid-single-digit revenue growth in the near term, accelerating to low-double-digit growth as new capacity comes online. Our ambition is to reach £1bn in annual revenue by 2030.

OUR STRATEGIC FRAMEWORK

We have evolved our strategic framework to reflect the prevailing market dynamics and enhanced opportunity enjoyed by the Group.

OUR VALUES

Safety | Excellence | Innovation

OUR STRATEGIC IMPERATIVES

Our strategy is based on the following three pillars:

GROW

Invest in people, technology and increased capacity to drive organic growth

- Attractive long-term profitable growth underpinned by fundamental rearmament upcycle that is expected to continue for many years
- Portfolio exposed to a number of structural tailwinds in the defence and national security sectors
- Operational excellence evidenced by strong margins and peer leading through the cycle cash flow conversion

ACCELERATE

Organic growth through capacity expansion supplemented by bolt-on M&A

- Capacity expansion: often supported by government funding, in areas we see significant and sustained demand
- Bolt-on M&A – disciplined approach to strengthen capabilities, fill technology gaps and maximise synergies

PROTECT

Strengthen and protect our world-leading positions through increased modernisation and R&D investment in next-generation products and services

- Preferred supplier in niche markets with high barriers to entry – >50% sole source and market-leading positions, often having to be qualified on a particular platform
- Long heritage and deep expertise in high-hazard manufacturing – licensed sites, highly automated, well invested
- We spend over £100m a year on innovation, c.80% of which is customer funded

OUR STRATEGIC AMBITION

To double annual revenue to c.£1bn by 2030.

Balancing near-term performance with longer-term growth and value creation

Underpinned by our values of Safety, Excellence and Innovation, our strategy is comprised of three strategic imperatives. These imperatives will help us achieve our ambition of doubling our annual revenue to c.£1bn by 2030.

GROUP CHIEF EXECUTIVE'S REVIEW

Delivering against our strategy

Michael Ord
Group Chief Executive

INTRODUCTION

Amid heightened geopolitical uncertainty and instability, the Group has delivered another solid performance in 2025. Global focus on defence spending continues to intensify, driven by questions surrounding US support for NATO, the ongoing conflict in Ukraine and the urgent need for Europe to rebuild its defence industrial base, and rising tensions across the Asia Pacific region. These dynamics support a sustained upcycle in defence and security investment – one that is expected to last well into the next decade, if not longer.

Against this backdrop, demand for Chemring's capabilities has reached unprecedented levels. Meeting and exceeding our customers' critical requirements has never been more vital and I want to express my sincere thanks to all our dedicated employees, whose professionalism and commitment have once again been exemplary throughout the year.

Markets

Rising global tensions are driving increased defence spending, creating strong opportunities that are well aligned with Chemring's portfolio of products and services. NATO remains the cornerstone for collective security, but pressure from the Trump administration has forced EU member states to dramatically escalate defence spending and to rebuild the defence industrial base.

As part of a renewed National Security Strategy, the UK aims to boost defence spending to 2.6% of GDP by 2027, 3% in the next parliament, and 5% by 2035, reinforcing its NATO and domestic commitments. Central to this is the Strategic Defence Review ("SDR") 2025, backed by a Defence Industrial Strategy focused on sovereign capability, nuclear deterrence and industrial resilience. The SDR outlines a "defence dividend" to strengthen innovation, industry partnerships and economic growth – thereby supporting long-term investment and strategic independence for the UK defence sector. In particular, the SDR sets out clear demand signals in terms of a long-term strategic funding pipeline for munitions and energetics, with total investment projected at £6bn over the current parliament, distributed across "always-on" factories, stockpile enhancements and missile procurement.

The SDR also places cyber and electronic warfare ("EW") at the core of national defence, establishing a new Cyber & Electromagnetic Command to unify cyber, EW and information operations. Backed by over £1bn in investment, the UK is developing a "Digital Targeting Web" to integrate AI, sensors and precision weapons across domains, enabling faster, data-driven battlefield decisions, while a dedicated £400m annual fund will drive innovation in cyber technologies. Drawing on lessons from Ukraine, the UK emphasises spectrum dominance and sub-threshold conflict preparedness, and aims to lead NATO in digital warfighting capabilities.

The EU's growing role within NATO represents a strategic diversification of European defence policy. NATO member states have adopted the "Hague Investment Plan," pledging to raise defence spending to 5% of GDP by 2035 – 3.5% for core military needs and 1.5% for broader security. Simultaneously the EU is undergoing a major transformation in defence strategy, shifting from fragmented national programmes to deepening co-operation, financing at the supranational level and focusing on advanced capabilities such as drones, integrated air and missile defence, cyber and innovation.

"2025 has been another year of progress across the Group with improving returns for our shareholders underpinned by strong margins and cash conversion. The continued strong momentum in Countermeasures & Energetics was offset by softness in Sensors & Information, primarily driven by short-term delays in UK Government spending. The record order book demonstrates that customer spending priorities align well with Chemring's market-leading products and services. Overall, this performance reflects the focus that we have placed on building a resilient, higher quality business in recent years. With a strong and sustainable platform to drive further growth we maintain our ambition to double the Group's annual revenue to c.£1bn by 2030."

European defence spending has risen sharply, reaching a record €326bn in 2024, with a further €100bn increase projected by 2027. This growth is supported by major EU initiatives, including the €800bn "Readiness 2030" programme and the Security Action for Europe ("SAFE") financial instrument, which offers up to €150bn in loans for joint procurement projects. EU member states are also activating the national escape clause to boost national defence budgets and are raising up to €1bn to extend the Act in Support of Ammunition Production ("ASAP"), more than doubling its original €500m funding.

The UK and the EU have also formalised a new defence partnership enabling joint missions, industrial co-operation and strategic dialogue, marking the most significant security alignment since Brexit.

The US remains the largest defence market globally. The US Department of Defense ("DoD") funding request for FY26 is US$848.3bn, with the Trump administration seeking a one-time US$113bn infusion from Congress, via reconciliation legislation, to elevate the total DoD funding to US$961bn. Major investment priorities focus on preserving US technological dominance in areas such as integrated sensing, cyber capabilities, hypersonic missiles and directed energy. The Group's differentiated capabilities give us the opportunity to compete in this large and growing market.

2025 performance

It is pleasing to report a solid set of results for the financial year despite a challenging year for our Roke business as a result of delayed UK Government order placement across both National Security and Defence. This outturn continues to demonstrate good progress against our strategic goal of balancing short-term performance with longer-term value creation, and again highlights the resilient nature of our business model.

Revenue was up 1.9% to £497.5m (2024: £488.3m), underlying operating profit was up 5.6% to £73.5m (2024: £69.6m) and underlying profit before tax was up 4.6% to £67.8m (2024: £64.8m). Underlying diluted earnings per share was up 2.6% to 19.4p (2024: 18.9p).

The underlying operating profit of £73.5m (2024: £69.6m) resulted in an underlying operating margin of 14.8% (2024: 14.3%), driven by the strong performance of our Energetics businesses, which have delivered ahead of schedule, and improving operational performance at our Tennessee Countermeasures business.

At a statutory level, statutory operating profit was £73.4m (2024: £56.6m) and after statutory finance expenses of £5.7m (2024: £4.8m), statutory profit before tax was £67.7m (2024: £51.8m). Statutory profit after tax from continuing operations was £53.3m (2024: £41.5m) giving a statutory basic earnings per share from continuing operations of 19.7p (2024: 15.2p).

In the Energetics sector we continue to see increased levels of activity and demand in the propellants and energetic materials markets as customers re-evaluate their operational usage and stockpile requirements associated with traditional defence capabilities. As a result, our specialist energetic materials businesses, which design and manufacture high-precision engineered devices and specialist materials, have seen strong customer demand with order intake increasing by 50.6% to £524m (2024: £348m) demonstrating the strength of the sole source, often qualified positions, that the Group maintains.

At the start of the financial year our Norwegian subsidiary, Chemring Nobel, signed a twelve-year framework agreement with Diehl Defence GmbH & Co. KG ("Diehl Defence") for the supply of MCX energetic material. Under this framework agreement Chemring Nobel received an initial purchase order valued at €231m, with deliveries to be made over a five-year period commencing in early 2027. Chemring Nobel also signed a three-year supply agreement with SAAB Switzerland for the supply of HMX, valued at £36m, which will see deliveries being made between 2028 and 2030. Chemring Nobel also signed a £23m ten-year agreement with Nammo for the supply of various HMX products, with deliveries made between 2027 and 2037.

In January, our Scotland-based business received an order valued at £23m for the delivery of critical components used in the Next Generation Light Anti-Tank Weapon ("NLAW") system, and then a further award of £24m in October. These awards follow on from the £43m contract received from SAAB in March 2023. The Group expects to see deliveries under these latest contracts commencing in 2026 and continuing into 2028, providing a solid foundation for operations. The business continues to make excellent progress in the construction of its new propellants manufacturing facility which remains on schedule, with costs in line with the plan. Construction of the new buildings is now complete, equipment has been installed and the commissioning and licensing process is underway. Once live production starts in early 2027 this new facility will provide increased capacity and throughput in a safe and modern manufacturing environment.

We have also seen growing demand for precision engineered devices for space and missile applications, with our Chicago business receiving a significant level of orders throughout the year. This included an order in November 2024 valued at US$106m for the delivery of critical components for use in an undisclosed US missile programme. Deliveries under this contract will be over a five-year period commencing in 2026, with continuous flow manufacturing made possible by the additional 45,000 sq. ft. facility that commenced operations in April 2024. In June, the business was awarded a US$65m contract for aircrew flight equipment test systems. Work under this contract is expected to be completed by June 2030.

In Countermeasures we have continued to see steady customer demand maintaining our position as a world leader in the design, development and manufacture of advanced expendable countermeasures. Order intake was £78m (2024: £151m) reflecting receipt of multi-year awards in the prior year. Our UK Countermeasures business ("CCM UK") continued to see strong order intake with notable awards including an £11m order from the UK MOD for the supply of various air countermeasures in support of current and future operations. All work under this contract will be performed at CCM UK's facility near Salisbury, with deliveries being made during FY27 and FY28. In the US, our fully automated facility in Tennessee saw steady improvement in performance throughout the year, after a challenging period in the prior year.

Revenue for Countermeasures & Energetics was up by 16.8% to £322.7m (2024: £276.3m). The sector reported an underlying operating profit of £61.6m (2024: £45.0m) as underlying operating margin increased to 19.1% (2024: 16.3%), driven by the strong performance of our Energetics businesses that have delivered ahead of schedule and improving operational performance at our Tennessee Countermeasures business. On a constant currency basis revenue would have been up 18.3% to £326.8m and operating profit would have been up 38.4% to £62.3m. The statutory operating profit for the year was £61.0m (2024: £46.6m).

Revenue for Sensors & Information decreased by 17.5% to £174.8m (2024: £212.0m) and underlying operating profit decreased by 24.6% to £31.2m (2024: £41.4m), as underlying operating profit margin declined to 17.8% (2024: 19.5%). This was primarily as a result of both delayed UK Government order placement across both National Security and Defence, which is a continuation of the trend highlighted in our interim results, and a fallow year at our US business as it transitions between low rate initial production ("LRIP") and full rate production ("FRP") contracts on a key US Program of Record for biological agent detectors.

The early action to match Roke's cost base with demand resulted in c.80 employees leaving the business in the year. This was recorded as a non-underlying restructuring cost. At the same time we protected Roke's reputation as a trusted mission partner, increased the recruitment of highly cleared personnel and deepened its incumbency across its national security customers. On a constant currency basis revenue would have fallen 17.3% to £175.4m and underlying operating profit would have decreased by 24.4% to £31.4m.

2025 performance continued

A fundamental characteristic of the increased threat environment and of current conflicts is how conventional wars are blending in the use of new technologies and tactics, and how agility and being able to adapt at pace are essential to defeat both established and emerging threats. Government customers are budgeting and investing accordingly, and in this multi-domain, integrated environment Roke's capabilities in active cyber defence, EW, sensors, intelligence, autonomy and AI are seeing strong demand, and making an important contribution to supporting vital missions. Roke has continued to make significant strategic progress in its Defence Products business where it has a significant (>£300m) five-year international sales pipeline.

In April 2025 it was announced that Roke would lead a UK sovereign industry collaborative effort to provide security to the UK and its allies. Known as Science and Technology Oriented Research and development in Missile defence ("STORM"), this framework contract encompasses a broad spectrum of missile defence activities and capabilities. Partnering with the United Kingdom Missile Defence Centre ("UK MDC"), Roke will lead a UK sovereign industry collaborative effort to provide security to the UK and its allies by countering current and future threats, including ballistic and hypersonic missiles. Valued at £251m over six years, the STORM framework will see Roke enhance its role as a trusted partner to the UK MDC, informing critical UK defence decision making and enabling Roke to play a key role in developing next-generation missile defence capabilities. As the overall prime contractor Roke will self-deliver elements of the contract and will also manage industry partners as they deliver the significant majority of contract value.

In June, the Group announced the acquisition of Landguard Nexus Limited for up to £20m, creating further opportunities to enhance and accelerate Roke's growth. Landguard designs, manufactures and supports software defined radio systems and associated security products that enable defence, government and law enforcement customers to protect crucial operational assets. The acquisition, which completed in August 2025, secures a key part of Roke's EW supply chain and brings thirty specialist engineers to Roke in addition to a suite of market-leading products, unique intellectual property and a range of complementary customer relationships.

In the US, the Enhanced Maritime Biological Detection ("EMBD") System FRP contract continued as planned with a further US$15m order received in the year. On the Joint Biological Tactical Detection System ("JBTDS") program, which last year benefited from an LRIP contract that completed in 2024, we are now supporting the US Army in its field testing and acceptance trials ahead of the expected FRP contract award in FY26.

These sole source positions with the US DoD provide an excellent opportunity to penetrate international markets with these products sold under Foreign Military Sales ("FMS") and direct commercial sales agreements to key strategic allies of the US Government.

The Group's order book at 31 October 2025 was £1.35bn (2024: £1.02bn), of which approximately £431m is scheduled for delivery during 2026, representing cover of approximately 76% (2024: 77%) of expected 2026 revenue. On a constant currency basis, using the 2024 closing exchange rates, the order book would be £1.32bn. The increase since 31 October 2024 is attributable to strong order intake across the Countermeasures & Energetics sector.

This leaves £914m of the order book to be delivered in 2027 and beyond. At this stage, this provides approximately 93% of 2027 and 59% of 2028 expected revenue cover in Countermeasures & Energetics.

Net debt at the year end was £89.0m (2024: £52.8m), the increase since 31 October 2024 being largely driven by £3.6m of share buyback, growth in dividends to £21.5m, and capital investment of £95.6m offset by strong operating cash generation. Strong underlying operating cash inflow of £112.2m (2024: £93.9m) represented 114% (2024: 103%) of underlying EBITDA. Our three-year rolling average cash conversion has been 101% (2024: 101%), showing that the ongoing focus on working capital improvements is delivering long-term, sustainable, positive results.

Environmental, social and governance ("ESG")

From an ESG perspective, 2025 has seen us make further progress as we proactively manage our sustainability agenda. Focus areas included health and safety, reducing the impact of climate change, and employee wellbeing. As a business we are committed to building a sustainable company of which all our stakeholders can be proud, both now and in the future.

It is pleasing that our efforts have been recognised externally. In December 2024 we were again given a rating of AAA by MSCI, putting us in the top 3% of the Aerospace and Defence sector.

Health and safety

Safety is our core value, with the health, safety and wellbeing of our colleagues, their families, our customers and the communities in which we operate being our priority. The successful implementation of our HSE strategy continues, as does our focus on achieving zero harm.

Our safety performance in terms of our total recordable injury frequency ("TRIF") rate was 0.48, which shows a decrease when compared to last year, and is below our annual limit of 0.9. Most injuries were either caused by slips, trips and falls, or were musculoskeletal in nature.

Over the last six years, we have focused on enhancing our approach to process safety to help facilitate improved design, maintenance and operations within our high-hazard facilities. As a result, we continue to invest in modern processes and technology to remove our employees from exposure to energetic hazards.

In 2019 we mandated that all Countermeasures & Energetics businesses would need to conduct regular reviews to identify the potential for major process safety events. This year saw a continued iteration of that review process, with a further increase in the number of hazard scenarios being identified as the rigour of process hazard analysis matured.

As a result of this maturing process, we continue to develop an understanding of our residual risks and throughout this year have continued to take steps to ensure our risks are reduced to the lowest level reasonably practicable. Our Asset Integrity programme is now operational in all our high-hazard facilities with the data proving invaluable to our engineering and operational communities. In addition, our Electrostatic Discharge ("ESD") Protocol deployment has been assessed as part of the Line of Defence 2 ("LOD2") assurance programme with further improvements agreed.

It should be noted that for the fourth year running there have been no injuries associated with energetic events.

Injury reduction

Injury prevention focuses on the reduction of injuries through the adoption of safety as an inherent part of everything we do. This is enacted through safety leadership, clear expectations, accountability and establishing a safety culture that drives learning and improvement, not blame.

This year we have continued to analyse the reporting data aligned to our HSE strategy, people, plant, process and organisation, which has given us a better understanding of our root causes which in turn has influenced our assurance activity. The data has reconfirmed trends regarding musculoskeletal injuries due to the manual handling nature of some of our processes, together with slips, trips and falls. The relevant businesses continue to manage these risks through their local improvement plans.

HSE risk management

Safe delivery of our business continues through the management of risk and is built around understanding our hazards and establishing clear expectations and consistency. Our HSE Management System Framework Standard puts our HSE policy into practice by setting standards on nine core elements across the Group to drive a robust and common approach to the management of HSE. Each business within the Countermeasures & Energetics sector is audited every year and the Sensors & Information sector every three years to ensure compliance, with high-priority non-compliances being reported and monitored at Executive Committee level. The changes made in 2025 to our operational assurance statement process now align to our Fundamental Safety Principles focusing on people, plant, processes and our organisation, which have been key features in our LOD2 audits this year.

We measure our HSE performance to reflect both occupational and process safety. In doing so we have several data points, one of which is an external review of our prevailing safety culture. Last year a team of third party experts confirmed all our businesses as operating within the calculative range. This year our LOD2 programme has focused on closing out all actions related to our internal “Red” Safety Alerts together with compliance with our Fundamental Safety Principles. Once complete this will establish the businesses as upper end of calculative before developing a bespoke road map to proactive.

Environment

In line with the Task Force on Climate-related Financial Disclosures (“TCFD”), the Group continues to enhance its voluntary environmental disclosures, completing its fourth CDP submission in 2025. Our previous submission earned a B rating, reflecting progress in climate-related transparency and action. CDP supports the practical application of TCFD by standardising disclosures and enabling comparability across organisations.

As our disclosures mature, so does our focus on data quality and governance. We have established a robust, auditable framework for monitoring emissions reduction activities, with independent experts verifying data and reporting to the Group’s Audit Committee. Our corporate sustainability software platform is now being more effectively utilised and continuously developed to improve the accuracy of our GHG emissions data across scopes 1, 2, and 3, and to strengthen emissions tracking, reporting and decision making.

We also made strong progress toward our 2035 net zero target for scope 1 and scope 2 emissions, achieving a 10.6% reduction in market-based emissions (2024: 13.0%). The Group’s ESG Committee remains focused on managing ESG risks while balancing near and long-term goals.

We are committed to strengthening internal knowledge sharing and capability development. Through the Technical Safety Committee, Technical Learning Group and quarterly “Shared Learning” forums, we promote continuous learning, operational awareness and the adoption of best practices across the Group.

Culture and our people

As we drive towards our 2030 ambitions, we ensure that our workforce is part of this journey. Transparent and frequent communications are key to keeping all employees informed. It gives me great pleasure to share our regular leadership updates (our “global voice”) through our vlogs and hearing from employees who have questions for me and the senior leadership teams. Listening is key to creating an engaged workforce that performs at the highest level for our customers and communities.

Our business unit employee engagement tools across the Group emphasise the “local accent” and allow all employees to have their voices heard and empowers line leadership to respond. Keeping the focus locally helps build trust and strong relationships in our high-performing teams.

We saw changes to the external landscape impacting our people practices this year. Executive Orders issued in the US provided the opportunity for us to consider how we were creating a fair and equitable workplace for all current and future employees. This resulted in us committing to two redefined aims:

- We will always be an organisation where merit is recognised and rewarded.
- All our people decisions will be fair and unbiased, fostering an environment where everyone can succeed.

These aims get to the heart of doing the right thing for all employees and reflect our commitment to creating a culture where everyone can have a compelling career.

Recognising that our culture will help us achieve our 2030 ambitions, we started a review of our current values-based culture during the year to understand how we can clarify, enhance or evolve it in 2026 and beyond. I look forward to receiving employee feedback on this important topic to allow our leadership team to shape the best version of our culture.

Lastly, we continue to build the bench strength in our organisation through our focus on our talent management processes. Identifying our talent and supporting their career growth through the organisation is always rewarding, and where external talent is needed, we have welcomed some incredible individuals to join us at an exciting time in our growth as an organisation. Wherever people are in our organisation, I am always impressed by their commitment to each other, to our customers and communities. 2025 has been another strong year on our journey to 2030.

Current trading and outlook

Trading since the start of the current financial year is running to plan. The Board’s expectations for the Group’s 2026 operating performance remain in line with market expectations. The Group order book as at 31 October 2025 was £1,345m, of which £431m is currently expected to be recognised as revenue in 2026, giving 76% order cover, which provides excellent visibility for the full year. This leaves £914m of the order book to be delivered in 2027 and beyond. A similar H2 weighting to the Group’s results as in 2025 is expected in 2026.

With market-leading technologies and services that are critical to our customers, our niche market positions and our strong balance sheet, the Board remains confident that we will continue to grow in the future, delivering both robust organic and inorganic growth whilst balancing near-term performance with longer-term growth and value creation.

Michael Ord
Group Chief Executive
8 December 2025

MARKET OVERVIEW AND STRATEGY

Supportive market dynamics

Chemring is an international technology company, and we maintain a significant organisational presence across the US, the UK, Europe and Australia.

The international order is becoming increasingly unstable, being shaped by geopolitical rivalries including China's military expansion and assertiveness in the Indo-Pacific; Russia's increased aggression in Eastern Europe and cyber operations; North Korea's advancing nuclear and missile programmes; and Iran's regional influence and ballistic missile capability. In response, many nations are boosting their defence and security spending while reinforcing bilateral and multi-lateral partnerships with allies.

The Russia-Ukraine conflict has intensified global security tensions, leading to increased military spending and a re-evaluation of defence strategies worldwide. It has also disrupted energy markets and supply chains, leading to economic uncertainty and prompting greater focus on geopolitical resilience and the need to re-invest in sovereign capabilities.

China's rapid military modernisation and expansion, particularly in areas such as hypersonics, cyber warfare and naval power, pose a significant strategic threat to allied interests in the Indo-Pacific region. Its growing emphasis on advanced technologies and anti-access/area denial capabilities challenges regional stability and necessitates sustained defence innovation and preparedness.

Strategic priorities that have been outlined in recent UK, US and European defence planning documents are well aligned to Chemring's diverse and specialised capabilities. Priorities are focused on ensuring that our customers can respond effectively to a rapidly evolving security environment, emphasising readiness, interoperability, and resilience across multiple domains and focusing on advanced capabilities such as drones, integrated air and missile defence, cyber, and innovation. The Group is therefore well placed to play a major role in our customers' upcoming acquisition priorities across our three core markets, all of which are growing.

UK

Total spend

£64bn

Source: SIPRI

Market trends

The UK is redefining its defence and security posture through a number of coordinated strategies, with the Strategic Defence Review ("SDR") 2025 focusing on warfighting readiness, expanded nuclear and conventional forces, a new Cyber and Electromagnetic Command and a stronger defence industrial base. Backed by the 2025 Spending Review, defence spending will rise to 2.6% of GDP by 2027 – aiming for 3% in the next parliamentary term. The associated National Security Strategy ("NSS") 2025 emphasises homeland protection, hardened infrastructure and a NATO-first, Ukraine-supporting foreign policy. Finally, the Defence Industrial Strategy ("DIS") will drive investment in industrial capacity and balance classical capabilities with emerging technologies like drones and cyber.

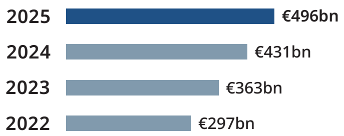
Our challenges and opportunities

The UK Government represents approximately 15.8% of Group revenue and is a strategic partner in driving innovation and sustaining sovereign industrial capabilities.

Our strengths are closely aligned with the capability priorities outlined in the SDR 2025. For our Countermeasures & Energetics sector, this includes replenishing munition stockpiles, ensuring a continuous supply pipeline backed by up to six new energetics and munitions sites, and investing in the resilience of the national munitions infrastructure. For Roke, the SDR places significant emphasis on Cyber and Electromagnetic Activities ("CEMA"), prioritises improving army lethality through greater digitisation, and highlights the critical importance of integrated air and missile defence.

Europe

Total spend
€496bn
Source: SIPRI



Market trends
European defence spending is rising sharply, driven by a complex interplay of geopolitical, strategic and institutional factors. In 2025, defence budgets across the continent hit a record €496bn, with forecasts suggesting an additional €100bn by 2027. This surge reflects Europe's growing commitment to strategic autonomy, aiming to lessen reliance on non-European, especially US, defence suppliers. The shift also signals a broader initiative to reinforce the continent's security infrastructure and expand its ability to act independently on the global stage.

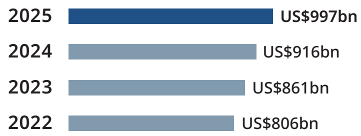
The EU's "Readiness 2030" initiative plans over €800bn in investments to boost collective security. Key actions include activating the national escape clause to raise member states' defence budgets and launching the Security Action for Europe ("SAFE") initiative, which offers up to €150bn in loans for joint procurement involving at least two countries (EU, EEA, EFTA or Ukraine). Additionally, EU countries are raising €750m to €1bn to extend the Act in Support of Ammunition Production ("ASAP") for another year, more than doubling the original €500m investment.

The Norwegian Government regards the production of military explosives (critical to numerous NATO missiles and munitions) as its foremost contribution to international defence efforts. They acknowledge our importance as a supplier of this capability and we continue working with them to explore the establishment of a new facility that would substantially expand production capacity.

Our challenges and opportunities
Supported by rising geopolitical tensions and increased defence spending by NATO member states, the outlook for the European market remains strong across all sectors and we expect steady, long-term demand for the Group's specialised capabilities throughout the region. In addition, the growing emphasis by European governments on enhancing the scale and resilience of their sovereign defence industrial bases will guide our strategy and create new opportunities for us in those markets.

US and Australia

Total spend
US$997bn
Source: SIPRI



Market trends
The US remains the world's largest defence market, and the Department of Defense ("DoD") has requested US$848.3bn in funding for FY26. Additionally, the Trump administration is pursuing a one-time US$113bn supplemental allocation through reconciliation legislation, which would bring total DoD funding to US$961bn. The DoD is also requesting US$142bn for Research, Development, Test and Evaluation ("RDT&E") in its base budget, with another US$37bn in funding expected from budget reconciliation, giving an overall RDT&E budget of US$179bn. Chemring's capabilities give us a credible position to compete in this expanding and strategically important market.

Total spend
AU$53bn
Source: SIPRI

Australia's 2025-2026 defence budget is AU$62.7bn, with a focus on growing spending to 2.3% of GDP by the early 2030s. Key priorities include expanding missile and long-range strike capabilities and progressing the "AUKUS" trilateral co-operation agreement between Australia, the UK and the US. Since the release of its 2023 Defence Strategic Review, Australia's geo-strategic environment has continued to worsen, with a growing risk of military miscalculation potentially triggering a conflict in the Indo-Pacific region.

The Advanced Capabilities Pillar (Pillar II) of AUKUS focuses on jointly developing shared defence capabilities and technology interoperability in advanced military technologies like advanced cyber, AI, autonomy, quantum, undersea, hypersonic and counter-hypersonic, EW, innovation and streamline information sharing.

Our challenges and opportunities
The US focus on strengthening missile defence, expanding naval and hypersonic capabilities, advancing AI and cyber technologies, modernising its nuclear force and reinforcing its defence industrial base all present significant opportunities for us to leverage our Group-wide capabilities. With an industrial presence in all three AUKUS nations, Chemring is well positioned to pursue opportunities arising from the pact, as well as other emerging bilateral and multi-lateral defence partnerships.

KEY PERFORMANCE INDICATORS

Measuring our progress

The Group's strategy is underpinned by focusing on a number of key performance indicators ("KPIs").

These KPIs enable progress to be monitored on the implementation of the Group's strategy, levels of investment, operational performance and business development. They also give an early insight into how well the principal risks and uncertainties are being managed.

Similar indicators are used to review performance by each of the Group's businesses, albeit the exact nature of these varies between business units to reflect the differing nature of their operations.

The KPIs that the Board and senior management utilise to assess Group performance are set out below. All financial KPIs refer to continuing operations and therefore exclude businesses classified as discontinued and held for sale.

SAFETY

1

NUMBER OF ENERGETIC EVENTS CAUSING HARM OR INJURY

2025	Nil
2024	Nil

Number of energetic events causing harm or injury.

Why is it a KPI?
A process safety event is one of the key strategic safety risks of the business. This indicator measures those events that have caused injury or harm.

2

NUMBER OF NEAR MISS AND POTENTIAL HAZARD REPORTS

2025	4,744
2024	4,711

Number of near miss and potential hazards reported.

Why is it a KPI?
This indicates employee awareness of hazards. The greater the level of reporting the more engaged our people are.

3

TOTAL RECORDABLE INJURIES NUMBER

2025	13
2024	20

FREQUENCY RATE

2025	0.48
2024	0.69

Number of recordable injuries per 200,000 man hours worked.

Why is it a KPI?
This is the rate for all injuries, including those requiring medical treatment or a restricted workday, and lost time injuries. It is a more sensitive indicator of occupational safety than lost time injury frequency rates, as more minor events are captured.

ORDERS

4

ORDER INTAKE

2025	£781m
2024	£649m

Order intake is measured at expected sales value and represents the last twelve months' activity.

Why is it a KPI?
The trend of order intake gives an indication of market conditions and our competitiveness within our markets.

5

ORDER BOOK

2025	£1,345m
2024	£1,022m

Order book is measured at expected sales value and indicates future potential.

Why is it a KPI?
The level of order book, in particular for delivery in the next year, gives a degree of confidence in expected future financial performance.

REVENUE

6

REVENUE

2025	£498m
2024	£488m

Revenue is measured at sales value less any applicable sales taxes.

Why is it a KPI?
The trend of revenue gives an indication of both the state of the end market and our business' ability to execute orders on time to satisfy customer needs.

UNDERLYING OPERATING PROFIT AND MARGIN

7

UNDERLYING OPERATING PROFIT

2025	£73.5m
2024	£69.6m

UNDERLYING OPERATING MARGIN

2025	14.8%
2024	14.3%

Underlying operating profit excludes non-underlying items that, by their size or nature, need to be separately disclosed to properly understand the Group's underlying quality of earnings. Underlying operating margin is calculated as underlying operating profit divided by revenue.

Why is it a KPI?
Underlying operating profit and margin provides a consistent year-on-year measure of the trading performance of the Group's operations.

UNDERLYING EARNINGS PER SHARE

8

UNDERLYING DILUTED EARNINGS PER SHARE

2025	19.4p
2024	18.9p

Calculated as underlying earnings after tax divided by the number of shares in issue.

Why is it a KPI?
The measurement of underlying EPS reflects all aspects of the Group's income statement including the management of interest and tax.

WORKING CAPITAL AND INVENTORY

9

WORKING CAPITAL

2025	£73.7m
2024	£88.3m

Working capital is defined as inventories, trade and other receivables, less trade and other payables excluding payroll-related and other liabilities totalling £39.9m (2024: £33.2m).

Why is it a KPI?
Efficiently turning profit into cash demands a degree of control over working capital.

WORKING CAPITAL AND INVENTORY continued

10

INVENTORY

2025	£143.2m
2024	£127.1m

Inventory is measured at the lower of cost and net realisable value.

Why is it a KPI?
The primary focus for improvement in working capital is inventory.

NET DEBT AND CASH FLOW

11

NET DEBT: UNDERLYING EBITDA

2025	0.90x
2024	0.58x

Measured as net debt divided by underlying EBITDA for the previous twelve months.

Why is it a KPI?
This is a measure of leverage within the business and is a banking covenant.

12

UNDERLYING OPERATING CASH FLOW

2025	£112.2m
2024	£93.9m

CONVERSION OF UNDERLYING EBITDA INTO UNDERLYING OPERATING CASH

2025	114%
2024	103%

Cash flow from operating activities before tax outflows, non-underlying items and pension payments. The conversion is the above figure as a ratio of underlying EBITDA, presented as a percentage.

Why is it a KPI?
This is a key measure to ensure profit turns into cash in short order.

Statutory KPIs

The below statutory KPIs are not utilised by the Board and senior management to assess the Group performance.

Statutory profit before tax

2025	£67.7m
2024	£51.8m

Statutory continuing diluted earnings per share

2025	19.7p
2024	19.3p

Statutory operating cash flow

2025	£105.3m
2024	£90.5m

FOCUS ON

Countermeasures & Energetics

In our Countermeasures & Energetics sector, we have deep technical expertise in high-hazard precision engineering and manufacturing.

Chemring is the world leader in the design, development and manufacture of advanced expendable countermeasures and countermeasures suites for protecting air and sea platforms against the growing threat of guided missiles.

Our niche, world-class Energetics portfolio provides high-reliability, single-use devices, propellants and high-quality explosive materials. These are used to perform critical functions for the space, aerospace, defence and industrial markets including satellite deployment, aircrew egress and aircraft safety systems, and missiles.

Strategy

Our Countermeasures & Energetics strategy targets strong market growth, with ongoing investments to enhance our global leadership.

A new era of threat and uncertainty, including the ongoing war in Ukraine, continues to drive exceptional demand for our specialist capabilities in Energetics. Additional capacity is needed to respond to this customer need, and multiple governments are investing to support building scale and resilience in their sovereign industrial bases. Our existing investment programme will significantly increase our ability to meet this unparalleled demand and we will continue to actively explore opportunities to increase capacity even further.

In Countermeasures, we are and will remain a market leader in airborne and naval solutions. We will continue to harness our technological edge, optimise infrastructure and operations, and reinforce manufacturing resilience through advanced automation.

2025 performance

Order intake in the year was up 20.6% at £602m (2024: £499m), driven by multi-year orders received across the sector. We continue to have significant visibility next year and beyond, with 95% order cover in 2026, 93% cover in 2027 and 59% cover in 2028. Our customers are increasingly moving to long-term partnering agreements, with a number of strategic framework agreements signed in the year.

In the Energetics sector we continue to see increased levels of activity and demand in the propellants and energetic materials markets as customers re-evaluate their operational usage and stockpile requirements associated with traditional defence capabilities. As a result, our specialist energetic materials businesses, which design and manufacture high-precision engineered devices and specialist materials, have seen strong customer demand with order intake increasing by 50.6% to £524m (2024: £348m) demonstrating the strength of the sole-source, often qualified positions that the Group maintains.

At the start of the financial year our Norwegian subsidiary, Chemring Nobel, signed a twelve-year framework agreement with Diehl Defence GmbH & Co. KG (“Diehl Defence”) for the supply of MCX energetic material. Under this framework agreement Chemring Nobel received an initial purchase order valued at €231m, with deliveries to be made over a five-year period commencing in early 2027. Chemring Nobel also signed a three-year supply agreement with SAAB Switzerland for the supply of HMX. This contract, valued at £36m, will see deliveries being made between 2028 and 2030. Chemring Nobel also signed a £23m ten-year agreement with Nammo for the supply of various HMX products with deliveries made between 2027 and 2037.

Key facts

Revenue
£322.7m
(2024: £276.3m)

Underlying operating profit
£61.6m
(2024: £45.0m)

Order book
£1.2bn
(2024: £917m)

Underlying operating margin
19.1%
(2024: 16.3%)

Statutory operating profit
£61.0m
(2024: £46.6m)

In January, our Scotland-based business received an order valued at £23m for the delivery of critical components used in the Next Generation Light Anti-Tank Weapon ("NLAW") system, and then a further award of £24m in October. These awards follow on from the £43m contract received from SAAB in March 2023. The Group expects to see deliveries under these latest contracts commencing in 2026 and continuing into 2028, providing a solid foundation for operations. The business continues to make excellent progress in the construction of its new propellants manufacturing facility which remains on schedule, with costs in line with the plan. Construction of the new buildings is now complete, equipment has been installed, and the commissioning and licensing process is underway. Once live production starts in early 2027 this new facility will provide increased capacity and throughput in a safe and modern manufacturing environment.

We have also seen growing demand for precision engineered devices for space and missile applications, with our Chicago business receiving a significant level of orders throughout the year. This included an order in November 2024 valued at US$106m for the delivery of critical components for use in an undisclosed US missile programme. Deliveries under this contract will be over a five-year period commencing in 2026, with continuous flow manufacturing made possible by the additional 45,000 sq. ft. facility that commenced operations in April 2024. In June, the business was awarded a US$65m contract for aircrew flight equipment test systems. Work under this contract is expected to be completed by June 2030.

In Countermeasures we have continued to see steady customer demand, maintaining our position as the world leader in the design, development and manufacture of advanced expendable countermeasures. Order intake was £78m (2024: £151m) reflecting the receipt of multi-year orders in the prior year. Our UK Countermeasures business ("CCM UK") continued to see strong order intake with notable awards including an £11m order from the UK MOD for the supply of various air countermeasures in support of current and future operations. All work under this contract will be performed at CCM UK's facility near Salisbury, with deliveries being made during FY27 and FY28. In the US, our fully automated facility in Tennessee saw steady improvement in performance throughout the year, after a challenging period in the prior year.

Over recent years the Group has seen a significant decrease in US Department of Defense demand for the special material pyrophoric airborne decoys manufactured by Alloy Surfaces Company ("ASC") in Philadelphia, and despite significant effort we have been unable to secure sufficient orders to viably sustain continuous manufacturing operations. As such, a strategic review was conducted in the year and the Board concluded that the business would be divested and marketed for sale. As announced in November 2025, ASC has been treated as discontinued in 2025 under IFRS 5 *Non-current Assets Held for Sale* and *Discontinued Operations*. As a result, all 2024 comparatives both at a divisional level and group level have been re-presented. A full reconciliation of this is provided in note 5.

As at 31 October 2025, the Countermeasures order book was £281m (2024: £338m), providing strong order coverage in the medium term.

Revenue for Countermeasures & Energetics was up by 16.8% to £322.7m (2024: £276.3m), driven by the strong performance of our Energetics businesses that have delivered ahead of schedule and improving operational performance at our Tennessee Countermeasures business. The sector reported an underlying operating profit of £61.6m (2024: £45.0m), an increase of 37%, which resulted from both improving operational execution and the impact of higher prices. This resulted in underlying operating margin increasing to 19.1% (2024: 16.3%). On a constant currency basis revenue would have been up 18.3% to £326.8m and underlying operating profit would have been up 38.4% to £62.3m.

The statutory operating profit for the year was £61.0m (2024: £46.6m).

Opportunities and outlook

The Countermeasures & Energetics segment focus remains on maintaining and growing the Group's market-leading positions, in particular in the growing markets for specialist energetic materials and precision engineered energetic devices, and in Countermeasures where we see sustained demand for our air and naval decoy products, particularly within our UK Countermeasures business. Our focus on seeking to achieve appropriate margins, mindful of financial constraints from our customers, will continue.

The improved market conditions for our Energetics businesses reflected in our order intake and order book have presented a strong organic growth opportunity to expand capacity at these sites and in 2023 we announced a £200m investment programme to capitalise on this long-term demand. In 2024 our Norwegian business was awarded grant funding of £90m in support of our expansion projects, meaning the net investment required by the Group at that time was £110m in total.

To date we have spent £101m and received £39m of grant funding in support of these expansion projects. The projects in Chicago and Scotland are substantially complete, with only the commissioning phase to be completed in Scotland. In Norway, the first phase is complete and delivering ahead of schedule but we now expect total costs to be higher in Norway. However, infrastructure and groundworks costs have been higher than anticipated. We now expect gross costs of £180m on our Norwegian expansion project, up from the £145m initial estimate. When offset by £90m of grants, expected net spend is £90m on the project. We still expect Group revenue to increase by £100m per annum and operating profit by £30m per annum from 2028, once the three capacity expansion programmes are complete.

In October 2024, the Norwegian Government announced that, in partnership with Chemring Nobel, it had launched a feasibility study into the establishment of a new production facility to further increase the production of military explosives. This co-funded feasibility study investigated the geographic location, infrastructure requirements and environmental considerations of building a new production facility. The study also considered the role and the levels of any financial contribution made by the Norwegian Government. Phase I, which focused on technical feasibility, the energetics market, cost/benefits to the local community and the overall business case, concluded in January 2025, and in June the Norwegian Government announced that the study had progressed to the second stage. This concept selection phase will determine the size of the facility, initial engineering, along with commercial arrangements, and is expected to be finalised in late 2026.

The Group is also exploring other opportunities to further increase its capacity to meet growing and long-term market demand. As part of the twelve-year framework agreement with Diehl Defence, announced in November 2024, the blending stage of the manufacturing process will be performed at a new facility in Germany which is expected to commence operations in 2027.

In the UK the government has committed significant funding to munitions and stated their intention to build six new munitions and energetics facilities. Early in the year the Group completed an initial Government funded feasibility study into developing further manufacturing capacity at our site in Scotland. The Group has now been funded to complete further feasibility studies on the site in recent months.

Alongside these investments in expanding our capacities we continue to invest in new product development to ensure that our product portfolio remains highly relevant to our customers and will continue the process of operational alignment to share technology and manufacturing excellence across the Group.

> Discover more about Countermeasures & Energetics at chemring.com/what-we-do/countermeasures-and-energetics

FOCUS ON

Sensors & Information

In our Sensors & Information sector we are a leading supplier of consulting and technology services, trusted by government and industrial partners worldwide to solve the most technically challenging defence and security-critical issues.

Our products include core technologies for detecting, intercepting and jamming electronic communications, next-generation Intelligence, Surveillance, Target Acquisition and Reconnaissance ("ISTAR") capability for the modern battlefield, and world-leading systems for detecting biological agents. Operating across defence, national security, law enforcement and commercial domains the Sensors & Information sector is constantly innovating to enable customers to deliver competitive advantage and to defend their people, assets and information.

Strategy

The Sensors & Information sector represents a further strategic growth area for Chemring. Our advanced capabilities align closely with evolving customer priorities, addressing increasingly complex and diverse threats. We will continue to grow our advanced product and service offerings across data science, software engineering, sensors, secure communications, cyber and AI – areas where our deep customer relationships, mission expertise and integration capabilities create clear differentiation. This positions us well to deliver enhanced value to defence, national security and other critical customers, supporting long-term, sustainable growth.

The Group's specialist consulting and technology services business, Roke, operates in growing cyber and digital services markets. Driven by the global threat environment, our Roke business is seeing a significant increase in demand for its technology-enabled solutions in active cyber defence, operational mission support, electronic warfare ("EW") and intelligence capabilities. We will continue to invest in innovation and solution development across these growing segments of the national security and defence markets based on our in-depth understanding of our customers' mission needs and modernisation priorities.

Adjacent to our organic growth plans, we will continue to explore inorganic bolt-on acquisition opportunities to further accelerate growth. Roke's acquisition targets are technology-focused companies or firms that will allow us to pursue larger and broader opportunities with our national security and defence customers. We have a pipeline of near and long-term acquisition candidates in core, or near adjacent, capability areas for Roke.

2025 performance

Order intake in the year was up 19.3% to £179m (2024: £150m) with Roke's order intake up 24.0% to £162m and order intake included the receipt of a US$15m delivery order for the fourth year of EMBD full rate production.

Roke "pass-though" impact	2025 £m	2024 £m	Change
Order intake			
Products and services	**153**	115	+33.0%
Pass-through	**9**	16	(43.8%)
As reported	**162**	131	+23.7%
Revenue			
Products and services	**137**	157	(12.7%)
Pass-through	**17**	28	(39.3%)
As reported	**154**	185	(16.8%)

Key facts

Revenue
£174.8m
(2024: £212.0m)

Underlying operating profit
£31.2m
(2024: £41.4m)

Order book
£110m
(2024: £105m)

Underlying operating margin
17.8%
(2024: 19.5%)

Statutory operating profit
£24.9m
(2024: £37.4m)

Revenue for Sensors & Information decreased by 17.5% to £174.8m (2024: £212.0m). This was primarily as a result of both delayed UK Government order placement across both National Security and Defence at Roke, and a fallow year at our US business, as expected, as it transitions between Low-Rate Initial Production ("LRIP") and Full Rate Production ("FRP") contracts on a key US Program of Record for biological agent detectors. Excluding lower margin "pass through" revenue Roke would have declined 12.7%. Despite the early action to manage our cost base, the drop in revenue meant underlying operating profit decreased by 24.6% to £31.2m (2024: £41.4m) and underlying operating profit margin declined to 17.8% (2024: 19.5%). On a constant currency basis revenue would have decreased by 17.3% to £175.4m and underlying operating profit would have decreased by 24.2% to £31.4m. Statutory operating profit for the year was £24.9m (2024: £37.4m).

The early action to match Roke's cost base with demand resulted in c.80 employees leaving the business in the year. This was recorded as a non-underlying restructuring cost. At the same time we protected Roke's reputation as a trusted mission partner, increased the recruitment of highly cleared personnel and deepened its incumbency across its national security customers.

A fundamental characteristic of the increased threat environment and of current conflicts is how conventional wars are blending in the use of new technologies and tactics, and how agility and being able to adapt at pace are essential to defeat both established and emerging threats. Customers are planning accordingly, and in this multi-domain, integrated environment Roke's capabilities in active cyber defence, EW, sensors, intelligence, autonomy and AI are seeing strong demand, and making an important contribution to supporting vital missions. Roke has continued to make significant strategic progress in its Defence Products business where it has a significant (>£300m) five-year international sales pipeline.

In April 2025 it was announced that Roke would lead a UK sovereign industry collaborative effort to provide security to the UK, and its allies. Known as Science and Technology Oriented Research and development in Missile defence ("STORM"), this framework contract encompasses a broad spectrum of missile defence activities and capabilities. Partnering with the United Kingdom Missile Defence Centre ("UK MDC"), Roke will lead a UK sovereign industry collaborative effort to provide security to the UK and its allies, by countering current and future threats, including ballistic and hypersonic missiles. Valued at £251m over six years, the STORM framework will see Roke enhance its role as a trusted partner to the UK MDC, informing critical UK Defence decision making and enabling Roke to play a key role in developing next generation missile defence capabilities. As the overall prime contractor Roke will self-deliver elements of the contract and will also manage industry partner as they deliver the significant majority of contract value.

In June, the Group announced the acquisition of Landguard Nexus Limited for up to £20m, creating further opportunities to enhance and accelerate Roke's growth. Landguard designs, manufactures and supports software defined radio systems and associated security products that enable defence, government and law enforcement customers to protect crucial operational assets. The acquisition, which completed in August 2025, secures a key part of Roke's EW supply chain and brings thirty specialist engineers to Roke in addition to a suite of market-leading products, unique intellectual property and a range of complementary customer relationships.

In the US, the Enhanced Maritime Biological Detection ("EMBD") System FRP contract continued as planned with a further $15m order received in the year. On the Joint Biological Tactical Detection System ("JBTDS") program, which last year benefited from an LRIP contract that completed in 2024, we are now supporting the US Army in its field testing and acceptance trials ahead of the expected FRP contract award in 2026.

These sole source positions with the United States Department of Defense ("US DoD") provide an excellent opportunity to penetrate international markets where we are able to sell these products under Foreign Military Sales ("FMS") and direct commercial sales agreements to key strategic allies of the US Government.

Opportunities and outlook

The focus for Sensors & Information continues to be on expanding the Group's product, service and capability offerings to government and commercial customers in the technology-driven areas of national security, AI and machine learning, tactical EW, information security and biological detection. Roke has a strong qualified pipeline of opportunities that is in excess of £900m with a significant international sales pipeline of defence products as customers increasingly focus on Cyber & Electromagnetic activities ("CEMA").

In the UK, the national security and defence markets are being increasingly shaped by a rapidly changing threat environment with AI, EW and data proliferation of particular focus. This is driving increased investment as customers look to modernise their capabilities at pace.

Roke will continue to focus its efforts on growing across all its business areas, delivering research, design, engineering and advisory services using its high-quality people and capabilities. New product launches and strategic partnerships form an integral part of this work. We have continued to invest in Roke's growing portfolio with the launch of a number of new products throughout the year. This included DECEIVE, our EW attack system, and CORTEXA, our counter-drone system. Both have been well received by our user community and we have significant customer interest in both systems. Roke also signed a strategic partnership with Kagai Corporation to deliver advanced technologies to the Japanese market, where Roke has already had success in selling its Resolve EW system into the Japanese Self-Defence Forces.

With strong positions in markets with high barriers to entry and where customers have unique profiles, we remain on track to organically grow Roke's revenues to greater than £250m by 2028, while maintaining strong margin performance. We will also continue to explore further bolt-on, strategy-led acquisitions that can accelerate our growth strategy for Roke. However, any acquisition must meet a strict set of criteria, enhance shareholder value and fit in with our wider growth plans.

The order book for Sensors & Information grew 4.8% to £110m (2024: £105m). Of this, £95m is expected to be delivered in 2026, providing 45% cover of expected 2026 revenue. 2026 trading performance for Sensors & Information is expected to start to improve in the second half of 2026, with continued demand for Roke's products and services returning to more normal levels. Medium-term growth opportunities in the US are driven by the Group's sole source positions on the biological detection Programs of Record moving into full rate production and by exploiting overseas opportunities for our biological threat detection capabilities.

> Discover more about Sensors & Information at chemring.com/what-we-do/sensors-and-information

INTRODUCTION TO SUSTAINABILITY

Delivering our commitment to a sustainable future

Michael Ord
Group Chief Executive

Our approach to sustainability

A proactive and engaged commitment to corporate responsibility and sustainability is fundamental to Chemring's operations. Our strategy is centred on the following principal areas:

- health and safety;
- environment;
- people;
- ethics and business conduct; and
- governance.

Corporate responsibility and sustainability are integral to our business operations, with all senior leaders assigned distinct objectives related to these areas as part of their annual incentive plans.

Progress in 2025

We remain committed to advancing our sustainability approach and addressing ESG risks, as evidenced by our external recognition over the last three years by MSCI, which awarded us a rating of AAA, putting us in the top 3% of the Aerospace and Defence sector.

Our businesses continue their ongoing focus on sustainability projects with all sites addressing efficiencies and improvements, from short-term projects counteracting immediate impact, such as water leaks, to longer-term projects such as the electrification of vehicles and associated infrastructure.

Alongside the projects looking at legacy buildings, processes and equipment, our teams have ensured ESG remains at the heart of new developments across the Group. Whether at our site at Roke in Romsey with solar panels being fitted to the new logistics building or expanded water recycling and reuse initiatives in Norway, sustainable business operations and processes are being considered and included from the outset of development.

As a result, 2025 saw significant progress on reducing our scope 1 and scope 2 emissions, achieving a 10.6% reduction in market-based emissions (2024: 13.0%).

The Group continues environmental reporting under the TCFD framework and submitted its fourth CDP report in 2025. The last submission earned a B rating, reflecting current climate transparency efforts. CDP aids TCFD implementation by standardising disclosures for better comparison across organisations.

"Chemring is committed to operating its business responsibly and creating long-term sustainable value. Our Group-wide approach is based on safe, ethical and values-driven practices at all times."

Total market-based scope 1 and 2 emissions
CO_2e emissions (tonnes)

We are committed to a fair and equitable workplace. Over the past five years at senior management level, we have cultivated an inclusive culture, achieving 32% female representation in early FY25. This year, our DE&I approach has evolved into a broader focus on culture and employee experience, ensuring merit is recognised and all people decisions are fair and unbiased.

To support our ambition of becoming a £1bn revenue business by 2030, we are enhancing our culture and working with an external culture consultancy. We have assessed our current state and will implement improvement actions where required in 2026, monitoring progress through to 2030.

Our commitment to customers and communities remains strong, especially through key charity and STEM education partnerships. These are demonstrated with several events throughout the year, including Chemring Nobel sponsoring the tenth annual Asker Wooden Boat Festival, Norway's tribute to maritime tradition.

We continue to engage employees actively via local tools and Board sessions, using feedback to inform decisions. Board members, including Laurie Bowen, have met with over 100 employees to understand priorities and improvements, notably around management skills and transparent communications.

Talent management aligns with our growth, with an 83% increase in key roles reviewed and several high potentials advancing. Our Early Careers programmes welcomed 56 apprentices and 39 graduates, supplying future leaders.

OUR SUSTAINABILITY GOALS

	Sustainability objectives	Supportive actions and activity	Further information
Environmental Respecting and protecting our planet by actively seeking ways to reduce our environmental impact	- Reduce our impact on the environment and build resilience to climate change by focusing on energy, waste and water, and by understanding the impact of global climate change on our operations - Challenge our business unit leaders to improve operational, resource and energy efficiency and to minimise environmental impact - Invest in support of product development and production techniques that meet our customers' needs and support their environmental goals	- Chemring will be net zero by 2035 (scope 1 and scope 2 market-based) - Chemring is working towards being a scope 3 net zero organisation by 2050 and is committed to supporting its value chain - We will reduce our total direct (scope 1) and indirect (scope 2) GHG 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	> Environment on pages 21 to 23
Social The safety, wellbeing and development of our people is at the heart of our business	- Maintain the highest standards of safety and the wellbeing of our workforce - Implement effective policies and procedures and continually invest in support of operational excellence and the development of our people - We will always be an organisation where merit is recognised and rewarded - All our people decisions will be fair and unbiased, fostering an environment where everyone can succeed - We are committed to creating compelling careers	- We will set a recordable injury frequency rate limit of below 0.90 in line with upper quartile benchmark performance - We will continue to reduce the risk of high-hazard events - We will ensure all employees have the ability to feedback on their employee experience at the local, Group and Board levels	> Health and safety on page 20 > Our people on page 33
Governance Conducting business in an ethical and responsible manner at all times	- Operate with integrity and transparency and to the highest ethical standards across all our businesses - Ensure the highest standards of product safety and comply with all relevant standards - Promote a culture where everyone does the right thing and takes personal responsibility for their actions - Actively seek to increase representation of ethnicity and gender on our Board - Protect information security and data privacy - Maintain prudent and responsible financial and tax planning and management	- We will aim to maintain compliance with the UK Listing Rules on gender and ethnic diversity on the Board - All Chemring employees and third parties acting on our behalf must comply with the Chemring Code of Conduct, wherever they are located in the world	> Ethics and business conduct on pages 34 to 35

Goal	Description
Good health and wellbeing	Ensure healthy lives and promote wellbeing for all at all ages
Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all
Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal	Description
Responsible consumption and production	Ensure sustainable consumption and production patterns
Climate action	Take urgent action to combat climate change and its impacts
Peace, justice and strong institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

HEALTH AND SAFETY

Establishing a strong health and safety culture

Our goal is zero harm, not as a statistical target but as a moral imperative, which will be achieved by establishing a strong proactive safety culture.

Policies and practices

The Board recognises the highest levels of safety are required to protect employees, contractors, product users and the public. The Board believes that all incidents and injuries are preventable, and that every employee has the right to return home safely at the end of every working day. The Group Chief Executive has overall responsibility for health, safety and environmental ("HSE") matters across the Group.

The Group HSE Director reports directly to the Group Chief Executive and is responsible for the ongoing development and assurance of the Group's HSE strategy, our Journey to Zero Harm. As a member of the Executive Committee, they report on the HSE performance of all businesses against agreed HSE limits and objectives. The Group Chief Executive provides monthly HSE KPI updates to the Board.

The Board requires that all businesses systematically manage their health and safety hazards, through regular reviews and monitoring. Each managing director is responsible for the ongoing compliance of health and safety within their business, and for providing adequate resources to satisfy the Board's requirements. All managing directors have health, safety and environmental-related objectives incorporated within their annual incentive plan.

Managers and supervisors must ensure compliance, provide leadership and promote a proactive culture by embedding a calculative culture, measured against the Parker Hudson Model. The Board emphasises individual responsibility for health and safety, expecting employees to report all hazards, participate in implementing solutions and adhere to the Fundamental Safety Principles, underpinned by local rules and procedures.

Continuous improvement relies on collaboration at all levels resulting in the sharing of best practice and lessons learnt from incidents across the Group's businesses and the wider industry. Accidents, incidents and near misses are investigated, with actions generated to prevent recurrence.

The control of major accident hazards

Our Countermeasures & Energetics businesses are required to manage major accident hazards which are governed by stringent legislation within their respective operating countries. Over the last six years, we have enhanced our focus by designing, maintaining, and operating with integrity, investing in processes and technology to reduce exposure to energetic hazards. Throughout this process, we have increased scrutiny on process hazard analysis. Progress is measured through four pillars: people, plant, processes and organisation.

People

All business units now operate within a calculative safety culture. We are moving toward a proactive safety culture, providing valuable insights in reducing and controlling our major hazards whilst generating the right discussions at all levels of our organisation. The **"Stop, Warn, Inform, Manage" (SWIM)** process is now fully embedded, with evidence confirming our employees are confident to **stop** the process, **warn** their coworkers, **inform** their manager and where required help **manage** the upset condition to a safe outcome.

Plant

Work continues to focus on maturing data from our asset integrity maintenance management systems, enabling insights into engineering solutions that will further reduce our risk exposure and provide increased production resilience.

Processes

Our Electrostatic Discharge ("ESD") Protocols are now embedded within all of our manufacturing facilities with business units developing detailed ESD plans.

Further maturity of our Major Accident, Hazard, Scenario ("MAHRS") process has led to further understanding of our residual risks. Throughout the year, we have taken proactive steps to reduce these to a level as low as is reasonably practicable. Improving our systems is enabling active reviews and assessments of any residual risks remaining. We are also developing, with a third party, a platform that will continuously test the effectiveness of our barriers to prevent harm.

Organisation

This year has seen strong leadership reaction to signals within our data that help inform safety stand-downs confirming that safe delivery is the only delivery acceptable.

We continue to share information through our communities of practice, including the quarterly shared learning sessions with our senior leadership teams and our Executive Committee, who meet to discuss learnings from previous events. Our Technical Safety Community and our Technical Learning Group, including engineering, operational and site services communities, come together to discuss in more detail the shared learning from programme delivery and recent events.

KPI performance

Total recordable injuries

The Group has an objective limit of 0.9 for our total recordable injury frequency ("TRIF") rate. The rate remained below the limit at 0.48 for the reporting period. This represents a year-on-year reduction. A continued focus across the Group remains on reduction plans linked to musculoskeletal injuries, which are actively managed by the businesses. The data has reconfirmed trends regarding musculoskeletal injuries due to the manual handling nature of some of our processes, together with slips, trips and falls.

Process safety events

The Group defines a process safety event ("PSE"), depending on the potential or actual severity risk, as level 1, 2 or 3. Level 3 events are those with the highest potential or actual severity and consequence. We set a limit of below 2 for PSEs at level 2 and 3 per 100 production employees. The Group performance for the year was 1.89. This rate has reduced year-on-year as businesses have focused on reporting accuracy, organisational knowledge and maturing asset integrity management. No process safety events resulted in injuries as a result of direct energetic events during the year.

Personnel exposure

The personnel exposure metric was introduced for this reporting period, as part of the maturing of data and analysis of our process safety events. As a Group, we focus on removing our colleagues from processes to reduce exposure to our hazardous materials. Our personnel exposure rate focuses on exposure during our level 2 and 3 events. An initial limit of 1.5 was introduced, with a performance of 1.64 for the year. Analysis of trends from our events and robust preventive management form part of the future activities to mature and remove exposure in our businesses.

High potential incidents

This year high-potential near misses ("HIPOs") increased to 25 compared to 14 in 2024. A number of these led to safety stand-downs initiated by the businesses. All the HIPO events have been thoroughly investigated, with robust corrective and preventive action plans enacted. Changes in support systems, such as permit to work systems and contractor controls, have been adopted. No significant injuries or business interruptions resulted from any of the HIPOs.

Near misses

Additionally, we also place an emphasis on near miss and hazard reporting as a leading indicator of our maturing safety culture. This year we had 3,018 occupational safety near miss and hazard reports, compared to 3,090 in 2024. This reduction reflects site safety stand-downs and increased site adjustments to interval-based scheduled maintenance.

HSE strategy forward outlook

At present all our business units continue with the deployment and implementation of Group-wide HSE programmes designed to establish the businesses with a solid upper quartile calculative safety culture. Once verified by the Group HSE function, each business will then develop a bespoke plan confirming a path to establishing a proactive safety culture. The plan will be tailored to their risk profile, as defined by their MAHRS assurance process outcomes. In addition, the Group HSE function will act as a conduit to other business by sharing any learning to help accelerate their progress. Plans will be monitored by the Group HSE function and assured through the LOD2 process. Once the Group HSE function is satisfied, ERM, the global leading health and safety consultancy service, will be invited back to independently review and validate our findings declaring each business as proactive.

ENVIRONMENT

Our commitment to environmental sustainability

Our goal of zero harm extends beyond safety to include a strong commitment to environmental sustainability. We strive to protect the wellbeing of our people and communities while actively reducing our environmental impact through responsible practices, resource conservation and emissions reduction.

By embedding sustainability throughout our global operations, we aim to create lasting positive change and contribute to a healthier, more resilient planet.

In 2021, we committed to year-on-year reductions in our total direct and indirect greenhouse gas ("GHG") emissions. We are targeting net zero scope 1 and market-based scope 2 emissions by 2035, and organisational net zero across our full value chain of scope 3 categories by 2050.

Our approach and strategy

Environmental performance is reported annually in accordance with multiple recognised reporting frameworks, covering energy consumption, GHG emissions, water usage and waste generation for the financial year ending 31 October. Comprehensive information on our basis of reporting methodologies, data sources, and governance is available at: www.chemring.com/basisofreporting25.

To meet our targets, our strategy focuses on improving operational efficiency and reducing resource consumption across three key emission categories:

- Scope 1 emissions are being addressed through the adoption of low-carbon energy sources and upgrades to facilities and equipment, improving energy efficiency.
- Scope 2 emissions are being reduced via energy-efficient practices, infrastructure upgrades, and the use of certified renewable electricity (REGO, GO, REC).
- Scope 3 emissions are a growing area of focus. We continue to develop our ability to track and understand these indirect emissions, enabling long-term strategic planning aligned with our 2050 net zero goal.

Each year, we review and update our carbon reduction plans across all business units to ensure they remain aligned with evolving technologies, market conditions, and regulatory requirements. This annual process helps us drive measurable progress toward our net zero targets while supporting broader sustainability goals.

Initiatives and technology enablement

In 2024, we successfully implemented a new corporate sustainability software platform to enhance the accuracy and granularity of our GHG emissions data across scopes 1, 2 and 3. Building on this foundation, we will continue to expand and improve the platform's capabilities in 2026 to further support our emissions tracking, reporting and decision-making processes.

In parallel, we have implemented and continue to implement a wide range of short, medium and long-term initiatives aimed at improving energy and water efficiency, reducing waste and cutting CO_2e emissions. These efforts include upgrading equipment, optimising processes and adopting low-carbon technologies. Further information on these initiatives is available on our website: www.chemring.com/basisofreporting25.

Climate risk and resilience

We recognise the significant risks that climate change poses to our operations from both physical events and transitional shifts, as demonstrated by the 2018 flooding at our Tennessee facility and the 2019 wildfires near our Australian sites.

To strengthen our resilience, we periodically review and update our climate-related scenario analysis to ensure it reflects the latest scientific data and industry best practices. These assessments help us better understand the physical and transition risks climate change presents to our operations and supply chain, supporting long-term business continuity and strategic preparedness. Further information on these physical and transition risks is available in the TCFD report on pages 24 to 32.

Location	Scope 1	Scope 2 (location-based)	Scope 2 (market-based)
UK operations	85.26%	20.35%	0.23%
US operations	11.48%	62.64%	88.99%
Norway operations	3.13%	6.27%	10.78%
Australia operations	0.13%	10.74%	—
	100.00%	100.00%	100.00%

In 2025 we achieved a 10.6% reduction in market-based scope 1 and scope 2 GHG emissions, from 15,161 tCO_2e in 2024 to 13,554 tCO_2e in 2025. Location-based emissions decreased by 0.15% in 2025 compared to 2024. When normalised for gross revenue, market-based scope 1 and 2 emissions reduced 11.8%, from 29.7 tCO_2e to 26.2 tCO_2e per £m of revenue.

ENVIRONMENT continued

Our commitment to environmental sustainability continued

Climate risk and resilience continued

	2025			2024		
	UK	US, Norway, Australia	Group total	UK	US, Norway, Australia	Group total
Scope 1 emissions – continuing operations						
Combustion of fuel in any premises, machinery or equipment operated, owned or controlled by the Group						
tCO_2e						
Gas	**5,200**	**468**	**5,668**	4,488	371	4,859
Heating oil	**398**	**—**	**398**	429	—	429
Bio fuels (HVO)	**2**	**—**	**2**	2	—	2
Diesel	**10**	**210**	**220**	6	163	169
Kerosene	**714**	**—**	**714**	707	—	707
LPG	**17**	**—**	**17**	32	66	98
Fuels consumed by Group-owned and leased vehicles, excluding business travel and employee commuting						
tCO_2e						
Diesel	**101**	**27**	**128**	102	23	125
LPG	**—**	**20**	**20**	—	—	—
Petroleum	**—**	**193**	**193**	3	191	194
The operation or control of any manufacturing process by the Group						
tCO_2e						
On-site waste incineration	**27**	**166**	**193**	25	133	158
Refrigerants discharged	**91**	**50**	**141**	74	224	298
Total scope 1 emissions tCO_2e	**6,560**	**1,134**	**7,694**	5,868	1,171	7,039
Scope 2 emissions – continuing operations						
Total emissions tCO_2e						
Electricity – location-based	**2,635**	**10,317**	**12,952**	2,655	10,984	13,639
Electricity – market-based	**14**	**5,846**	**5,860**	35	8,087	8,122
Total scope 1 and 2 emissions – continuing operations						
Location-based tCO_2e	**9,195**	**11,451**	**20,646**	8,523	12,155	20,678
Market-based tCO_2e	**6,574**	**6,980**	**13,554**	5,903	9,258	15,161
Total energy consumption (MWh)	**47,517**	**82,839**	**130,356**	43,464	84,268	127,732

In accordance with the GHG Protocol's guidance on organisational boundaries and our basis of reporting, we have removed three leased office locations, two in the United States and one in the United Kingdom from our scope 1 and 2 emissions inventories, as these facilities do not fall within our operational control. As such, emissions associated with these offices will no longer be reported under direct or energy-related indirect emissions. Instead, these activities will be accounted for under scope 3, category 8 (Upstream Leased Assets). Reflecting our commitment to accurate and transparent reporting, we have restated the 2022 base year figures, which has resulted in total scope 1 and 2 market-based emissions increasing to 19,249 tCO_2e (previously published at 19,175 tCO_2e) and this figure has been assured by ERM CVS, an independent third party organisation. All references to 2022 base year figures in the annual report refer to restated figures. For more information, please refer to our basis of reporting at www.chemring.com/basisofreporting25..

We engaged ERM CVS to provide independent limited assurance over our 2025 total scope 1 and total scope 2 location-based GHG emissions, as well as our total scope 2 market-based GHG emissions. ERM CVS also provided assurance over our scope 3 emissions for Category 3 (Fuel- and energy-related activities), Category 6 (Business travel) and Category 9 (Downstream transportation and distribution). Their independent assurance report can be found on (pages 14 to 15) of our sustainability report 2025.

	2025	2024
Total scope 1 and scope 2 emissions CO_2e (tonnes) – location-based	**20,646**	20,678
Total scope 1 and scope 2 emissions CO_2e (tonnes) – market-based	**13,554**	15,161
Group revenue (£m)[1]	**516.7**	510.4
Total CO_2e (tonnes) per £m of revenue – location-based	**40.0**	40.5
Total CO_2e (tonnes) per £m of revenue – market-based	**26.2**	29.7

1. Group revenue for 2025 and 2024 differs to the Group revenue disclosed in the consolidated income statement of £497.5m and £488.3m respectively due to the inclusion of Alloy Surfaces Company, Inc.. Under the GHG Protocol control approach, emissions are reported from operations over which the Group maintains control. In line with the GHG Protocol, closures or reductions in activity from facilities the Group owns or controls are treated as organic decline and do not trigger a base-year emissions recalculation; instead, these changes are reflected as part of the Group's ongoing emissions profile.

Energy efficiency

Electrical Energy MWh	UK	US	Norway	Australia	Total
Electricity	13,585	23,005	53,053	2,280	91,923
Renewable electricity	13,342	9,700	50,401	2,280	75,723
Percentage of electricity from renewable sources	98.2%	42.2%	95.0%	100.0%	82.4%

Category	tCO_2e UK	tCO_2e US, Norway, Australia	tCO_2e Group total
1 Purchased goods and services	54,173	41,188	95,361
3 Energy and fuel-related activities	1,574	4,995	6,569
4 Upstream transportation and distribution	35,257	12,525	47,782
5 Waste generated in operations and waste disposal	21	149	170
6 Business travel	1,104	1,006	2,110
7 Employee commuting	634	1,579	2,213
8 Upstream leased assets	2	37	39
9 Downstream transportation and distribution	295	371	666

Land quality and regulatory compliance

Our facility in Chicago, US, is located on a designated Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") "Superfund" site. The business continues to collaborate closely with environmental consultants and regulatory authorities to ensure full compliance with all legal obligations related to this designation.

Additionally, we have incurred costs associated with the environmental remediation of former munitions business sites previously owned by the Group in Belgium and Italy, as required under the terms of sale for those businesses. The Group maintains a provision of £3.4m (2024: £3.5m) for environmental liabilities, which the Board considers to be adequate (see note 25).

The Task Force on Climate-related Financial Disclosures ("TCFD") establishes a number of recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change.

The Board notes the recommendations in relation to the mandatory disclosures of climate-related financial risk arising from Listing Rule 9.8.6(8) and has concluded that the business strategy is of Intermediate Resilience given the mitigations already implemented and planned.

We consider our disclosure to be consistent with the Climate-related Financial Disclosures ("CFD") and all the TCFD Recommendations and Recommended Disclosures including section C of the 2021 TCFD Annex entitled "Guidance for All Sectors" and section E of the TCFD Annex entitled "Supplemental Guidance for Non-Financial Groups", excluding full completeness of scope 3 emissions (we currently report several categories in scope 3 but not all).

We are continuing to embed the relevant capabilities across the organisation to track and disclose the complete data sets and metrics. In 2026, we will continue to develop our reporting of all scope 3 categories.

Our statement to meet these requirements, providing information on the governance of climate-related issues, integration with overall risk management, strategy in managing climate-related issues and opportunities, and metrics to measure progress towards our targets, is set out on the following pages.

We are developing our Net Zero Transition Plan in line with the latest industry guidance from the Transition Plan Taskforce ("TPT"). It is important to highlight that the guidance is still evolving and our industry is ever changing to align with global climate change goals and commitments. As such, our Net Zero Transition Plan is not finalised and we will continue to build and refine it to ensure that it fully addresses the latest industry guidance. Until the plan is fully finalised, it will remain an internal document. We will update the Net Zero Transition Plan every three years and report progress on our climate targets annually through our annual report.

GOVERNANCE

Board oversight of climate-related risks and opportunities	The Board is responsible for overseeing climate-related risks and opportunities in delivering the Group's strategy and running the Group's operations. The Group Chief Executive is the Board director responsible for sustainability across the Group which includes climate-related risks and opportunities. The Board reviews the Group risk register as a scheduled agenda item every six months, in which both physical and transitional climate-related risks and opportunities are considered. Progress against our decarbonisation strategy is embedded within our senior executives' remuneration. The ESG Committee ensures that appropriate climate and environmental systems are in place and incentives are set as necessary to aid the reduction in the Group's environmental impact. Other elements, including associated action plans, capital expenditure and budgeting and financial planning related to targets, are overseen and reviewed by the Board. **> Further detail included on page 52** During 2025, the Board and the ESG Committee continued to receive updates on the development of our net zero targets, aiming for scope 1 and 2 by 2035 and scope 3 by 2050. They also reviewed initiatives to increase the usage of green energy sources, reduce energy consumption and enhance energy efficiency, alongside improvements in the Group's capability to monitor and measure carbon emissions, with a focus on better data quality and transparency for reporting. The Board recognises that to meet our net zero goals we need to have a more robust and developed system to ensure accurate data collection and monitoring, as well as strong working relationships with our supply chain. **> Further detail on pages 21 to 23**
Management's role in assessing and managing climate-related risks and opportunities	The ESG Committee (consisting of members of the Group's Executive Committee) facilitates and ensures a centralised approach to sustainability across all our businesses. The Committee is chaired by the Group Chief Executive and has oversight of all the Group's ESG-related activity including that of assessing and managing climate-related risks and opportunities. **> Further information on our governance structure can be found on page 52** The Group Chief Executive, informed by the ESG Committee, is responsible for ensuring that the Board is updated regularly on all key matters including the impact of climate-related issues. Members of the ESG Committee are informed through their respective departments on matters relevant to climate-related issues. Executive directors and members of the senior leadership team within the Group are incentivised to achieve the Group's carbon reduction targets through their annual bonus and long-term incentive plan as detailed in the directors' remuneration report. The organisational structure is further detailed opposite, highlighting the reporting process from local business units to the Board, ensuring that climate-related risks are effectively communicated and managed.

STRATEGY

Climate-related risks and opportunities identified over the short, medium and long term

Management's role in assessing and managing climate-related risks and opportunities

The Board
The Board oversees climate-related risks and opportunities affecting the Group, incorporating these considerations into the overall strategy, including climate-related expenditures and investments. Certain responsibilities are delegated to Board committees.

Meets at least eight times a year

Informing / Reporting

The Board delegates specific ESG, including climate change, oversight to its committees

Risk Management Committee
Oversees the implementation of the risk management policy and framework; identifies the principal risks to which the Group is exposed; monitors risk mitigation plans; and maintains the Group risk register.

Meets quarterly

Executive Committee
Manages climate-related risks and opportunities, driving the decarbonisation strategy across the business and value chain as part of the integrated business planning process.

Meets weekly

Nomination Committee
Manages succession planning, ensuring future skills for both executive and non-executive Board members.

Meets at least three times a year

Remuneration Committee
Determines the remuneration policy, incorporating long-term incentive plan ("LTIP") performance conditions related to climate change and other ESG matters.

Meets at least twice a year

Informing / Reporting

Environmental, Social & Governance Committee
Oversees the Group's ESG performance, monitors executive progress in strategically addressing climate transition risks and ensures alignment with objectives and targets.

Meets at least three times a year

Group Health, Safety & Environment Director
Responsible for environmental strategy and assurance, including climate-related aspects and the decarbonisation strategy. A key member of the Executive Committee and ESG Committee, providing regular updates on the environmental and net zero programme. Oversees the Environmental Policy, outlining the commitment to addressing environmental impacts, including climate-related issues.

Informing / Reporting

Business units
The local business units support the implementation of the Group's ESG strategy including the management of climate change risk and are responsible for day-to-day compliance.

Sustainability Committee
Co-ordinates the advancement of decarbonisation ambitions, comprising functional representatives, business leads and environmental specialists. This group reports to the Group Health, Safety & Environment Director.

The climate-related risks and opportunities identified over the short, medium and long term

The risks and opportunities associated with climate are reflected in our strategy and plans. We strive for continuous improvement to reflect our purpose, our growth strategy, the external landscape and the expectations of our stakeholders. Climate risks and opportunities, covering both physical and transitional aspects of climate change, were considered during the year.

Associated time horizons were established as follows:

Transition risk is categorised into short term (0 to 2 years), medium term (2 to 5 years) and long term (5 to 30 years). This framework is designed to align with our internal strategic and financial planning processes, with the short term covering the immediate budget period, the medium term encompassing the remaining detailed financial planning period, and the long term extending beyond these periods. This approach reflects an understanding that climate-related issues often manifest over the medium and longer terms, particularly in terms of their impact on our assets and infrastructure.

Physical risk is classified into short term (up to 2030), medium term (up to 2050) and long term (up to 2100). These time horizons correspond with the scenario analysis conducted for physical risks and are different from the time frames we use for evaluating transition risks, given that significant physical climate risks are not expected to emerge until after 2030 due to the gradual onset of climate impacts.

STRATEGY continued

Climate-related risks and opportunities identified over the short, medium and long term continued

The impact of climate-related risks and opportunities on Chemring's businesses, strategy and financial planning

From this analysis, we have identified key risks and opportunities with potential material financial impacts. The Group is committed to managing regulatory, reputational and market risks related to climate change, which are integrated into our financial planning processes. Our capital allocation considers capex for climate initiatives, ensuring alignment with our sustainability objectives and transition process. Climate-related issues can influence both revenues and costs, and we continuously assess their effects on our operations and long-term strategies. This assessment guides our sustainability strategy and aligns our financial planning with our climate objectives, enabling us to effectively respond to emerging risks and take advantage of opportunities during the transition to a low-carbon economy.

We have set net zero targets that drive efficiency, innovation and collaboration across the Group. Recognising that our supply chain emissions will be significantly larger than scope 1 and 2 emissions, we aim to monitor and collaborate with suppliers to reduce scope 3 emissions by 2050.

Our strategy to reduce carbon emissions encompasses material climate-related risks and opportunities that have the potential to impact our business model and strategy over the short, medium and long term taking into consideration our assets and infrastructure.

In the short to medium term, the resources allocated for achieving our net zero commitment are integrated into our ongoing operational budgets and planned capital expenditures. While some projects set for the medium and long term may fall outside our current capital expenditure framework and will necessitate additional funding, which we have yet to finalise, we are confident that our immediate actions to lower emissions will align with our strategic goals.

This approach reflects our commitment to ensuring that climate-related considerations are integrated into our financial planning processes, prioritising risks and opportunities in a way that accounts for their interconnected nature and supports Chemring's long-term value creation.

Details of the principal risks and uncertainties which could have a material impact on the Group's business model, strategy, future performance or reputation, of which climate change has been identified as a risk, are covered in the principal risks and uncertainties section on pages 40 to 45.

> Climate-related risks and opportunities are outlined in more detail on pages 27 to 31

The resilience of Chemring's strategy, taking into consideration different climate-related scenarios, including a 2°c or lower scenario

The Group uses climate-related scenario analysis to improve understanding of the behaviour of certain risks given different climate outcomes. In 2024, we revisited our scenario analyses and updated our public climate-related scenarios which we deem to be reliable and related to our business operations to aid our understanding of the business' resilience to climate change. The scenarios are as follows:

Physical scenarios	Transition scenarios
- RCP 2.6[2], a stringent mitigation scenario, where global temperature rise is less than 2°C relative to the pre-industrial period (1850-1900) by 2100. - RCP 8.5[2], an extreme physical risk scenario, where global temperatures rise between 4.1 and 4.8°C by 2100.	- Net Zero 2050 ("NZE")[1], outlining a pathway for the global energy sector to achieve net zero CO_2 emissions by 2050, which limits the global temperature rises to 1.5°C by 2100, with 50% probability. - Stated Policies ("STEPS")[1], outlining a combination of physical and transition risk impacts as temperatures rise by 2.6°C by 2100, with 50% probability.

Scenarios have been supplemented with additional sources that are specific to each risk to inform assumptions included in projections. The Group continues to refine its approach to quantitative aspects of this modelling and will report further information as this develops.

Assumptions have been made as part of this scenario analysis:

- Chemring will have the same business activities that are in place today, which means impacts should be considered in the context of the current financial performance, prices and operational locations.
- Impacts are assumed to occur without the Group responding with any mitigation actions, which would reduce the impact of risks.
- The analysis considered each risk and scenario in isolation, when in practice they may occur in parallel as part of a wider set of potential global impacts.
- Carbon pricing was informed by the World Energy Outlook 2024 report from the International Energy Agency ("IEA").

> Results of the scenario analysis are outlined on page 29

1. IEA (2024), World Energy Outlook, IEA, Paris, www.iea.org/reports/world-energy-outlook-2024.
2. IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

RISK MANAGEMENT

All business units are required to assess risk in relation to the delivery of their strategy and objectives, with climate-related risks forming part of this consideration

Chemring's processes for identifying and assessing Climate-related risks	Current and emerging climate-related risks and opportunities are considered, whether they arise within the Group's operations or within the value chain, including existing and emerging regulations. In 2024, climate risks and opportunities relevant to the Group were reviewed with the aid of external consultants. The Munich Re Location Risk Intelligence Tool has been used to assess current and potential future physical climate-related risks facing the Group's sites and key suppliers. We have assessed potential physical risks, both acute and chronic, at all Group sites. The financial impact of each site was considered to determine the materiality of identified risks to specific sites. These risks and opportunities were then refined through consultation with key Chemring personnel. Risks and opportunities were assessed in line with the Group's methodology to assess principal risks. A probability and impact matrix defines the likelihood of the risk, based on historical evidence or experience of similar consequences materialising. The likelihood categories are classified as very unlikely, unlikely, about as likely as not, likely, very likely, or virtually certain. The magnitude of impact is classified as low, medium-low, medium, medium-high or high, and, where possible, a single figure estimate for the financial impact was calculated. In addition, the Group's overall resilience was evaluated based on its capacity to withstand and recover from potential climate-related risks. The Group's resilience is rated as basic, intermediate, advanced or exemplary.
Chemring's processes for managing climate-related risks	Once each climate-related risk and opportunity was identified, the Group sought to quantify the financial impact, the appropriate strategic response and the cost of implementing the mitigations. This process includes considering the long-term impacts arising from the risks identified on our products and services. This in turn helped to determine the materiality, allowing the Group to prioritise resources to manage its most significant climate-related impacts, determine the best management response or highlight areas requiring further investigation. All of the Group's climate change risks and opportunities are covered by existing or planned mitigation and adaptation strategies. Further detail is set out in the principal risk and uncertainties section on pages 40 to 45.
Processes for identifying, assessing and managing climate-related risks integrated into Chemring's overall risk management	Climate is considered as a Group principal risk alongside the risks identified in the wider risk management process. This ensures climate-related risks are integrated into the Group's overall enterprise risk management framework. The management of each business is responsible for the identification, management and reporting of local risks, in accordance with the Group's risk management framework. The Risk Management Committee meets quarterly and, utilising the input from the business risk registers and the US risk register, identifies those principal risks which are material to the Group as a whole. The climate-related risks were reviewed by the Board during the financial year.

Rating system for impact	Rating system for likelihood	Resilience rating
Low impact Climate-related risks or opportunities expected to have minimal impact on financial performance, resilience, reputation or strategic direction. Limited financial consequences, manageable disruptions or low exposure.	**Very unlikely** Extremely low probability that the risk or opportunity will ever occur.	**Basic resilience** Limited formalised resilience strategies, reactive approach to challenges, and basic contingency planning of climate-related risks and opportunities, with limited integration into overall financial strategy.
Medium-low impact Minor risks or opportunities with small financial consequences or operational challenges that are easily addressed. Minimal effect on resilience, reputation or strategy.	**Unlikely** The risk or opportunity is theoretically possible, but with a low probability and/or no record of having occurred in the industry.	**Intermediate resilience** Defined resilience strategies addressing key risks, proactive measures in place, and a moderate level of integration with business operations, with a clear assessment of climate impacts on the business and integration into strategic planning.
Medium impact Risks or opportunities that could noticeably affect financial performance, resilience, reputation or strategy. May lead to moderate financial consequences or disruptions. Medium-impact opportunities can contribute meaningfully to Chemring's performance.	**About as likely as not** Foreseeable risk or opportunity, neutral probability.	**Advanced resilience** Robust resilience strategies incorporating comprehensive risk assessments, proactive adaptation strategies, and strong integration with overall business strategies and a deep understanding of climate-related risks and opportunities, well integrated into financial decision-making processes, and a commitment to continuous improvement in line with evolving standards.
Medium-high impact Risks or opportunities that could significantly impact financial performance, resilience, reputation or strategy. May result in substantial financial consequences or operational disruptions. Medium-high opportunities can drive strategic improvements.	**Likely** Risk or opportunity is probable and/or has occurred more than once in the industry.	**Exemplary resilience** Industry-leading resilience strategies, transparency, comprehensive scenario analysis, proactive adaptation strategies, and a demonstrated commitment to driving positive climate impacts with continuous improvement, innovation in risk management, and a company-wide culture that prioritises adaptability and anticipates emerging challenges. Setting a benchmark for best practices in TCFD reporting.
High impact Major risks or opportunities posing a substantial threat or benefit to financial performance, resilience, reputation or strategy. May cause severe financial consequences or disruptions. High-impact opportunities could transform Chemring's strategy and performance.	**Very likely** Risk or opportunity has occurred or has a strong probability of occurring and/or there has been a history of occurrence within the industry.	
	Virtually certain Risk or opportunity expected to occur and/or is common within the industry.	

CLIMATE-RELATED RISKS

Risk type	Description	Mitigation	
Risk: extreme weather events			
Physical Acute	Extreme weather events resulting from tornadoes, hail, flood, lightning and storms, etc. Will be intensified by climate change, having the potential to impact Chemring's operations, the effects of which are felt by their communities on an economic and social level. Extreme weather events can cause disruption to supply chains across the globe as well as physical damage to Chemring's facilities and could result in disruption to production and product delivery and impact overall revenue. Such events also endanger Chemring's personnel, who are a fundamental priority to protect. Current risks associated with hail, tornadoes, lightning and flooding are localised to Chemring's US sites. Projections indicate that the risk of flooding is expected to stay consistent under both RCP 2.6 and RCP 8.5 scenarios through to 2100. Storm risks are primarily localised to UK sites, where they are expected to have a low impact on operations.	Operations identified as at risk of flooding from extreme weather events have undergone drainage improvements and stormwater management upgrades. Across key sites, permeation basins and improved drainage systems have been implemented to manage stormwater more effectively and reduce flood risks. The Group is also evaluating energy supply to facilities potentially affected by extreme weather, aiming to implement backup power systems for safe shutdowns in case of power loss. All sites operate emergency generators. Weather monitoring and forecast updates support thunderstorm procedures and the use of lightning protection systems, including lightning rods and warning systems, across high-risk locations to protect infrastructure and minimise disruptions. Wind speed monitoring at burn grounds helps mitigate risk by ensuring safe operating conditions, protecting both personnel and infrastructure. Chemring business units manage supply issues related to unforeseen environmental risks by assessing supply chain sustainability and ensuring alternative suppliers for key parts and services are available. No strategic change required, continued monitoring and analysis as per normal operations.	**Area:** Own operations/ upstream **Primary potential financial impact:** Loss of revenue **Time horizon:** Short-term **Likelihood:** Very likely **Magnitude of impact:** Medium-low **Resilience rating:** Intermediate
Risk: extreme temperature fluctuations			
Physical Chronic	Extreme temperature fluctuations, including heat stress and cold stress, have the potential to disrupt Chemring's operations. These conditions can impair people-driven processes and strain infrastructure like cooling systems and burn grounds. These impacts could result in delays to production and delivery. Temperature extremes also pose risks to employee safety, with protecting personnel being a top priority. Cold stress remains a current challenge, with infrastructure damage leading to site closures, but future risks are primarily centred on increasing heat stress. Current cold stress risks are associated with Chemring's US and Norway sites. Future projections indicate a decreased risk as cold stress is a progressively declining hazard under both RCP 2.6 and 8.5. Heat stress risks are presently based in the US, with projections under RCP 2.6 indicating this risk will remain stable. However, under the more severe RCP 8.5 scenario, this risk is expected to extend to Chemring's Australia site by 2100.	Sites vulnerable to extreme temperature fluctuations have introduced a range of mitigations to protect critical infrastructure, maintain operational continuity and prioritise employee safety. For cold stress, measures include enhanced pipe insulation, temperature-controlled storage and heat-traced external piping. Routine inspections are conducted to address cold-vulnerable equipment. To manage heat stress, HVAC upgrades are underway to meet rising cooling demands. Burn ground operations are restricted during extreme heat or low-humidity conditions, reducing associated risks. Regular burn ground maintenance and vegetation control are conducted at key sites. No strategic change required, continued monitoring and analysis as per normal operations.	**Area:** Own operations **Primary potential financial impact:** Loss of revenue **Time horizon:** Short-term (cold), Short to long-term (heat) **Likelihood:** Very likely **Magnitude of impact:** Low **Resilience rating:** Intermediate

Risk type	Description	Mitigation	
Risk: precipitation stress			
Physical Chronic	Precipitation stress risk can disrupt supply chains and impact overall operational efficiency. Increased rainfall can lead to flooding, causing physical damage to facilities and hindering production capabilities. Precipitation stress can also affect transportation routes, resulting in production and product delivery disruption. Current precipitation stress risks are associated with Chemring's US sites. Future projections show that under RCP 8.5, this risk will spread to the UK, while under RCP 2.6, the risk remains steady in the US.	Sites vulnerable to flash flooding have undergone drainage improvements and stormwater management upgrades to manage heavy rainfall and reduce risks associated with increased precipitation. In the UK, rainwater interception and soakaway systems are in place to divert water from key facilities. A climate change action plan is being developed to identify and address risks from natural hazards, including measures to prevent, correct and mitigate impacts related to increased rainfall. Chemring business units manage supply issues related to unforeseen environmental risks by assessing supply chain sustainability and ensuring alternative suppliers for key parts and services are available. No strategic change required, continued monitoring and analysis as per normal operations.	**Area:** Own operations/ upstream **Primary potential financial impact:** Loss of reputation, market share and revenue **Time horizon:** Short to long-term **Likelihood:** Very likely **Magnitude of impact:** Medium-low **Resilience rating:** Intermediate

Wildfires

Wildfires are not considered a risk at the Group level, but we acknowledge the potential for low-impact incidents at our Australia site. We have launched an enhanced vegetation management programme to trim and remove potential wildfire hazards around our Australian operations. We are also aware of local mitigation efforts, such as planned burns.

Overall physical risk impacts split by geographic region and scenario analysed

	Operational location					
Scenario	Australia	Norway	UK	US	Upstream	Downstream
RCP 2.6	L	L	L	M	L	L
RCP 8.5	L	L	L	H	M	L

- L Low impact
- M Medium impact
- H High impact

CLIMATE-RELATED RISKS continued

Risk type	Description	Mitigation	
Risk: shift to low-carbon technologies			
Transition Technology	Climate-related requirements are changing in key customer procurement contracts; Chemring may face challenges in upgrading its capability development, transferring new technologies and maintaining efficient manufacturing processes. Adopting low-carbon technologies will likely require significant capital expenditure to upgrade production facilities and integrate green technologies. There is also the potential for contract loss if Chemring is unable to meet sustainability requirements. The disposal or write-off of older assets may further increase costs, and the need for workforce retraining could impact operations. Under the NZE scenario, Chemring will need to accelerate investment in low-carbon technologies by 2035 to remain competitive, focusing on green manufacturing and energy efficiency. The STEPS scenario allows for a more gradual transition, reducing the pressure on short-term capital investment while maintaining ongoing operations.	Chemring is actively monitoring government and customer priorities regarding technology roadmaps and climate-related procurement standards. The Group is involved in an industry working group to address these requirements and has developed a long-term transition plan to achieve net zero emissions by 2050. Additionally, close relationships with customers are maintained to facilitate effective risk management and long-term planning. Future procurement decisions may focus on the sustainability of a supplier's business operations, for which Chemring has an internal transitional plan for becoming a net zero organisation by 2050. No strategic change required, continued monitoring and analysis as per normal operations.	**Area:** Own operations/ downstream **Primary potential financial impact:** Higher capex expenditure, loss of revenue **Time horizon:** Medium to long-term **Likelihood:** About as likely as not **Magnitude of impact:** Low **Resilience rating:** Intermediate
Risk: exposure to litigation			
Transition Legal	Chemring faces increasing risks of litigation related to environmental non-compliance or failure to meet emissions targets as regulation tightens. There is also the possibility of legal action from stakeholders if the Group's environmental practices are perceived as inadequate or harmful. Litigation could result in significant financial penalties and legal costs. There is also a risk of reputational damage that could harm relationships with key customers and stakeholders. Any disruptions caused by legal action may affect ongoing operations and contract fulfilment. Under the NZE scenario, the risk of litigation is higher in the short term due to stricter regulatory enforcement aimed at accelerating the energy transition. Over time, compliance measures are expected to reduce this risk. In the STEPS scenario, regulatory changes are more gradual, resulting in lower short-term litigation risks, but with potential longer-term exposure as regulations continue to evolve in response to energy security and emissions targets.	Chemring conducts regular HSE audits and emissions monitoring to ensure compliance with relevant standards. Enhanced tracking systems are in place for accurate reporting of environmental data, and employee training and environmental awareness initiatives reinforce adherence to regulations. By maintaining a strong governance framework and continually updating its environmental policies, Chemring seeks to minimise the risk of litigation. Transparent reporting and sustainability practices are key to mitigating reputational risks. No strategic change required, continued monitoring and analysis as per normal operations.	**Area:** Own operations/ upstream **Primary potential financial impact:** Increase in costs, Loss of reputation **Time horizon:** Short to medium-term **Likelihood:** About as likely as not **Magnitude of impact:** Low **Resilience rating:** Intermediate

CLIMATE-RELATED OPPORTUNITIES

Opportunity type	Description	Opportunity	
Opportunity: resource efficiency			
Resource efficiency	Improvements in both product and energy efficiency will help reduce waste, operational costs and CO_2e emissions across Chemring's facilities. Efficiency efforts focus on using the best available technology for operations and continuous monitoring and maintenance of facilities. Initiatives such as upgrading building facilities and implementing LED lighting retrofits reduce direct energy costs, with further efficiency plans in place for future savings. In the NZE scenario, Chemring's commitment to resource efficiency aligns with stricter sustainability targets, providing a strategic advantage as customers increasingly favour suppliers demonstrating strong resource efficiency. Under the STEPS scenario, while the pressure to implement energy-efficient initiatives may be lower due to less stringent policy changes, Chemring can still capitalise on cost savings and operational improvements.	Chemring sees opportunities for future expansion or development to incorporate energy-efficient methods like heat pumps, advanced HVAC systems and LED lighting. This opportunity is largely unaffected by external policy shifts, as financial savings from resource efficiency improvements are already planned and underway. No strategic change required, continued monitoring and analysis as per normal operations.	**Primary potential financial impact:** Reduction in cost **Time horizon:** Short to medium-term **Likelihood:** Likely **Magnitude of impact:** Low **Resilience rating:** Intermediate
Opportunity: low-emissions energy			
Energy source	With the growing availability and decreasing cost of renewable energy, Chemring can benefit from procuring renewable energy for its sites. This would reduce both the Group's exposure to volatile fossil fuel prices and its greenhouse gas emissions. By shifting away from fossil fuels, Chemring lowers its sensitivity to carbon pricing and improves its sustainability profile. In the NZE scenario, transitioning to renewable energy is essential for meeting global decarbonisation goals by 2050, and Chemring's strategic shift to renewable sources will safeguard against rising carbon costs. In the STEPS scenario, while the transition to renewables may be more gradual, Chemring's plans will still yield benefits in terms of cost reduction and emissions management, enabling the Group to adapt effectively to changing market conditions. The carbon price (US$/t$CO_2$e) is projected to increase as follows: Scenario / 2030 / 2040 / 2050 STEPS: 126 / 126 / 126 NZE 2050: 140 / 205 / 250 Difference: 11% / 63% / 98%	Chemring has a significant opportunity to prioritise the procurement of renewable energy sources, such as solar and wind power, throughout its operations. By focusing on on-site renewable energy generation, Chemring can reduce operational costs and enhance sustainability. Future developments will emphasise the implementation of renewable solutions and energy-efficient technologies, including heat pumps and advanced insulation, to further decrease overall energy consumption and support the Group's long-term business goals. By adopting an internal carbon price, the Group can assign a monetary value to its greenhouse gas emissions. This will enable better integration of these costs into investment decisions and daily operations, while also promoting the use of on-site renewable energy generation where appropriate. Strategic change required incorporating an internal carbon price assigns a monetary value to greenhouse gas emissions, empowering business units to integrate this cost into investment decisions and daily operations.	**Primary potential financial impact:** Reduction in cost **Time horizon:** Short to medium-term **Likelihood:** Very likely **Magnitude of impact:** Low **Resilience rating:** Basic

METRICS AND TARGETS

Metrics used to assess climate-related risks and opportunities in line with Chemring's strategy and risk management process with climate-related risks forming part of this consideration

Metrics used to assess climate-related risks and opportunities in line with strategy and risk management process	Chemring uses a range of metrics to assess climate-related risks and opportunities, aligned with its strategy and risk management process. These metrics cover GHG emissions (scopes 1, 2, and relevant scope 3), energy consumption, water use and waste generation. Executive remuneration is tied to achieving carbon reduction goals through annual bonuses and the long-term incentive plan, ensuring accountability for climate performance. The Group reports energy consumption and GHG emissions according to the GHG Protocol and SECR, tracking KPIs like energy efficiency and emissions intensity. Climate scenario analysis informs Chemring's strategy, with supporting metrics integrated into risk management and strategic planning to monitor its business environment. Further environmental metrics, including freshwater use and waste, are disclosed on pages 8 to 13 of our sustainability report 2025. Chemring continually improves data accuracy, reporting and tracking, with historical trends and forward-looking projections provided for long-term planning.
Scope 1, 2 and, if appropriate, 3 GHG emissions and the related risks	Chemring monitors and reports scope 1 and 2 GHG emissions in line with the GHG Protocol. Scope 1 emissions are primarily from natural gas used in manufacturing and heating, while scope 2 comes from purchased electricity. Relevant scope 3 emissions are tracked, with further expansion planned as part of our commitment to improving scope 3 data collection and reporting. In 2025, Chemring reduced market-based scope 1 and 2 emissions from 15,161 tCO_2e in 2024 to 13,554 tCO_2e, driven by energy efficiency initiatives, facility upgrades and increased use of renewable electricity via REGO and REC certificates. Scope 3 emissions data will continue to evolve as data collection improves.
Chemring's targets for managing climate-related risks and opportunities and performance against targets	Chemring has set ambitious climate targets, committing to net zero scope 1 and 2 emissions by 2035 (market based) and net zero by 2050. These targets align with the Group's sustainability strategy and global climate goals. Year-on-year reduction targets for scope 1 and 2 emissions are supported by efficiency measures, green fuel adoption and increased renewable energy usage. Chemring tracks progress through intensity ratios, such as tCO_2e per £1m of revenue, reporting a 11.8% reduction in emissions intensity in 2025, from 29.7 tCO_2e per £1m of revenue to 26.2 tCO_2e. To further reduce its environmental impact, Chemring is implementing initiatives like upgrading heating and lighting systems, replacing traditional lighting with LED technology, and trialling electric vehicles. Progress is regularly reviewed by the ESG Committee and reported to the Board. Chemring's long-term targets meet regulatory requirements and market expectations, positioning the Group to capitalise on opportunities in the transition to a low-carbon economy. Performance against these targets is monitored with clear KPIs, and methodologies for calculating these targets are outlined in the Group's reporting framework. **> Emissions targets for the Group are outlined on page 19**

OUR PEOPLE

Growing our workforce

Investing in our people and culture remains an enabler of our business strategy and 2030 ambitions.

Our workforce of 2,701 across fourteen business units in four geographic locations is supported by outstanding leadership teams who create the right environment for our employees to perform, delivering for our customers and communities. It has been an exciting year where we have balanced both the short-term operational needs with planning for the longer-term workforce goals.

In a year of maturing our programmes and processes, we have improved our working practices across all aspects of our agenda. We have evolved our approach to diversity, equity and inclusion ("DE&I") into a wider focus on nurturing a culture we can all be proud of. We have listened to our workforce in more ways than ever before and worked hard to make the changes that they feel are most important.

We have used our talent processes to identify who, how and where we can develop our organisation, creating ever stronger talent pipelines which develop the skills we need and offer attractive careers for our employees. And we never forget the customers and communities we serve through our focus creating a positive impact on them. This social value includes key partnerships that have impact in the charity and Science, Technology, Engineering and Maths ("STEM") education sectors.

We hold true to our five commitments of:

- a fair and equitable workplace;
- enhancing our culture;
- having an engaged workforce who inform our decision making;
- creating compelling careers; and
- supporting our communities.

These commitments plant the seeds today for tomorrow's growth.

2025 in detail

We are committed to a fair and equitable workplace

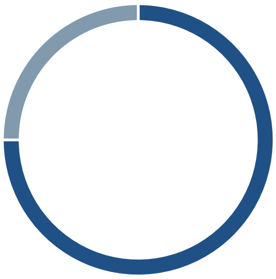
We are proud of the improvements over the past five years to develop an inclusive culture, achieving 32% female representation in senior management in early 2025. Our prior corporate target of 33% females in senior management positions by 2027 was retired this year, having served its original purpose. Our evolution of the DE&I agenda into a focus on culture and employee experience allows us to focus on 'doing the right thing' for all employees. We defined two aims for our work in 2025 and beyond:

- We will always be an organisation where merit is recognised and rewarded.
- All our people decisions will be fair and unbiased, fostering an environment where everyone can succeed.

Our leadership now use this as the bedrock for our decision making to drive a fair and equitable experience for all our employees.

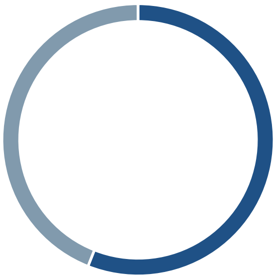
Our workforce in numbers

Overall workforce gender split



- Male 75%
- Female 25%

Board diversity (FCA)



- Male 56%
- Female 44%

(Total 9)

We are committed to enhancing our culture

Our ambition is to become a £1bn revenue business by 2030. To achieve this our culture must align all employees to the challenges and opportunities ahead. Specifically, we are focused on maturing our Journey to Zero Harm, enabling our business units to move from a calculative safety culture to proactive over time (further information on page 18). Partnering with an external culture consultancy, we have started a process to analyse our values-based culture, and we will develop our enhancement actions in 2026, regularly evaluating our progress as we head towards 2030.

We are committed to having an engaged workforce who inform our decision making

Engaging with our employees remains a critical approach for us. Our local engagement tools and Board engagement sessions provide us with actionable insights to make the changes that are important to our employees. By empowering line leadership in this approach, we are building trust and strong working relationships in all teams across the Group. At Board level, Laurie Bowen, Chair of the Remuneration Committee, visited Roke (UK), Kilgore (US), Chemring Energetics UK and Chemring Sensors & Eneregtic Systems (US). Meeting with over 100 employees, she received consistent feedback on the efforts leadership are making to deliver transparent communications to the workforce and the pride that employees feel about how our products and services are making a difference to our customers and end users. Feedback on growth and modernisation highlights that we can still do more to communicate our journey with employees and that they have insights on how we can continuously improve. We monitor all engagement priorities at the local and Board level and use this to inform our decision making.

We are committed to creating compelling careers

Our approach to talent management is aligned to our growing organisational needs. We have seen an 83% increase in the number of key roles we reviewed, to develop the capabilities and leadership bench strength needed to grow. Our development processes continue to match needs to solutions through both our corporate development programmes and individual niche skills and experience needs. 2025 saw several high potential employees progress their career into more senior positions, as well as welcoming new external talent into key leadership positions.

Our Early Careers programmes are delivering the next generation of our leadership. 56 active apprentices are developing critical skills across the Group, whilst 39 graduates move through our two-year development programme. These academy programmes will continue to evolve as we scale and grow our workforce over the coming years.

We are committed to supporting our communities

Our partnerships with STEM and charitable organisations allow us to have social value impact in our communities. Our support to the Institute of Engineering and Technology's Future Talent Awards enables those from socially economic deprived backgrounds to access financial support to gain a university education and our numerous charitable events such as Ride to Ypres allow our employees to make a direct contribution to organisations supporting our veteran communities.

Engagement % year on year (weighted average positivity score across our local listening tools)

Overall workforce ethnicity makeup[1]

	Asian %	Black %	Mixed race %	White %	Other[2] %
Senior managers	4.9	—	0.7	94.4	—
Mid-level managers	3.4	0.9	1.3	93.8	0.6
All other employees	5.9	2.2	1.7	90.1	0.1

1. Ethnicity data excludes the US and Norway.
2. Including Hispanic, NHOPI and Native American.

ETHICS AND BUSINESS CONDUCT

Always doing the right thing

Chemring is committed to conducting its business in an ethical and responsible manner at all times, and in full compliance with all applicable laws and regulations.

OUR APPROACH

We are committed to promoting a culture within Chemring where everyone does the right thing and takes personal responsibility for their actions. Our Operational Framework and Code of Conduct set out the standards of business conduct and behaviours that we expect of all our businesses, our employees and all third parties who act on our behalf. We require all employees and third parties who act on our behalf to conduct business honestly and with integrity, and to take personal responsibility for ensuring that our commitment to sound and ethical business conduct is delivered.

ESG Committee

The Board has established an ESG Committee, which has oversight of the Group's environmental, social and governance policies and objectives. The ESG Committee is chaired by the Group Chief Executive, with the other members being the Chief Financial Officer, the Group Legal Director & Company Secretary, the President of our US operations, the Group HSE Director, the Group Director of Corporate Affairs, the US General Counsel, the US Vice President HSE, the Group Financial Controller and the Group Sustainability Lead. The ESG Committee has oversight of the Group's ethical business conduct and compliance framework, including our anti-bribery processes. It monitors the implementation of the framework across the Group and recommends areas for improvement.

The Committee met three times during the year. At every meeting the Committee reviews and monitors compliance with our anti-bribery processes and other key compliance policies. During the year the Committee also reviewed:

- performance against the Group's target to reduce scope 1 and 2 emissions to net zero by 2035;
- performance against HSE and people-related targets;
- the annual operational assurance statements completed by the businesses;
- metrics on the due diligence and appointment of third party sales partners;
- statistics on the completion of compliance training;
- approvals granted under our policy on sales to customers located in higher risk territories; and
- its terms of reference.

The Group Chief Executive reports to the Board on the Committee's activities following each meeting.

Operational Framework

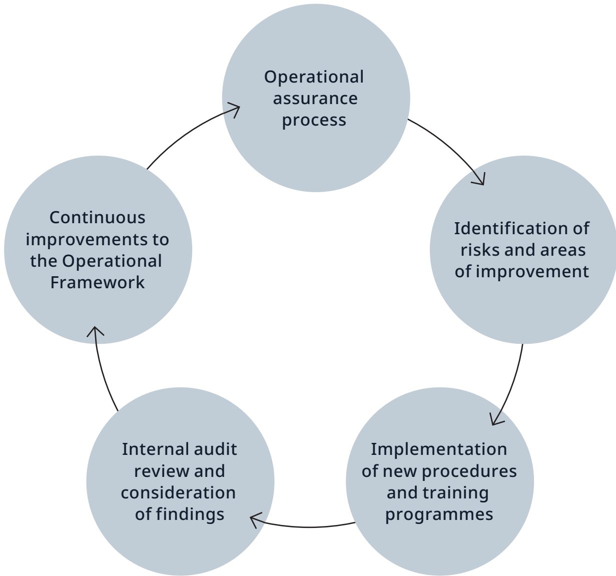
Our Operational Framework incorporates a broad range of more than thirty-five policies and procedures which have been adopted by all our businesses.

The Operational Framework implements a robust governance and compliance framework to enable us to operate in a safe, consistent and accountable way.

The leaders of each of our businesses are required to ensure that:

- every employee, at every level of the organisation, has access to and understands the requirements of the Operational Framework;
- appropriate training and monitoring processes are in place to ensure proper implementation of the Operational Framework; and
- local procedures and processes are adopted to implement the requirements of the Operational Framework.

All our Operational Framework policies and procedures and associated training material are hosted on the Chemring Compliance Portal. This innovative online system allows us to issue new and updated policies and training to employees across the Group, targeted to their specific roles, and enables us to monitor completion of mandatory training on a timely basis.



Our governance framework also includes a requirement for all businesses to complete an operational assurance statement on an annual basis, providing a detailed assessment of their compliance with the Operational Framework. The output from the operational assurance process enables us to drive continuous improvement in our governance and compliance framework, including the identification of additional training requirements for our employees. It also allows us to monitor and address the evolution of a number of the key risks we face, and provides valuable input to our internal audit programme.

Code of Conduct

Our Code of Conduct, which sits alongside our Operational Framework, embraces our fundamental values of Safety, Excellence and Innovation. It provides direction to all employees on legal, ethical and risk issues that they may encounter in their day-to-day activities.

All employees and all third parties who act on the Group's behalf are required to comply with our standards of behaviour and business conduct, as set out within the Code, and applicable laws and regulations in all the countries in which we operate. All employees, current and new, are provided with a copy of the Code of Conduct and asked to confirm that they will adhere to its standards. The Code is reproduced in Norwegian for our employees in Norway. The Code was updated and reissued in April 2025.

Scenario-based training modules on the Code are provided to employees during the year through the Chemring Compliance Portal.

> Discover more about our code of conduct at chemring.com/codeofconduct

Whistleblowing

Our Chemring culture embraces transparency and openness, and we encourage all employees to speak up if they have any concerns. We have a whistleblowing policy and associated procedures in place which enable all employees to raise concerns, in confidence, about possible improprieties or wrongdoing within the business, without fear of reprisal or retaliation. Employees are able to raise issues by contacting our 24-hour ethics reporting service by phone or email or by accessing an external website. All issues reported are taken seriously and investigated appropriately in a confidential manner. Third parties may also access our ethics reporting services.

Our internal procedures on the handling of whistleblowing reports are designed to ensure that all reports made, whether through the external service or through other internal channels, are dealt with in a proper and consistent manner, with appropriate oversight from the UK and US legal departments. Training is provided to members of our leadership teams on how to identify whistleblowing reports which may emanate through less obvious channels and how to engage with employees who make whistleblowing reports.

Anti-bribery and corruption

The Group has well-established anti-corruption policies, which are included within our Operational Framework. Specifically, these cover bribery and corruption, conflicts of interest, gifts and hospitality, and facilitation payments. A number of other policies within the Operational Framework also address bribery and corruption risks in areas such as finance, political donations and lobbying, charitable donations and offset.

The Group has adopted a policy on sales to customers located in higher-risk territories, which requires our businesses to prepare a risk mitigation plan for any proposed transaction in a territory rated less than 50 on Transparency International's Corruption Perceptions Index. This plan is required to address both bribery and corruption risks and broader risks which may be encountered in doing business in such territories.

Our detailed anti-corruption procedures are incorporated within our Bribery Act Compliance Manual ("BACM"), which is updated on a regular basis, and includes requirements for:

- each business to routinely conduct informed bribery risk assessments as part of normal operating procedures, to determine the nature and extent of the Group's exposure to potential internal and external risks of bribery and corruption on its behalf by persons associated with it;
- approval of the appointment of all sales partners and other third party advisers, which in all circumstances requires the completion of risk-based due diligence, appropriate management approvals, use of standard form contracts, and ongoing monitoring and review;
- risk-based anti-corruption due diligence processes for the engagement of service providers and suppliers;
- regular mandatory training on BACM and its application to their respective roles for management, supervisors and all employees working within commercial, sales and marketing, finance and human resource functions or in customer-facing roles;
- approval of the giving and receiving of reasonable, proportionate and appropriate gifts and hospitality in the normal course of business; and
- proper identification, disclosure and management of potential or actual conflicts of interest.

A BACM "Pocket Guide" is issued to all employees across the Group, which provides an overview of our anti-corruption policies and the requirements of the detailed manual.

All businesses are required to complete a BACM Compliance Certificate on an annual basis, confirming that all policies and procedures within BACM have been complied with and providing supporting information to demonstrate compliance. BACM Compliance Certificates are reviewed by the ESG Committee following each submission.

We recognise that the appointment of third party sales partners in our routes to market can present particular bribery and corruption risks, and we therefore implement enhanced anti-corruption procedures for the engagement of sales partners where there is a genuine business need by mandating:

- restrictions on the number of sales partners to be engaged in each territory;
- the preparation of a full business case to justify the appointment of all new third party sales partners, including a two-stage bribery risk assessment incorporating the requisite level of risk-based due diligence, which must be approved by the Group Chief Executive before the sales partner is appointed;
- due diligence reports from external consultants for higher-risk appointments;
- a full periodic reappointment process for all retained sales partners, including recommissioning of the appropriate risk-based due diligence and resubmission of a full business case for approval by the Group Chief Executive; and
- increased reporting requirements for all payments made to third party sales partners and higher-risk service providers.

The review and approval processes for our third party sales partners are automated through the Chemring Compliance Portal, which enables us to adopt a consistent approach to the application of our due diligence and approval processes across the Group. Due diligence processes for the third party service providers and higher-risk suppliers engaged by our non-US businesses are also managed in the Chemring Compliance Portal. The US businesses have adopted a similar automated system in the US for their service providers and higher-risk suppliers.

The Chemring Compliance Portal also incorporates a module for employees to seek approval online prior to giving or receiving gifts and hospitality or making charitable donations on behalf of the business.

Selected third party sales partners are subject to an independent audit by an external consultant. These audits provide additional assurance on the suitability of our sales partners and help to further strengthen our anti-bribery and corruption processes.

Compliance with BACM procedures continues to be a core aspect of our internal audit programme.

Human rights

The Group is committed to respecting human rights in the countries in which we do business. Our Code of Conduct and other applicable policies under the Operational Framework support our commitment to ensuring, as far as we are able, that there is no slavery or human trafficking in any part of our business or in our supply chain. All suppliers are provided with a copy of our Supplier Code of Conduct, which requires them to adhere to our ethical standards and expectations, including in relation to human rights. We do not knowingly support or do business with any suppliers which are involved in slavery.

> A statement of the Group's compliance with the Modern Slavery Act 2015 can be found on the Group's website at www.chemring.com

We fully adhere to all relevant government guidelines designed to ensure that our products are not knowingly incorporated into weapons, or other equipment, used for the purposes of terrorism, international repression or the abuse of human rights.

FINANCIAL REVIEW

Delivering solid growth across all key metrics

James Mortensen
Chief Financial Officer

INTRODUCTION

We have continued to deliver against the Board's expectations, balancing short-term performance with long-term growth. Chemring continues to play a vital role supplying mission-critical products and services, as demonstrated by a new record order book.

Group financial performance

Order intake for 2025 remained strong, up 20.3% at £781m (2024: £649m). Countermeasures & Energetics order intake was up 20.6% at £602m (2024: £499m) demonstrating growing customer demand for traditional defence capabilities. Sensors & Information order intake increased 19.3% to £179m (2024: £150m), with the total order book ending the year 4.8% higher.

Revenue was up 2% to £497.5m (2024: £488.3m), as Energetics delivered ahead of schedule and we delivered improving operational performance at our Tennessee Countermeasures business, which offset a weaker period for Sensors & Information due to short-term delays in UK government spending.

On a constant currency basis the Group's revenue was up 2.8% to £502.2m (2024: £488.3m), underlying operating profit was up 6.8% to £74.3m (2024: £69.6m) and underlying diluted earnings per share was up 4.2% to 19.7p (2024: 18.9p). Foreign exchange translation has proved to be a headwind to revenue and operating profit compared with last year. While exchange rates have been volatile in the year, the US dollar and Australian dollar have all weakened against sterling. A summary of the impact of the exchange rate movements on the key metrics at a Group and sector level is shown in the table below.

	At constant currency		As reported		
	2025 £m	Change	**2025 £m**	Change	2024 £m
Group					
Order intake	**792.0**	22%	**781.4**	20%	649.0
Order book	**1,318.0**	29%	**1,345.4**	32%	1,022.4
Revenue	**502.2**	3%	**497.5**	2%	488.3
Underlying EBITDA	**99.7**	9%	**98.6**	8%	91.5
Underlying operating profit	**74.3**	7%	**73.5**	6%	69.6
Underlying earnings per share	**19.7**	4%	**19.4**	3%	18.9
Countermeasures & Energetics					
Order intake	**612.9**	23%	**602.1**	21%	498.5
Order book	**1,207.0**	32%	**1,234.9**	35%	916.7
Revenue	**326.8**	18%	**322.7**	17%	276.3
Underlying EBITDA	**80.8**	33%	**79.7**	31%	60.9
Underlying operating profit	**62.3**	38%	**61.6**	37%	45.0
Sensors & Information					
Order intake	**179.1**	20%	**179.3**	20%	149.7
Order book	**111.0**	6%	**110.4**	5%	104.5
Revenue	**175.4**	-17%	**174.8**	-18%	212.0
Underlying EBITDA	**38.4**	-19%	**38.2**	-19%	47.3
Underlying operating profit	**31.4**	-24%	**31.2**	-25%	41.4

"A strong financial result for the year reflecting the high quality, resilient nature of the business and improving operational execution."

The underlying operating profit of £73.5m (2024: £69.6m) resulted in an underlying operating margin of 14.8% (2024: 14.3%), the increase a result of higher Countermeasures & Energetics volumes and strong operational execution.

Total finance expense has increased to £5.7m (2024: £4.8m) with the continued investment in our niche Energetics businesses leading to higher borrowings.

Statutory operating profit was up 29.7% to £73.4m (2024: £56.6m) and after statutory finance expenses of £5.7m (2024: £4.8m), statutory profit before tax was £67.7m (2024: £51.8m). The statutory profit after tax from continuing operations was £53.3m (2024: £41.5m) giving a statutory basic earnings per share from continuing operations of 19.7p (2024: 15.2p).

As announced in November 2025, Alloy Surfaces Company, Inc, has been treated as discontinued under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* in 2025. As a result, all of the 2024 comparatives have been re-presented. A full reconciliation of this is provided in note 5.

A reconciliation of underlying to statutory profit measures is provided in note 3.

Tax

The underlying tax charge totalled £14.2m (2024: £12.0m) on an underlying profit before tax of £67.8m (2024: £64.8m). The effective tax rate on underlying profit before tax for the year was a charge of 20.9% (2024: 18.5%). The Group effective tax rate increased, as it converges with the UK corporation tax rate. The statutory tax charge totalled £14.4m (2024: £10.3m) on a statutory profit before tax of £67.7m (2024: £51.8m).

Earnings per share from continuing operations

Underlying basic earnings per share from continuing operations was 19.8p (2024: 19.3p) and diluted underlying earnings per share from continuing operations was 19.4p (2024: 18.9p). Statutory basic earnings per share was 19.7p (2024: 15.2p) and statutory diluted earnings per share was 19.3p (2024: 14.9p).

Working capital

Working capital was £73.7m (2024: £88.3m), a decrease of £14.6m. As a percentage of revenue, working capital has reduced to 14.8% (2024: 18.1%). We continued with our focus on commercial contracting, inventory levels and cash management.

Group financial position

Capital expenditure

We are continuing progress towards the three-year capital investment in the Energetics businesses with completed projects delivering ahead of schedule in Chicago and Norway. Our Chicago investment is operational and producing to plan. Our new facility in Scotland is substantially complete with revenue expected to be generated from 2027. The continued investment in Norway is ongoing with early benefits being generated from the first phase. Of the £90m grant funding awarded to date we have received £37m.

In the year, £93.4m (2024: £64.8m) was spent on property, plant and equipment which includes the above-mentioned programmes as well as ongoing capital investment to continually enhance safety and operational performance.

Capital allocation

Our disciplined approach to capital allocation prioritises organic and inorganic investment, a growing and sustainable dividend, other returns to shareholders and a prudent approach to leverage.

We continue to recognise that dividends are an important component of total shareholder returns. The dividend for 2025, subject to approval at the Annual General Meeting, was 8.0p (2024: 7.8p). The Board is pleased to have achieved the objective of a sustainable dividend cover of c.2.5 times underlying EPS, which will continue subject to maintaining a strong financial position.

On 26 February 2025, the Group announced that it had commenced a share buyback programme of up to a maximum consideration of £40m; this remains ongoing and we have spent £3.6m in 2025.

The Group's net debt at 31 October 2025 was £89.0m (2024: £52.8m), representing a net debt to underlying EBITDA ratio of 0.90x (2024: 0.58x). Underlying operating activities generated cash of £112.2m (2024: £93.9m) and statutory operating activities generated cash of £105.3m (2024: £90.5m). Underlying cash conversion was 114% (2024: 103%) of underlying EBITDA, and an average of 101% on a rolling 36-month basis (2024: 101%).

Debt facilities

The Group has a rolling credit facility which comprises a £180m facility which runs until December 2028, providing significant committed short and medium-term funding with three one-year options to extend further to December 2031. In addition, we have a US$20m swingline overdraft facility for use in the US. The Group also has a four-year amortising facility of £80.0m of which £64.0m is supported by the UK Export Finance Development Guarantee. This facility is fully drawn upon and repayments are in six equal instalments every six months beginning in April 2026. The Group had £134.7m (2024: £157.4m) of undrawn borrowing facilities at the year end. The Group is subject to two key financial covenants, which are tested quarterly. These covenants relate to the leverage ratio between underlying EBITDA and net debt, and the interest cover ratio between underlying EBITDA and finance costs. The calculation of these ratios involves the translation of non-sterling denominated debt using average, rates of exchange, rather than closing. The Group was in compliance with the covenants throughout the year.

Retirement benefit obligations

On 28 November 2023 the trustee of the Chemring Group Staff Pension Scheme entered into a buy-in contract with an insurer, Pension Insurance Corporation ("PIC"). The trustee is in the final stages of agreeing the verified data for the scheme with PIC and expects to agree the true-up premium for full buy-out of the scheme with PIC in early 2026.

The deficit on the Group's defined benefit pension scheme was £0.1m (2024: £0.1m surplus), measured in accordance with IAS 19 (Revised) *Employee Benefits.*

Research and development

Continued investment in R&D is a key aspect of the Group's strategy, and levels of internally-funded R&D are expected to be maintained as investment in product development continues, particularly within Sensors & Information. R&D expenditure was £106.9m (2024: £131.3m) of which £88.6m (2024: £114.0m) was externally funded.

Alternative Performance Measures ("APMs")

In the analysis of the Group's financial performance, APMs are presented to provide readers with additional information excluding certain items because, if included, these items could distort the understanding of our performance for the year and the comparability between the periods. Underlying measures are consistent with information regularly reviewed by management for planning, budgeting and reporting purposes and are aligned to our strategy and KPIs to measure performance and form the basis of the performance measures for remuneration. The strategic report also includes both statutory and underlying measures. The principal APMs are deemed underlying measures and are non-IFRS measures. A reconciliation of underlying measures used in the annual report to statutory measures is provided below:

	2025			2024		
	Underlying	**Non-underlying**	**Statutory**	Underlying	Non-underlying	Statutory
Group – continuing operations						
EBITDA (£m)	**98.6**	**1.6**	**100.2**	91.5	(11.0)	80.5
Operating profit (£m)	**73.5**	**(0.1)**	**73.4**	69.6	(13.0)	56.6
Profit before tax (£m)	**67.8**	**(0.1)**	**67.7**	64.8	(13.0)	51.8
Tax charge (£m)	**(14.2)**	**(0.2)**	**(14.4)**	(12.0)	1.7	(10.3)
Profit after tax (£m)	**53.6**	**(0.3)**	**53.3**	52.8	(11.3)	41.5
Basic earnings per share (pence)	**19.8**	**(0.1)**	**19.7**	19.3	(4.1)	15.2
Diluted earnings per share (pence)	**19.4**	**(0.1)**	**19.3**	18.9	(4.0)	14.9
Group – discontinued operations						
Loss after tax (£m)	**(2.3)**	**(2.8)**	**(5.1)**	(0.1)	(1.9)	(2.0)

Principal APMs also include underlying operating cash and underlying operating cash conversion; these measures use the underlying EBITDA as part of their calculation and are also considered non-IFRS measures. We also present a measure of constant currency revenue and operating profit, these are considered to be non-IFRS measures. This is calculated by translating our results for the year ended 31 October 2025 at the average exchange rates for the comparative year ended 31 October 2024.

Management considers non-underlying items to be amortisation of acquired intangibles; discontinued operations; exceptional items, for example relating to acquisitions and disposals, restructuring costs, changes in senior management, impairment charges, defined benefit pension buy-in/ buy-out costs and legal costs; gains or losses on the movement in the fair value of derivative financial instruments; and the tax impact of all of the above.

As adjusted results include the benefits of significant restructuring programmes but exclude significant costs (such as significant legal, major restructuring and transaction items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in statutory earnings. The exclusion of adjusting items may result in adjusted earnings being materially higher or lower than statutory earnings. In particular, when significant impairments, restructuring charges and legal costs are excluded, adjusted earnings will be higher than statutory earnings.

Our use of APMs is consistent with the prior year and we provide comparatives alongside all current year figures. The directors believe that these APMs assist with the comparability of information between reporting periods and reflect the key performance indicators used within the business to measure performance. The term underlying is not defined under IFRS and may not be comparable with similarly titled measures used by other companies. All profit and earnings per share figures in this financial review relate to underlying business performance (as defined above) unless otherwise stated. Further details including a full reconciliation are provided in note 3.

James Mortensen
Chief Financial Officer
8 December 2025

RISK MANAGEMENT

Effective risk management

We continue to manage key risks to ensure the effective delivery of the Group strategy.

Risk management organisation

The Board is responsible for determining the nature and extent of risks it is willing to accept in delivering the Group's strategy and running the Group's operations, and ensuring that risk is effectively managed across the Group.

The Board regularly reviews the Group risk register and considers whether the Risk Management Committee has appropriately identified the principal risks to which the Group is exposed.

The Audit Committee is responsible for reviewing and monitoring the effectiveness of the Group's internal control framework, including financial, operational and reporting controls, and its risk management systems. The Audit Committee also reviews the effectiveness of the Group's internal audit arrangements.

The Risk Management Committee is responsible for overseeing the implementation of the Group's risk management framework and for identifying the principal risks to which the Group is exposed, monitoring key mitigation plans and maintaining the Group risk register. The Risk Management Committee also reviews risks at the business unit level and considers input from the US Risk Management Committee, which has been constituted to oversee risk within the US operations.

The current members of the Risk Management Committee are:

- Michael Ord (Group Chief Executive);
- Sarah Ellard (Group Legal Director & Company Secretary);
- John Freiling (US Chief Financial Officer);
- Steve Hawkins (US Vice President, HSE);
- Steve Messam (Group HSE Director);
- Greg Moore (US President);
- James Mortensen (Chief Financial Officer);
- Rupert Pittman (Group Director of Corporate Affairs); and
- Olivia Wardlaw (Internal Audit Manager).

Risk management policy and framework

The Group's risk management policy sets out the Group's approach to risk management, including its risk appetite; the framework for assessing, managing and monitoring risk within the business; and the key roles and responsibilities for the oversight and implementation of the Group's risk management systems and controls.

The Group's risk management framework draws fundamentally from the "Three Lines of Defence Methodology", with the "First Line" being day-to-day management of risk and maintenance of effective control procedures at individual businesses. The "Second Line" comprises a range of risk management and control functions established at the corporate management level, which are designed to enhance and monitor the First Line. The "Third Line" comprises the Group's internal audit function, which reports directly to the Audit Committee, and assurance and audit reviews by external auditors, specialist consultants and regulators.

Approach to risk management

The management of each business is responsible for the identification, management and reporting of local risks, in accordance with the Group's risk management framework. The management of each business is also responsible for the maintenance of business risk registers and the implementation of mitigation plans.

Each business is required to maintain a risk register identifying their key risks. The risk registers include an analysis of the likelihood and impact of each risk, before and after mitigation actions are taken to manage the risk, together with details of the mitigation plans and progress against them. Each risk is allocated an owner, who has responsibility for managing the risk.

The business risk registers are updated quarterly and are reviewed in detail by the Group Chief Executive, the Chief Financial Officer, the US President and other members of the Executive Committee at quarterly business review meetings with each of the businesses. The US Risk Management Committee reviews the risk registers for the US businesses, considers US corporate-level risks and maintains a consolidated US risk register.

The Risk Management Committee meets on a quarterly basis and, utilising the input from the business risk registers and the US risk register, identifies those principal risks which are material to the Group as a whole. The Risk Management Committee also considers corporate-level risks and emerging risks, as referenced below. These risks are collated on the Group risk register, together with details of the applicable mitigation plans and risk owners.

The Group has implemented an Operational Framework, incorporating a broad range of policies and procedures which are required to be adopted by all businesses. An annual operational assurance process is a fundamental part of the Operational Framework and provides an assessment of compliance with the Operational Framework policies across the Group. The output of the operational assurance process provides additional visibility on risks across the Group and is utilised by the Risk Management Committee as a further input to the Group risk register. The operational assurance process also provides assurance to the Board that the Group's internal systems and controls are operating effectively. The full Group risk register is reviewed by the Board on a half-yearly basis and key individual risks are reviewed at each Board meeting.

Key areas of focus during the year

During the past year, we have continued to enhance our risk management systems, with specific focus in the following areas:

- We continued to promote our Fundamental Safety Principles and our SWIM ("Stop, Warn, Inform and Manage") process, and we continued to improve on the shared learning of findings from all significant incidents and high-potential near misses.
- In 2025, we introduced a new performance metric to monitor the risk of personnel exposure during process safety events and established a working group to review trends in the data. This has driven the development of engineering solutions to address the root causes of incidents and to reduce employee exposure to hazards.
- We have engaged additional external resources to ensure the successful delivery of our key capital investment programmes and further increased our senior-level oversight of the projects, particularly those at Chemring Nobel.

Key roles and responsibilities for the Group's risk management strategy

Business management
- Responsible for the implementation of the Group's risk management framework at the operational level
- Maintain business unit risk registers and provide input to the Risk Management Committee
- Responsible for compliance with internal controls

Risk Management Committee
- Oversees the implementation of the Group's risk management framework
- Monitors compliance with the Group's internal control systems
- Maintains the Group risk register

Audit Committee
- Reviews the effectiveness of the Group's risk management framework and systems of internal control
- Oversees the effectiveness of the Group's internal audit arrangements

The Board
- Overall responsibility for risk management
- Determines the Group's risk appetite
- Reviews the Group risk register

- We have continued to strengthen our IT and cyber-security controls, and expanded the services provided by external managed detection and response providers who monitor our systems, networks and the dark web in order to respond to cyber threats on a 24/7 basis. We have continued to share learnings from regulatory audits and implemented improvement actions across the Group. We have reviewed our arrangements against the UK Government's Cyber Governance Code of Practice.
- We have reviewed our succession and talent management programmes to address our key people-related risks.
- We continue to engage with UK, US and other government customers regarding the allocation and phasing of defence budgets. Our Group Chief Executive is a member of the UK Defence Industrial Joint Council, which aims to enhance collaboration between the UK Government, defence companies, trade unions and investors.
- We have enhanced our procedures for the prevention of fraud and provided related training for employees.
- Our internal audit programme has continued to incorporate thematic reviews in key risk areas. Our US internal audit programme has been enhanced by enabling our Group Internal Audit Manager to participate more broadly in the internal audits of the US businesses, whilst maintaining compliance with our US Special Security Agreement.

Principal risks
> Details of our principal risks are set out on pages 40 to 45

Emerging risks
The UK Corporate Governance Code requires the Board to undertake a robust assessment of the emerging risks that may impact the Group in the future. This requirement has been reflected in the Group's risk management processes and emerging risks are considered by the Risk Management Committee when compiling the Group risk register.

Emerging risks are identified through discussions with both external and internal subject matter experts and other stakeholders, including customers and regulators, and through horizon scanning of future developments in areas relevant to the Group's business operations.

Certain emerging risks relating to future technological, regulatory, financial and macro-economic changes are reflected on the Group risk register and mitigation plans implemented accordingly. However, other emerging risks have also been identified, where we are still endeavouring to determine the potential impact on the Group.

Risk review
The Board conducts an annual review of the effectiveness of the Group's systems of internal control and risk management systems. As part of this review the Board considers:

- the operational and financial reports received from the executive management throughout the year;
- the Group risk register, and the mitigation actions being taken to manage key risks;
- output from the operational assurance process; and
- internal audit reports and reports from the other assurance processes in place across the Group.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the principal risks faced by the business, and that robust systems of internal control and risk management were in place throughout the year under review and have remained in place up to the date of approval of these financial statements.

The Board continues to take steps to embed internal control and risk management further into the operations of the Group, and to address any areas for potential improvement which come to the attention of management and the Board.

The Board acknowledges, however, that the internal control systems can only provide reasonable, not absolute, assurance against mismanagement or loss of the Group's assets.

The Board assessed the principal and emerging risks to which the Group is exposed as part of its half-yearly review of the Group risk register. The Board considered whether all applicable risks had been adequately captured in the Group risk register and whether the requisite progress had been made on the mitigation actions to address significant risks. The Board also reviewed its risk appetite for the principal risks to which the Group is exposed.

Details of the principal risks and uncertainties which could have a material impact on the Group's business model, strategy, future performance or reputation are set out below. The principal risks are identified by the Risk Management Committee based on the likelihood of occurrence and the potential impact on the Group as a whole.

HEALTH, SAFETY AND ENVIRONMENT RISKS

A. Occupational and process safety

Risk and potential impacts

The Group's operations involve energetic materials that, by their nature, have inherent safety risks.

- Incidents may occur which could result in harm to employees, the temporary shutdown of facilities or other disruption to manufacturing processes.
- The Group may be exposed to financial loss, regulatory action and potential liabilities for workplace injuries and fatalities.

Risk indicators:
- Total recordable injury frequency rate
- Number of process safety events, including those that result in personnel exposure
- Number of near miss and high potential near miss reports

Mitigation

- Safety reinforced as a core value.
- Continued emphasis on the "Journey to Zero Harm" and promotion of a culture which puts safety first and encourages employees to take personal responsibility for their actions.
- HSE Strategy and HSE Management System Framework Standard fully implemented within the businesses.
- Robust major accident hazard analysis process to identify, evaluate and mitigate significant process safety risks, adopted across the Group.
- Group-wide standards on asset integrity, management of electro-static discharge hazards and incident investigation.
- Group-wide review of learnings from significant incidents.
- Technical Safety Committee established.
- Fundamental Safety Principles issued to all employees, and "Stop, Warn, Inform, Manage" process instigated to ensure incidents are avoided and to prevent reoccurrence.
- Continued focus on near miss identification and reporting.
- Ongoing programme of capital investment in older facilities to improve safety and reliability, and establishment of automated production facilities where appropriate.

> See also: Health and safety on page 20

Probability (post-mitigation): Low
Impact: High
Trend: Stable
Risk appetite: Low

B. Environmental laws and regulations

Risk and potential impacts

The Group's operations and ownership or use of real property are subject to a number of federal, state and local environmental laws and regulations. New legislation continues to emerge in this area.

At certain sites, currently or formerly owned or operated by the Group, there is known or potential contamination for which there is, or may be, a requirement to remediate or provide resource restoration.

- The Group could incur substantial costs, including remediation costs, resource restoration costs, fines and penalties, or be exposed to third party property damage or personal injury claims, as a result of liabilities associated with past practices or violations of environmental laws or non-compliance with environmental permits.

Risk indicators:
- Carbon emissions.
- Energy and water utilisation.
- Volume of waste produced.
- Number of environmental incidents.

Mitigation

- Emerging environmental and regulatory risks monitored by the Risk Management Committee and the ESG Committee.
- Group-wide collection of environmental performance data.
- Monitoring programmes established at certain sites and appropriate financial provisions held.
- Environmental liability insurance procured for certain risks.
- Environmental consultants retained to manage indemnification obligations for legacy site remediations.

> See also: Environment on pages 21 to 23, and TCFD report on pages 24 to 32

Probability (post-mitigation): Medium
Impact: Medium
Trend: Stable
Risk appetite: Low

C. Climate change

Risk and potential impacts

The Group's operations and delivery of our strategy could be impacted by climate change-related risks, including those associated with wildfires, severe weather events and new climate-related requirements in relation to the Group's manufacturing processes and products.

- Wildfires and severe weather events could result in harm to employees, the temporary shutdown of facilities or other disruption to manufacturing processes.
- The Group may be exposed to financial loss for business interruption and/or increased expenditure for adaption of production facilities and processes to address climate change-related risks.

Risk indicators:
- Frequency of wildfires and severe weather events.
- New legislation.

Mitigation

- Implementation of measures such as cutting back grassland close to manufacturing operations, to mitigate the risk of wildfires.
- Drainage improvements to mitigate the impact of potential flooding events.
- Carbon reduction plans and other environmental performance targets established to reduce the Group's environmental impact.
- Close relationships maintained with customers, in order to obtain early insight into new environmental requirements which may be imposed by customers.
- Property damage and business interruption insurance procured, and engagement with insurers on site-related climate risks.

> **See also: Environment on pages 21 to 23, and TCFD report on pages 24 to 32**

Probability (post-mitigation): Medium
Impact: Medium
Trend: Increasing
Risk appetite: Low

STRATEGIC RISKS

D. Market

Risk and potential impacts

Defence spending depends on a complex mix of political considerations, fiscal constraints and the requirements of the armed forces to address specific threats and perform certain missions. Overall defence spending may therefore be subject to significant yearly fluctuations, and there may also be downward pressure on defence budgets in certain key programme areas or reallocation of funding to address new priorities.

The Group's profits and cash flows are dependent, to a significant extent, on the timing of award of defence contracts. In general, the majority of the Group's contracts are of a relatively short duration and, with the exception of framework contracts with key customers, do not cover multi-year requirements.

- The Group's financial performance may be adversely impacted by lower defence spending by its major customers, either generally or in relation to certain programmes, or reallocation of funding.
- Short-term trading and cash constraints may impact on the Group's ability to invest in longer-term technologies and capabilities.
- Unmitigated delays in the receipt of orders or cancellation of existing contracts could affect the Group's financial performance. If the Group's businesses are unable to continue trading profitably during periods of lower order intake, financial performance will deteriorate, and assets may be impaired.

Risk indicators:
- Defence budget cuts.
- Reduction in order intake.
- Deterioration in profitability.

Mitigation

- Engagement with government customers regarding the future direction of defence budgets and key priorities. The Group Chief Executive is a member of the UK Defence Industrial Joint Council which aims to enhance collaborations between the UK Government, defence companies, trade unions and investors.
- Continual assessment of alignment of planned organic growth strategies and technology roadmaps against government priorities for future funding.
- Focus on organisational development to ensure the business is appropriately structured to meet current and future needs, and to provide resilience in difficult market conditions.
- Continued focus on order intake as a key performance indicator.
- Continued review of the Group's portfolio and inorganic growth opportunities.
- Pursuit of long-term, multi-year contracts with major customers wherever possible.

> **See also: Group Chief Executive's review on pages 6 to 9**

Probability (post-mitigation): Medium
Impact: Medium
Trend: Increasing
Risk appetite: Low to moderate

STRATEGIC RISKS continued

E. Political

Risk and potential impacts

Increasing political, social and economic uncertainty and volatility may lead to changes in the political landscape. In addition, there is a significant risk of political unrest and changes in the political structure in countries to which the Group currently sells.

- The Group's business in certain countries may be adversely affected in a way that is material to the Group's financial position and the results of its operations.
- Political changes could impact future defence budgets and priorities or the Group's ability to export products to certain countries.

Risk indicators:
- Political changes.
- Suspension/withdrawal of export licences.
- International sanctions.
- Reduction in order intake.

Mitigation

- Relationships maintained at political level in key countries and with senior customer representatives.
- Financing arrangements implemented, including letters of credit and advance payments, for contracts with higher-risk customers.
- Political risks insurance procured in certain circumstances.

> See also: Group Chief Executive's review on pages 6 to 9

Probability (post-mitigation): Low
Impact: Medium
Trend: Stable
Risk appetite: Low to moderate

F. Contracts

Risk and potential impacts

The Group's government contracts may be terminated at any time and may contain other unfavourable provisions.

The Group may need to commit resources in advance of contracts becoming fully effective, to ensure prompt fulfilment of orders or to enable conditions precedent to be met.

- The Group may suffer financial loss if contracts are terminated by customers, or a termination arising out of the Group's default may have an adverse effect on the ability to compete for future contracts and orders.
- Unfavourable commercial contract terms may adversely impact the Group's working capital position, particularly if the receipt of payments by the Group is delayed.

Risk indicators:
- Number of contract claims/terminations.
- Increase in working capital.
- Delays in customer payments.
- Number of bonds or guarantees called.

Mitigation

- Relationships maintained at political level in key countries and with senior customer representatives.
- Commercial Policy within the Operational Framework requires central approval for certain contractual risk exposures.
- Commercial and contract risk management training programme implemented.
- Advance and stage payments negotiated with customers wherever possible, to improve working capital management.

Probability (post-mitigation): Low
Impact: Medium
Trend: Decreasing
Risk appetite: Moderate

G. Technology

Risk and potential impacts

The Group may fail to maintain its position on key future programmes due to issues with capability development, technology transfer or cost-effective manufacture.

The Group needs to continually add new products to its portfolio, through innovation and an emphasis on research and development. New product development may be subject to delays, or may fail to achieve the requisite standards to satisfy volume manufacturing requirements and the production of products against high reliability and safety criteria to meet customer specifications.

- Failure to obtain production contracts on major development programmes may significantly impact the future performance and value of individual businesses.
- Failure to complete planned product development and upgrades successfully may have financial and reputational impacts, and may result in obsolescence or loss of future business.

Risk indicators:
- Reduction in R&D expenditure.
- Delays in R&D programmes.
- Delays in qualification of products.
- Loss of production contracts.
- Emergence of new competitors and disruptive technologies.

Mitigation

- Close relationships maintained with customers on all key future programmes.
- New Product Development Policy and procedures adopted, to align the approach to future technology investment across the Group.
- Technology investments aligned with the five-year plan.
- Working groups established to drive and co-ordinate technology growth in certain key areas.

Probability (post-mitigation): Medium
Impact: Medium
Trend: Stable
Risk appetite: Moderate

H. Financial

Risk and potential impacts

The Group is exposed to a range of financial risks, both externally driven, such as fluctuations in foreign exchange rates, and specific to the Group.

Specific financial risks could arise out of a disruption to operations; failure to deliver strategic objectives, including planned investment; or customer-related events, including defaults on the payment of debts.

As a result of certain past events, the Group is exposed to contingent liabilities which may or may not result in future cash outflows. (Further details are contained in note 35 of the Group financial statements.)

- The Group may fail to comply with financing covenants and be unable to meet debt repayments, leading to withdrawal of funding or additional costs of maintaining funding.
- Operational results may be impacted by unexpected financial losses or increased costs.

Further details of the financial risks to which the Group is potentially exposed, and details of mitigating factors are set out in the financial review and note 23 of the Group financial statements.

Risk indicators:
- Deterioration in bank covenants.
- Increase in net debt.
- Interest rate increases.
- Foreign exchange rate movements.
- Increase in bad debts.
- Increase in inflation.

Mitigation

- Committed banking facilities to December 2028 and additional loan facility supported by UK Export Finance.
- Regular monitoring of actual and forecast financing covenants.
- Capital investment approval processes, requiring Board approval for significant projects.
- Hedging policy applied for significant foreign transactions.
- Advance payments and letters of credit required from customers with a heightened payment risk.
- Government grant funding secured to support capital expansion projects.

> See also: Financial review on pages 36 to 37

Probability (post-mitigation): Low
Impact: Medium
Trend: Decreasing
Risk appetite: Moderate

STRATEGIC RISKS continued

I. Operational

Risk and potential impacts

The Group's manufacturing activities may be exposed to business continuity risks, arising from plant failures, supplier interruptions, quality issues or large-scale employee absences.

Planned new facility developments may be delayed as a result of operational issues.

- Interruptions to production and sales could result in financial loss, reputational damage and loss of future business.
- A delay in completing new manufacturing facilities could constrain capacity and limit future business growth.

Risk indicators:
- Number of process safety events including those that result in personnel exposure.
- Reduction in right first time and on-time delivery rates.
- Increase in supplier-related delays.
- Increase in quality issues and customer complaints.
- Reduction in capital expenditure.
- Delays in commissioning of facilities.

Mitigation

- Group-wide major accident hazard analysis process and upset condition management standard, and key learnings shared across the Group.
- Key performance indicators provide visibility on operational performance and facilitate early identification of potential production and quality issues.
- Advance purchases of raw materials to address potential supply chain constraints.
- Due diligence and credit checks on key suppliers.
- Business continuity plans established across the Group.
- Continued capital investment in legacy facilities to improve safety and reliability.
- Asset integrity programme implemented.
- Detailed plans developed for all significant capital investment projects, steering committees established, and additional dedicated resources deployed to oversee key projects.
- Business interruption risks insured where appropriate.

> **See also: Group Chief Executive's review on pages 6 to 9, and Health and safety on page 20**

Probability (post-mitigation): Medium

Impact: High

Trend: Stable

Risk appetite: Low to moderate

J. People

Risk and potential impacts

There is a risk that the market for talent in key areas of expertise becomes more challenging. Allied to this, there is a risk of loss of key personnel.

As the shape of the Group's business changes and, with an increased focus in high technology areas, the Group may fail to build and retain an appropriate skill base to facilitate successful competition in new markets and product areas.

Employees may not be fully-engaged with the Chemring journey, purpose, products, customers and values.

- Failure to recruit sufficient suitably qualified personnel in key areas of the business may result in the Group failing to achieve future growth aspirations.
- Failure to build and retain key skills may lead to a reduction in the ability to innovate or to win and deliver new contracts.
- If key personnel are not fully engaged with the business purpose, values and products, and are not appropriately incentivised, their retention may be compromised. This could result in loss of management expertise and knowledge, and the Group's operations may suffer as a consequence.

Example key risk indicators:
- Increase in employee turnover.
- Number of unfilled vacancies.
- Employee sentiment scores.

Mitigation

- Chemring values of Safety, Excellence and Innovation established.
- Group-wide development framework, focusing on development of management and leadership skills and behaviours, particularly amongst the line manager and supervisor population.
- Ongoing review of capability requirements against the business strategy.
- Employee engagement tools deployed at the businesses.
- Talent framework and succession planning process implemented and regularly reviewed by the Board.
- Incentive arrangements enhanced to encourage collaboration and create a Group focus at senior level.
- Ongoing development of Employee Value Proposition and each business's brand.
- Group-wide employee engagement survey to be implemented in 2026.

> **See also: Our people on page 33**

Probability (post-mitigation): Low

Impact: Low

Trend: Stable

Risk appetite: Low to moderate

K. Cyber-security

Risk and potential impacts

Cyber-security and related risks are key emergent areas of critical importance for all businesses, particularly for those involved in the defence and national security sectors.

Threats can emanate from a wide variety of sources and could target various systems for a wide range of purposes, making response particularly difficult. The data and systems which need to be protected include customer-classified or sensitive information, commercially sensitive information, employee-related data and safety-critical manufacturing systems.

- The Group may suffer from critical systems failures, or its intellectual property, or that of customers, may fall into the hands of third parties.
- In addition to business interruption and financial loss, the Group may suffer reputational damage, and its business of providing cyber-security services to customers may be irreparably damaged.

Risk indicators:

- Number of "phishing" emails reported.
- Number of system attacks and failures.
- Reports from external advisers on the threat environment.
- Decrease in confidence and integrity of data/information.

Mitigation

- Cyber risk assessments completed, and action plans implemented to counter identified major risks.
- Group-wide Cyber-Security Standard based on the US NIST 800-171 standard and cyber-security defence measures adopted encompassing, as appropriate to the nature of the threat and sensitivity of data or systems being protected, hardware, software, system, process or people-based solutions.
- Where appropriate, government or commercial accreditation of networks and systems obtained in support of the overall cyber-security programme.
- IT and security systems review included within the internal audit programme.
- Cyber Incident Response Plan developed, and workshops held.
- Cyber consultants engaged to provide ongoing monitoring and expertise.
- Ongoing cyber training undertaken by employees.

Probability (post-mitigation): Low
Impact: High
Trend: Stable
Risk appetite: Low

LEGAL AND COMPLIANCE RISKS

L. Compliance and corruption

Risk and potential impacts

The Group operates in over fifty countries worldwide, in a highly regulated environment, and is subject to the applicable laws and regulations of each of these jurisdictions. The Group must ensure that all its businesses, its employees and third parties providing services on its behalf comply with all relevant legal and regulatory obligations.

The nature of the Group's operations could expose it to government and regulatory investigations relating to safety and the environment, import-export controls, money laundering, false accounting, and corruption or bribery.

The Group requires a significant number of permits, licences and approvals to operate, which may be subject to non-renewal or revocation.

- Non-compliance could result in administrative, civil or criminal liabilities, and exposure to fines, penalties, suspension or debarment, and reputational damage.
- Loss of key operating permits and approvals could result in temporary or permanent site closures, and loss of business.

Risk indicators:

- Regulatory intervention and penalties.
- Non-renewal/revocation of licences and permits.
- Breaches of policies.
- Non-completion of compliance training.
- Increase in whistleblowing reports.

Mitigation

- ESG Committee oversees compliance across the Group.
- Operational Framework in place, mandating compliance with a range of policies and procedures covering a wide range of legal and regulatory requirements.
- Operational assurance process established as part of the Operational Framework.
- Central legal and compliance function assists and monitors all Group businesses, supported by dedicated internal legal resource in the US.
- Code of Conduct stipulates the standards of acceptable business conduct required from all employees and third parties acting on the Group's behalf.
- Bribery Act Compliance Manual implemented, incorporating robust anti-bribery policies and procedures.
- Policy adopted to manage risks associated with sales to customers in higher-risk territories.
- Whistleblowing reports reviewed at each Board meeting.

> **See also: Ethics and business conduct on pages 34 to 35**

Probability (post-mitigation): Low
Impact: High
Trend: Decreasing
Risk appetite: Low

VIABILITY STATEMENT AND GOING CONCERN

In accordance with provisions 30 and 31 of the UK Corporate Governance Code, the Board is required to state whether it considers it appropriate to adopt the going concern basis of accounting when preparing the financial statements, and to undertake an assessment of the Group's prospects and consider whether there is a reasonable expectation that the Group will be able to continue in operation and meets its liabilities as they fall due over the period of the assessment.

Going concern

The Group's business activities, key performance indicators, and principal risks and uncertainties are set out within the strategic report on pages 1 to 46.

The directors believe that the Group is well placed to manage its business risks successfully. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities.

Key financial metrics

	2025	Covenant
Available facilities	**£275.2m**	
Undrawn committed borrowing facilities	**£134.7m**	
Leverage ratio	**0.95x**	Less than 3x
Interest cover ratio	**12.17x**	Greater than 4x

In April 2025, the Group refinanced its revolving credit facility. The new facility of £180m, which is a £30m increase on the previous facility of £150m, runs to December 2028 and includes the option for three one-year extensions to December 2031. The Group also has a $20m swingline overdraft facility for use in the US. In October 2024, the Group entered into an £80m UK Export Finance loan facility led by Barclays Bank PLC. This is a four-year facility with a one-year draw down period and a three-year amortising repayment schedule.

The Group was in compliance with its financing covenants throughout the year.

Assessment of near-term prospects

As part of a regular assessment of the Group's working capital and financing position, the directors have prepared a detailed bottom-up two-year trading budget and cash flow forecast for the period through to October 2027. This has enabled the directors to assess going concern for a period of at least twelve months after the date of approval of the financial statements. This is in addition to the Group's longer-term strategic planning process. In assessing the forecast, the directors have considered:

- trading opportunities and risks presented by the current economic conditions in the defence market, particularly in relation to government budgets and expenditure;
- the impact of macro-economic factors, particularly interest rates and foreign exchange rates;
- the status of the Group's existing financial arrangements and associated covenant requirements;
- progress made in developing and implementing cost reduction programmes and operational improvements;
- progress made on capital expansion projects at the Group's Energetics businesses, including the provision of grant funding;
- the availability of mitigating actions should business activities fall behind current expectations, including the deferral of discretionary overheads and restricting cash flows; and
- the long-term nature of the Group's business which, taken together with the Group's order book, provides a satisfactory level of confidence to the Board in respect of trading.

Sensitivity analysis

Additional detailed sensitivity analysis has been performed on the forecasts to consider the impact of severe, but plausible, reasonable worst case scenarios on the covenant requirements. These scenarios, which sensitised the forecasts for specific identified risks, modelled the reduction in anticipated levels of underlying EBITDA and the associated increase in net debt. The scenarios included significant delays to major contracts and considered the principal risks and uncertainties discussed in the strategic report. The sensitised scenarios show headroom on all covenant test dates for at least twelve months after the date of approval of the financial statements.

Confirmation of going concern

After consideration of the above, the directors have a reasonable expectation that the Group and the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Long-term viability

Assessment of long-term prospects

The directors have assessed the Group's viability over the subsequent three financial years to October 2028 based on the above assessment, combined with the Group's strategic planning process, which gives greater certainty over the forecasting assumptions used. Based on this assessment, the directors have a reasonable expectation that the Group will be able to continue in operation and meet all its liabilities as they fall due up to October 2028.

Assessment period

The directors have chosen the subsequent three financial years as the period to assess viability to reflect the characteristics of the Group's end markets and their contracting arrangements. These range from multi-year contracts with key customers to shorter-term orders, such as those awarded to Roke.

Principal risks

In considering our viability statement we have considered the principal risks and uncertainties discussed in the strategic report and assessed the impact. Those risks with the most significant potential financial impact included occupational and process safety risks, operational risks and risks associated with environmental laws and regulations.

Sensitivity analysis

Sensitivity analyses were run to model the financial and operational impact of plausible downside scenarios of these risk events occurring individually or in combination. These included the impacts of a deterioration in the macro-economic environment, including future government policy and spending, underperformance in executing the Group's strategy, failure to achieve operational improvement, and material movements in foreign exchange rates.

Consideration was also given to the plausibility of the occurrence of other individual events that in their own right could have a material impact on the Group's viability.

Confirmation of viability

Based on the consolidated financial impact of the sensitivity analyses and associated mitigating internal controls and risk management actions that are either now in place or could be implemented, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year assessment period.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

This section of the strategic report constitutes the Group's non-financial and sustainability information statement and addresses the requirements of sections 414CA and 414CB of the Companies Act 2006. The non-financial information is included within the various other sections of the strategic report and is cross-referenced below.

Our Code of Conduct provides direction to our employees on the standards of behaviour and business conduct which we expect from them. It sits alongside our Operational Framework, which incorporates a wide range of policies and procedures to enable our businesses to comply with their legal obligations and to operate in a safe, consistent and accountable way.

> Our Code of Conduct and our key public policies are available at www.chemring.com.

Reporting requirement	Relevant policies which govern our approach	Where to read more	Page
Environmental matters	- Group health, safety and environmental policy	- Introduction to sustainability - Environment - TCFD report	18 21 24
Employees	- People policy - Group health, safety and environmental policy - Directors' remuneration policy - Whistleblowing policy - Code of Conduct - Personal data protection policy	- Our people - Health and safety - Ethics and business conduct - Corporate governance report - Directors' remuneration report	33 20 34 52 71
Social and community matters	- Community investment policy - Code of Conduct	- Our people - Ethics and business conduct	33 34
Respect for human rights	- Modern Slavery Act Statement - People policy - Supplier Code of Conduct - Code of Conduct	- Our people - Ethics and business conduct	33 34
Anti-bribery and corruption	- Anti-corruption policy - Bribery Act Compliance Manual - Policy on sales to customers located in higher-risk territories - Fraud prevention policy - Offset policy - Code of Conduct	- Ethics and business conduct	34
Business model		- Investment case - Market overview and strategy	4 10
Stakeholders		- Corporate governance report	52
Risk management		- Risk management - Principal risks and uncertainties	38 40
Non-financial key performance indicators		- Key performance indicators - Health and safety - Environment - Our people	12 20 21 33

Statement on compliance with section 172 of the Companies Act 2006

Section 172(1) of the Companies Act 2006 requires the directors to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, having regard to the likely consequences of any decision in the long term and the impact on various stakeholders. In discharging our section 172 duties, the directors have regard to these factors and any other factors which we consider relevant to the decision being made. We acknowledge that every decision we make will not always result in a positive outcome for all our stakeholders. However, by considering the Company's purpose, vision and values, together with our strategic objectives and having a process in place for decision making, we aim to ensure that our decisions are considered and proportionate.

Further details on how the Board operates and reflects stakeholder views in its decision making, and how the Board has had regard to section 172 matters during the year, are set out in the corporate governance report on pages 55 to 59.

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

Upholding the highest standards of corporate governance

Tony Wood
Chairman

On behalf of the Board, I am pleased to present the governance report for the year ended 31 October 2025. The report focuses on the Group's governance structures, the work of the Board and its committees, and our compliance with the UK Corporate Governance Code 2018 (the "Code") and other regulatory requirements. The report comprises the following:

Board composition

In last year's report, we announced that Andrew Davies would retire from the Board on 31 January 2025, having nearly completed his third three-year term as an independent non-executive director. Following Andrew's retirement, Fiona MacAulay was appointed as the Senior Independent Director, which has enabled us to comply fully with the Listing Rules relating to Board diversity. Fiona has confirmed that she does not intend to seek re-election a the Annual General Meeting in February 2026, in advance of her second three-year term as a non-executive director expiring in June 2026. We have instigated a search for her replacement and will seek to maintain the current level of diversity on the Board going forward.

We also announced our intent, in last year's report, to initiate a search for a new non-executive director to replace Andrew Davies and I am delighted to report that Pete Raby joined the Board on 1 September 2025.

Purpose, values and culture

The Board recognises its role in establishing the purpose and values of the Group, and embedding these throughout the organisation.

Our purpose at Chemring is to help make the world a safer place, which reflects the critical role we play in the support of our customers as we adapt to an increasingly volatile and unstable world. Across physical and digital environments, our exceptional teams deliver innovative technologies and products to detect, defeat and counter ever-changing threats. Our purpose and our core values of Safety, Excellence and Innovation form the foundation for our strategy, our business and our organisation.

Our Code of Conduct reflects our purpose and our values, and sets out the standards of behaviour and business conduct we expect of all employees and all third parties acting on our behalf. It reinforces the culture, set by the Board, of always doing the right thing and taking personal responsibility for our actions. We firmly believe that promoting a Chemring culture that embraces responsible behaviour will contribute to the long-term success of the business and will benefit all our stakeholders. The Code of Conduct was updated and reissued in April 2025, and is supplemented with ongoing scenario-based training.

> "Our Operational Framework and our Code of Conduct promote a set of policies, practices and behaviours which are fully aligned with Chemring's purpose, values, vision and strategy."

Governance and operational framework

Our Operational Framework provides an enhanced governance framework to enable us to operate in a safe, consistent and accountable way. Together with our Code of Conduct, the Operational Framework promotes a set of policies, practices and behaviours which are fully aligned with Chemring's purpose, values, vision and strategy. The Operational Framework was updated and reissued in November 2024.

Our ESG Committee, chaired by the Group Chief Executive, maintains oversight of our ethical business conduct and compliance arrangements, and its activities reinforce the importance of responsible behaviour at all levels of the organisation. The ESG Committee reports to the Board on a regular basis and further details of its activities during the year can be found on page 34.

Strategy

The delivery and further evolution of the Group's strategy, which is articulated in my statement on page 2 and in the strategy section on pages 10 to 11, continues to be one of the principal areas of focus for the Board. In addition to our annual review of the updated Group strategy and five-year plan in July, the Board continued to address specific strategic topics in a number of our meetings during the year. We also review progress against key strategic actions at every meeting. This regular drumbeat of strategic discussions greatly enhances the Board's understanding of the potential opportunities available to our businesses and ensures that the requisite resources are allocated to the realisation and optimisation of these opportunities. We also invited a number of external speakers to our meetings during the year, to provide an outside perspective on the prevailing geopolitical situation and its implications for our markets and operations.

Environmental, social and governance ("ESG")

The Board recognises that long-term value creation can only be delivered through safe, sustainable and responsible business operations. As referred to above, the Board has established an ESG Committee to oversee the delivery of our ESG strategy and implementation of our ESG policies.

In last year's report, we announced the deferral of our target to achieve net zero market-based scope 1 and 2 emissions to 2035, in view of the establishment of new facilities and significant increase in production capacity in our Energetics businesses in order to meet continued strong market demand. During 2025, we continued to reduce our scope 1 and 2 emissions in line with this commitment.

ESG-related objectives are included in the incentive arrangements for our leadership teams and performance against agreed ESG targets is monitored by the Board at every meeting. Further details on our ESG-related activities and the further progress made in the year can be found in the sustainability section on pages 18 to 35.

Stakeholder engagement

Following my appointment as Chairman in December 2024, I took the opportunity to meet with a number of our major shareholders. This engagement provided beneficial insight into our shareholders' views on the Group and our future strategy.

In recognition of the requirement under the Code for the Board to establish a mechanism for engaging directly with our employees, Laurie Bowen is designated as the non-executive director with responsibility for employee engagement on behalf of the Board. Laurie held a number of meetings with employees at all levels of the organisation at four of our businesses during the year, at which she shared with employees a perspective on the Board's priorities and provided an opportunity for them to ask questions of her. Further details are provided later in the report. Feedback from these meetings continues to be positive, with employees welcoming the opportunity to meet with a non-executive member of the Board and to be able to provide honest feedback to a senior member of the organisation outside of their direct line management. Insights from these interactions, which are reported to the Board following the engagement sessions, provide valuable input to the Board's deliberations.

We fully recognise our obligation to engage with and consider the impact of the Board's decisions on all our stakeholders. Further details on our approach can be found later in this report.

Board effectiveness

During the year, the Board visited our sites in Tennessee and Scotland, in addition to its annual visit to Roke in Romsey. At each meeting, the Board received a presentation from the business and met with employees.

The Board continues to maintain a strong relationship with our US Board, of which our Group Chief Executive and Chief Financial Officer are members. The Board met with the US Board during its visit to the US in April 2025 and received detailed briefings on the US defence market and the US business operations.

Board site visits and related engagement activities are beneficial to aiding the Board's understanding of both the challenges and opportunities within our businesses, and we will continue with our scheduled programme of site visits in 2026.

Remuneration

Further details of the Remuneration Committee's activities during the year are set out in the directors' remuneration report on pages 71 to 91.

Board evaluation

In accordance with the recommendations of the Code, the Board performance evaluation was internally facilitated this year and further details are set out on page 63.

Updated UK Corporate Governance Code

An updated UK Corporate Governance Code was published by the Financial Reporting Council in January 2024. The Group was required to comply with the updated Code with effect from 1 November 2025 (with the exception of Provision 29 – the declaration on the effectiveness of the risk management and internal control framework – which will apply to the Group with effect from 1 November 2026). We are aiming for full compliance with the updated Code this year.

Tony Wood
Chairman
8 December 2025

Compliance with the UK Corporate Governance Code

In the year under review, the Company was required to apply the principles and provisions of good governance set out in the UK Corporate Governance Code issued in 2018 by the Financial Reporting Council. The Company was in compliance with the provisions of the Code throughout the year ended 31 October 2025.

Further details on how the Company applied the principles of the Code during the year can be found as follows:

BOARD OF DIRECTORS

Diverse and experienced leadership

Chairman

Executive directors

Tony Wood

Chairman

N R

Board length of service (as at 8 December 2025):
1 year, 2 months

Experience:

- Board experience at Chief Executive level and in non-executive positions
- Extensive international experience in aerospace, defence and engineering sectors
- Fellow of the Royal Aeronautical Society and a Fellow of the Association for Project Management

Tony joined the Group as an independent non-executive director and Chairman-designate on 1 October 2024 and was appointed Chairman of the Board on 1 December 2024.

Tony formerly held senior leadership and executive positions at Meggitt plc and Rolls Royce, having started his career at Dowty Group (now part of Safran SA). He was also a non-executive director and President of ADS Group, Ltd, the UK trade association for the Aerospace, Defence, Security and Space sector, before stepping down in 2023.

Tony is a member of the Board of directors of Airbus SE* and a member of the Board of directors of National Grid plc*.

Michael Ord

Group Chief Executive

Board length of service (as at 8 December 2025):
7 years, 6 months

Experience:

- Extensive senior management experience in the defence sector
- International experience in both service and manufacturing industries

Michael Ord was appointed to the Board on 1 June 2018 and appointed as Group Chief Executive on 1 July 2018.

Michael is currently a non-executive director of TT Electronics plc*.

Michael formerly held a number of senior management roles with BAE Systems including Managing Director of their Naval Ships and F-35 Joint Strike Fighter businesses. Prior to his 1996 move to industry, he had a successful career in the Royal Navy serving for twelve years in a number of engineering management roles.

An Aeronautical Systems Engineering graduate and a Chartered Engineer, Michael has also completed post-graduate management studies at Manchester Business School and is a graduate of Harvard Business School's Advanced Management Programme. He is a member of the Royal Aeronautical Society. He previously served as a trustee of The Education and Training Foundation.

James Mortensen

Chief Financial Officer

Board length of service (as at 8 December 2025):
2 years, 1 month

Experience:

- Extensive senior management experience in international technology and manufacturing businesses
- Strategy and M&A experience
- Chartered Accountant

James Mortensen was appointed to the Board on 1 November 2023 and was appointed as Chief Financial Officer on 1 January 2024.

Prior to joining the Group, James spent eight years at Smiths Group, where he held a number of senior roles including Group Head of Corporate Development and Chief Financial Officer of Smiths Medical.

Prior to joining Smiths, James spent eight years at Smith & Nephew plc, where he held various senior finance roles. James started his career in KPMG's audit practice.

Sarah Ellard

Group Legal Director & Company Secretary

Board length of service (as at 8 December 2025):
14 years, 3 months

Experience:

- Legal, compliance and governance expertise
- Chartered Secretary

Sarah Ellard was appointed as Group Legal Director on 7 October 2011, having been Group Company Secretary since 1998.

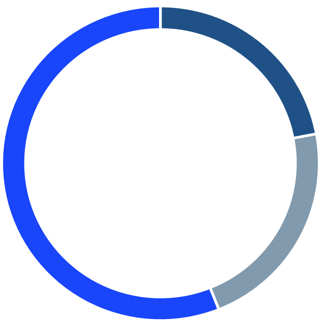
Prior to joining the Group, Sarah trained and worked at Ernst & Young. She is a Fellow of the Chartered Governance Institute.

Committee membership

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- Denotes Chair

Length of service

- 0-2 years: 2 (22%)
- 2-5 years: 2 (22%)
- 5+ years: 5 (56%)



* Designates a current public company appointment.

Non-Executive directors

Alpna Amar
Non-Executive Director

A N R

Board length of service (as at 8 December 2025):
2 years, 6 months

Experience:
- International experience within the automotive and construction sectors
- Chartered Accountant

Alpna Amar was appointed as an independent non-executive director on 13 June 2023.

Alpna is currently Chief Financial Officer of Senior plc* and was formerly Corporate Development Director of Kier Group plc. Alpna has a wealth of corporate, operational and commercial finance, strategy, M&A and investor relations experience in both corporate and consulting positions, and previously held senior investor relations and corporate development roles at global automotive suppliers TI Fluid Systems plc and International Automotive Components Group SA.

Laurie Bowen
Non-Executive Director

A N R

Board length of service (as at 8 December 2025):
6 years, 5 months

Experience:
- Board experience at Chief Executive level
- International experience in the technology sector

Laurie Bowen was appointed as an independent non-executive director on 1 August 2019 and was appointed as Chair of the Remuneration Committee on 4 March 2020.

Laurie serves as a non-executive director of SBA Communications Corporation*. She has over 30 years of leadership experience at large multinational telecommunications and technology companies including Cable & Wireless Communications plc, Tata Communications, BT Group plc and IBM. Most recently she was Chief Executive of Telecom Italia Sparkle in the Americas, a subsidiary of the international wholesale arm of Telecom Italia.

Laurie was previously a non-executive director of Ricardo plc and Transcom Worldwide AB.

Stephen King
Non-Executive Director

A N R

Board length of service (as at 8 December 2025):
7 years, 1 month

Experience:
- Executive and non-executive board experience in public and private companies
- Chartered Accountant

Stephen King was appointed as an independent non-executive director on 1 December 2018 and as Chairman of the Audit Committee on 1 August 2019.

Stephen has a wealth of senior level experience within the industrial, engineering and manufacturing sectors, including a number of executive and non-executive roles. He is currently a non-executive director of Keller Group plc*.

Stephen retired as Group Finance Director of Caledonia Investments plc in 2018. He was previously a non-executive director and Chairman of the Audit and Risk Committee at Signature Aviation plc and The Weir Group plc, and a non-executive director and Senior Independent Director at TT Electronics plc.

Stephen was Finance Director at De La Rue plc from 2003 to 2009, and prior to that at Midlands Electricity plc. A Chartered Accountant, Stephen has also held senior financial positions at Lucas Industries plc and Seeboard plc, and was a non-executive director of Camelot plc.

Fiona MacAulay
Senior Independent Non-Executive Director

A N R

Board length of service (as at 8 December 2025):
5 years, 6 months

Experience:
- Board experience at Chief Executive level and in non-executive positions
- International and operational experience in high-hazard industries

Fiona MacAulay was appointed as an independent non-executive director on 3 June 2020 and was appointed as Senior Independent Director on 1 February 2025.

Fiona is a non-executive director of Ferrexpo plc*, Costain Group PLC*, Dowlais Group plc* and Rosebank Industries plc*. She was previously Chair of IOG plc and a non-executive director of Coro Energy Plc and EPI Group Ltd.

Fiona previously held a number of senior operational roles within the oil and gas sector, including a two-year appointment as Chief Executive of Echo Energy plc in 2017.

Pete Raby
Non-Executive Director

A N R

Board length of service (as at 8 December 2025):
0 years, 3 months

Experience:
- Board experience at Chief Executive level and in non-executive positions
- International and operational experience in the defence sector and other manufacturing operations

Pete Raby was appointed as an independent non-executive director on 1 September 2025.

Pete is currently a non-executive director of Hill & Smith plc* and was Chief Executive of Morgan Advanced Materials plc until his retirement in July 2025. Pete was previously President of the Communications and Connectivity sector of Cobham plc and was a partner at McKinsey & Company.

* Designates a current public company appointment.

CORPORATE GOVERNANCE REPORT

Board leadership and company purpose

GOVERNANCE FRAMEWORK

The Board is responsible for ensuring leadership of the Group through effective oversight and review, with the aim of delivering the long-term sustainable success of the business. The Board discharges some of its responsibilities directly in accordance with the formal schedule of matters reserved to it for approval, and discharges others through Board committees and the executive management.

The key responsibilities of the Board, its committees and the executive management are set out below.

The terms of reference of the Board committees are published on the Company's website:

> www.chemring.com/ investors/corporate-governance

The Board

Responsible for promoting the long-term sustainable success of the Group; directing its purpose, values and strategy; oversight of financial and organisational control; ensuring that the Group's businesses have appropriate and effective internal control and risk management systems; and ensuring effective engagement with stakeholders.

Audit Committee

Monitors the integrity of the financial statements, and the effectiveness of the external and internal audit processes.

> See page 65 – Audit Committee report

Nomination Committee

Evaluates the size, structure and composition of the Board, and oversees Board appointments.

> See page 69 – Nomination Committee report

Remuneration Committee

Sets and reviews the directors' remuneration policy, and oversees remuneration arrangements for the senior leadership.

> See page 71 – Directors' remuneration report

The Group Chief Executive

Responsible for the leadership and day-to-day management of the business, and development and implementation of the Group's strategy.

Executive Committee

Assists the Group Chief Executive with oversight of the delivery of the Group's strategy; monitoring of the operational and financial performance of the businesses; allocation of resources across the Group; management of risk; and implementation of the Group's Operational Framework and governance policies.

The Group Chief Executive chairs the Executive Committee, which has weekly update calls and meets formally at least four times a year. The members of the Committee are the executive directors, the President and the Chief Financial Officer of the Group's US operations, the Group HSE Director, the Group Strategy and Corporate Development Director and the Group Director of Corporate Affairs. Full details of the Executive Committee members can be found on the Group's website:

> www.chemring.com

Risk Management Committee

Oversees the implementation of the risk management policy and framework; identifies the principal risks to which the Group is exposed; monitors risk mitigation plans; and maintains the Group risk register.

> See page 38 – Risk management

ESG Committee

Oversees the implementation of the Group's ESG strategy; monitors progress against agreed ESG targets; and identifies further ESG-related objectives.

> See page 18 – Introduction to sustainability and page 34 Ethics and business conduct

PURPOSE

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

CULTURE AND VALUES

The Board is responsible for ensuring that the Company's culture is aligned with its purpose, values and strategy. We are committed to creating an inclusive culture across Chemring, where everyone does the right thing and takes personal responsibility for their actions. This culture is promoted through leadership and a strong "tone from the top" and is embedded in our Code of Conduct and our Operational Framework, both of which bind our purpose, values, behaviour, policies and procedures, and provide the necessary governance to enable us to operate in a safe, consistent and accountable way.

The Chairman is responsible for ensuring that the Board demonstrates commitment to our values and culture by operating appropriately and taking the right actions on behalf of shareholders and other stakeholders. The Group Chief Executive, supported by the Executive Committee and the business unit leadership teams, is responsible for ensuring that our values and culture are fully embedded within all aspects of our operations.

HOW THE BOARD ESTABLISHES AND MONITORS CULTURE

	Establishment of culture	Monitoring of culture
Safety	- HSE Policy, Management System Framework and strategy - Focus on "Journey to Zero Harm" and drive towards a proactive safety culture - Fundamental Safety Principles - "Stop, Warn, Inform, Manage" ("SWIM") process - Technical Safety Committee	- Regular reporting to the Board on safety performance against key performance indicators, including near miss reporting rates - The Board receives regular updates from the Group HSE Director on progress against the HSE strategy, significant incidents and near misses, and key findings of our HSE assurance processes - The Board is briefed by independent external consultants on their periodic review of the Group's progress on developing a proactive safety culture
Employees	- Code of Conduct - Monthly video-blog by the Group Chief Executive and Group-wide communication programme - Employee development programmes - ESG Committee and inclusion of ESG objectives in short and long-term incentive arrangements	- Laurie Bowen, the designated non-executive director for employee engagement, provides regular reports to the Board on her discussions with employees at all levels of the organisation - The Board receives regular updates on employee sentiment from our various engagement tools, and undertakes periodic culture "check-ins" facilitated by an external consultant - Reporting to the Board on progress against established ESG targets - Board site visits
Governance and business conduct	- Code of Conduct - Operational Framework and operational assurance process - ESG Committee and inclusion of governance-related objectives in short-term incentive arrangements - Chemring Compliance Portal - Mandatory training programmes - Whistleblowing policy and procedures	- The ESG Committee monitors ethical business conduct and implementation of the Group's compliance framework, and makes recommendations to the Board on areas for future improvements - The Group Legal Director regularly reports to the Board on governance and compliance matters - Review of compliance with key policies under the Operational Framework is included within the internal audit programme - The Group has a formal whistleblowing policy and procedures, and the Board is provided with an overview of whistleblowing reports received, related investigation findings and any remedial actions taken
Internal control and risk management	- Operational Framework and operational assurance process - Group Finance Manual and internal control framework - Audit Committee - Risk Management Committee - Risk Management Policy and Framework - Internal audit programme	- The Audit Committee reviews internal audit reports produced by the Internal Audit Manager and subject matter expert external consultants, and the Board considers any significant issues arising therefrom and any improvements required to internal control systems - The Board reviews the Group's risk register on a regular basis and has high-level oversight of mitigation plans implemented for key risks - Operational assurance statements are required to be submitted by the businesses on an annual basis

Board leadership and company purpose continued

BOARD ACTIVITIES IN 2025

Leadership

- Reviewed the Company's purpose, vision and values
- Visited businesses in Scotland and Romsey in the UK and Tennessee in the US
- Approved the appointment of a new non-executive director
- Reviewed senior leadership team appointments
- Completed the annual Board performance evaluation

Strategy

- Approved the updated five-year plan and strategy for the Group
- Engaged in reviews of organic and inorganic growth opportunities across the Group
- Reviewed key government customers' plans for defence expenditure and the implications for the Group's businesses
- Reviewed potential acquisition targets for Roke and Chemring Energetic Devices, and approved the acquisition of Landguard Systems
- Reviewed priorities for capital and operational investment and monitored progress of key investment programmes
- Approved the sale of Alloy Surfaces Company, Inc.
- Received an update on the Group's valuation from external advisers
- Approved the Group's strategic objectives for 2026

Financial

- Monitored performance of the businesses against the 2025 budget
- Approved the 2026 budget
- Approved the half year and full year results, and the annual report and accounts
- Approved the interim dividend and made a recommendation to shareholders regarding the final dividend
- Approved the refinancing of the Group's revolving credit facility
- Reviewed the Group's capital allocation policy and approved a new two-year share buyback programme

Health, safety, environment and sustainability

- Regularly monitored health, safety and environmental key performance indicators
- Received briefings on significant incidents and high-potential near misses
- Agreed and reviewed progress against key health, safety and environmental objectives
- Reviewed the Group's plan for developing a proactive safety culture
- Received regular updates from the ESG Committee
- Approved the sustainability report

People and culture

- Received regular reports from the Remuneration Committee
- Considered feedback from Laurie Bowen, the non-executive director designated to engage with employees on the Board's behalf, on issues raised with Mrs Bowen by employees
- Reviewed the Group's talent framework, development programmes and succession plans
- Considered the implications of the revised approach to DE&I in the US for the Group's US businesses

Governance, risk and regulatory

- Reviewed the Group's risk register and risk appetite for key risks and completed the annual assessment of the Group's internal control and risk management systems
- Received regular updates from the Audit Committee and the ESG Committee
- Received updates on key legal issues and regulatory matters impacting the Group
- Reviewed the Group's cyber-security arrangements
- Received regular updates on significant whistleblowing reports
- Reviewed the Company's compliance with the Code
- Reviewed the Schedule of Matters Reserved for the Board and associated delegated levels of authority
- Approved the Group's Modern Slavery Act Statement for 2025

Shareholders

- Reviewed feedback from the results presentations and institutional investor meetings
- Approved the appointment of a second broker
- Received updates from brokers and other advisers and the Group Director of Corporate Affairs on current shareholder views on the Group
- Participated in a wide range of engagement meetings with current and potential new shareholders

HOW THE BOARD CONSIDERS STAKEHOLDERS IN ITS DECISION MAKING

Section 172 (1) of the Companies Act 2006 requires the directors to act in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing so, section 172 requires the directors to have regard, amongst other matters, to the:

- likely consequences of any decision in the long term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Company.

> **The statement of compliance with section 172 is set out on page 47.**

Input from stakeholders is a key driver to development of our strategy. During the year, the Board received briefings from external speakers and customer representatives on the changing market dynamics in our key defence and national security markets, with particular focus on the increase in defence expenditure in Europe and the UK's initiatives to strengthen its sovereign capabilities in defence, and the implications for the Group's future strategy. The Board receives updates from the Group Chief Executive on his regular interactions with the UK MOD and from the President of the US operations on his interactions with key US customers. In addition, the Board receives regular feedback from the businesses on the emerging technology requirements of their principal customers and future budget allocations. These inputs are all reflected in the development of strategy, and decisions regarding investment in operational capabilities and research and development.

In formulating the Group's strategy, the Board continues to recognise the need for investment in people, processes and products to ensure that the businesses can operate safely for the benefit of all stakeholders, and allocates resources accordingly.

The Board also considers feedback from shareholders when reviewing strategy, particularly with regards to capital allocation and future growth plans.

The Board continued to monitor potential requirements for additional capacity expansion projects in the Energetics businesses during the year, with a particular focus on the establishment of a new facility on a greenfield site in Norway in partnership with the Norwegian Government and the establishment of an energetic materials mixing facility in Germany in conjunction with a German partner. In reviewing additional investment opportunities such as these, the Board considers the significantly increased capacity needs of customers, the need to support sovereign capability requirements and the requirement for safe working conditions for employees, whilst providing an appropriate return on investment for the Group's shareholders. The Board is also cognisant of the need to minimise the environmental impact of new production facilities and ensuring that changes in current and emerging environmental regulations can be addressed.

In approving the acquisition of Landguard Systems during the year, the Board considered how the products and technologies offered by the business could expand Roke's offerings to its customers and meet future demand requirements. The Board also considered the potential impact of the acquisition and integration strategy on the employees of both Roke and Landguard Systems.

During the year, the Board also continued to monitor progress against the ESG strategy adopted during 2021, with a particular focus on health, safety and the environment, reducing climate change impacts and employee wellbeing. This continues to drive investment in a number of areas, from capital investment in upgraded new facilities to improve safety and reduce our environmental impact, to the establishment of development and networking programmes focused on promoting diversity across the Group. In approving these ongoing investments, the Board has considered the impacts on a wide range of stakeholders, including employees, customers, regulators and our local communities.

Laurie Bowen is designated as the non-executive director for employee engagement on behalf of the Board. Laurie held a number of meetings with employees at all levels of the organisation within our UK and US businesses during the year, at which she shared with employees a perspective on the Board's priorities and provided an opportunity for them to ask questions of her. Whilst each meeting was different, due to the diversity of the businesses and the range of employees who participated in the discussions, the following topics were typically addressed at every meeting:

- the role of the Board and its responsibilities, and, where appropriate, the interaction between the UK and the US Boards;
- application of the Group's values, particularly in relation to safety;
- leadership and vision;
- communication and employee engagement;
- relationships with customers and other stakeholders;
- collaboration within the Group; and
- resourcing, training and employee development.

Feedback from these meetings is provided to the Board and, where appropriate, is considered in Board decision making. Laurie also provides a high-level overview of the feedback received, on a non-attributable basis, to the leadership of the businesses involved.

During the Board visits to Kilgore in Tennessee, Chemring Energetics UK in Scotland and Roke in Romsey, the Board members met informally with members of the management teams and other employees. These interactions provided an informal opportunity for open discussions on the operation of the Board and the Group's strategic priorities, and enabled employees to talk about the opportunities and challenges in their own businesses.

The Board is satisfied that its current mechanisms for engagement with employees, including Laurie Bowen's appointment as the designated non-executive director for employee engagement, are effective, as evidenced by the openness and quality of the discussions with employees. When combined with the feedback on employee sentiment the Board receives through employee engagement tools and periodic culture "check-ins", the Board is confident that it receives meaningful input to its decision-making processes. We will, however, continue to review the effectiveness of our approach to engagement with employees and all our stakeholders on an ongoing basis.

Board leadership and company purpose continued

HOW THE BOARD CONSIDERS STAKEHOLDERS IN ITS DECISION MAKING continued

Further details of how the Board engages with stakeholders and how the Board monitors stakeholder interests are set out below.

Employees

Why we engage

Our people are at the heart of our business. They are critical to the delivery of our strategy and the future growth of the business. We recognise the importance of attracting, developing and retaining the best talent, and the need to provide a safe and inclusive environment where individuals can thrive.

How the Board engages

- Direct engagement with the Board's nominated non-executive director, Laurie Bowen, through meetings with employees from across the business and at different levels of the organisation
- Board engagement with a wide range of employees during collective and individual site visits throughout the year
- Monthly reporting to the Board on health and safety matters
- Output from employment engagement initiatives is shared with the Board and supplemented by periodic culture "check-ins" facilitated by an external consultant
- Review of senior leadership succession plans and talent development programmes by the Nomination Committee
- Presentations from employees to the Board and its committees

How the businesses engage

- Regular all-hands meetings and team briefings
- Works councils, trade unions, representative bodies and employee resource groups which support and connect people with shared characteristics or interests
- Employee engagement tools enable employees to provide immediate and anonymous feedback on developments within their businesses
- Publication of a monthly video blog by the Group Chief Executive, regularly featuring other members of the senior leadership team
- Publication of regular company notices and the in-house magazine, Chemring-I, which features news and events from across the Group
- Development programmes and succession planning

How we monitor

- People-related data including retention rates
- Safety performance metrics
- CEO pay ratio
- External ESG ratings
- Whistleblowing reports

Outcomes

- Development of people strategy and related investment
- Safe, healthy and motivated workforce
- Improved employee retention
- Attractive proposition for potential new employees

Customers

Why we engage

Ensuring that we provide innovative solutions that meet our customers' needs, efficiently and on time, is crucial to the delivery of our strategy and the long-term success of the business. Understanding our customers' needs can only be achieved through regular interaction and collaboration.

How the Board engages

- The Group Chief Executive and President of our US operations support our businesses through regular interactions with senior customer representatives, and provide feedback to the Board
- The Group Chief Executive is a member of the UK Defence Industrial Joint Council
- External market updates and customer views are obtained to support the Board's strategy review
- Our US Government Security Committee works closely with the US Government to ensure that we operate in full compliance with our Special Security Agreement and updates the Board on a regular basis
- Site visits enable the Board to develop a deeper understanding of our products, technical capabilities and customer requirements

How the businesses engage

- Regular meetings, teaming arrangements and engagement at all levels of our customers' organisations
- Partnering with customers on a broad range of technology and product development programmes and capability investment initiatives
- Participating in industry forums and working groups, and hosting customer visits to our sites
- Attending and exhibiting at selected trade shows, which enables high-level interaction and the opportunity to brief customers on key product developments and other initiatives

How we monitor

- Order intake
- R&D expenditure
- Capital investment

Outcomes

- Customer-focused inputs into the Group strategy
- Innovation and investment driven by customer requirements
- Collaborative, strategic customer relationships
- Customer support and funding for investment in capabilities
- Improved customer satisfaction

Suppliers

Why we engage
We rely on our suppliers to provide us with quality raw materials, products and services. Constructive engagement ensures that our suppliers are able to meet our high expectations on safety, quality, value, delivery performance and ethical business conduct. We recognise that prompt payment terms and strong supplier relationships are important in building a long-term, sustainable and supportive supply chain.

How the Board engages
- Business continuity and supply chain dependency reviews included within the internal audit programme
- Reports on supplier and service provider due diligence and compliance reviewed by the ESG Committee
- Annual consideration and approval of the Modern Slavery Act Statement

How the businesses engage
- Day-to-day interaction with suppliers by supply chain management teams within our businesses
- Risk-based due diligence undertaken on suppliers and service providers
- Long-term agreements with our key suppliers, which provide visibility on future requirements and enable us to agree performance targets to drive continuous improvement
- All suppliers are issued with our Supplier Code of Conduct, which sets out the standards of ethical business conduct that we expect of them
- Audits and credit monitoring undertaken for certain key suppliers

How we monitor
- Payments made within payment terms
- Statistics on issue of the Supplier Code of Conduct and inclusion of suppliers and service providers in the Chemring Compliance Portal
- Regular credit checks of key suppliers

Outcomes
- Collaborative, long-term relationships
- Delivery of safe and reliable products and services to customers
- Appropriate working capital management

Shareholders

Why we engage
The continued support of our shareholders is something that we value greatly. We recognise the importance of providing all our shareholders with regular updates on the Group's operational and financial performance, strategy and future prospects, and ensuring that shareholder views are taken into consideration in relation to major developments in the business.

How the Board engages
- The Board receives feedback collated by our brokers and other financial advisers from our institutional investors, in which their views can be expressed on a non-attributable basis
- Our Annual General Meeting provides the opportunity for our private shareholders to hear from and engage directly with the Board
- The Chairman, the Senior Independent Director and the Chair of the Remuneration Committee meet with shareholders to discuss specific matters

How the businesses engage
- Engagement with shareholders predominantly led by the Group Chief Executive, the Chief Financial Officer and the Group Director of Corporate Affairs
- Publication of our interim and full year results statements, along with regular trading updates throughout the year
- Sustainability report published on our website
- Face-to-face meetings or video calls following the publication of any significant news update or at the request of the shareholder
- Engagement with proxy advisory bodies prior to general meetings
- Structured roadshows for our institutional investors following the publication of the Group's interim and full year results
- Our website provides financial, business and governance information on the Group and an alerts service enables subscribing shareholders to receive notification of corporate updates

How we monitor
- Earnings per share
- Dividends paid
- Total shareholder return
- ESG metrics
- External ESG ratings
- Voting results from Annual General Meetings

Outcomes
- Development of capital allocation and dividend policy
- Development of ESG strategy
- Supportive, long-term shareholder base
- Access to funding

Board leadership and company purpose continued

HOW THE BOARD CONSIDERS STAKEHOLDERS IN ITS DECISION MAKING continued

Communities and the environment

Why we engage
We recognise the important role that each of our businesses play in their local communities, and we actively encourage our businesses to support local initiatives and charitable causes. Equally, our businesses take pride in the contribution that they make to their local communities, both as a local employer and in the work they do to support good causes. We also recognise the impact of our business on wider society and our responsibility to contribute to a sustainable future for all.

How the Board engages
- Development of ESG strategy, objectives and targets subject to Board oversight
- The ESG Committee, chaired by the Group Chief Executive, reports regularly to the Board on ESG-related matters
- ESG-related targets included in the senior leadership annual bonus plan and long-term incentive plan

How the businesses engage
- Our community investment policy sets out our commitment to support selected charitable causes with a focus on the military and armed services, STEM-related initiatives and those linked to the local communities in which our businesses operate
- Each business has its own locally held charity budget and at a Group level charitable donations are considered by the Executive Committee
- In addition to making cash donations, we also encourage and support employees who undertake voluntary work in the local community
- Our people across the Group are involved with a number of educational initiatives and as a business we have relationships with several universities, whereby funding is provided for students' research activities
- Social clubs and hosting events for employees, their families and local organisations
- Implementation of environmental and carbon reduction initiatives

How we monitor
- Charitable donations
- Environmental performance indicators
- External ESG ratings

Outcomes
- Development of ESG strategy
- Informed communities
- Contribution to local businesses and employment
- Contribution to wider society
- Sustainable business operations

Governing bodies and regulators

Why we engage
Our businesses operate in highly regulated environments, and we need to ensure that we maintain our licences to operate and continue to run our businesses in full compliance with all laws and regulations. We also need to keep ahead of planned regulatory developments which may impact our operations in future.

How the Board engages
- Board oversight of our Code of Conduct, our Operational Framework and the associated assurance processes ensures our businesses are meeting governmental and regulatory requirements
- Interaction with the US Board's Government Security Committee provides assurance to the Board that the business is operating in accordance with our Special Security Agreement

How the businesses engage
- Maintenance of a regular dialogue with contacts within governments and at our regulators
- Participation in industry working groups and trade representative bodies
- Consultation with local governing bodies on planned business developments and investments

How we monitor
- Regulatory changes
- Compliance statistics
- Safety-related capital investment

Outcomes
- Ethical and compliant business conduct
- Trusted supplier to government customers
- Government support for proposed acquisitions and investments
- Sustainable business operations

Shareholder engagement and the Annual General Meeting

The Company operates a structured investor relations programme, focused largely around the half and full year results announcements in June and December respectively. Meetings with shareholders are predominantly led by the Group Chief Executive, the Chief Financial Officer and the Group Director of Corporate Affairs and typically focus on financial performance, the Group's strategy, capital allocation and ESG-related matters. In 2025, over 178 meetings were held with current and potential institutional shareholders in the UK, US and Canada. The Chairman met with 6 institutional shareholders during the year.

Our 2026 Annual General Meeting will be held on 20 February 2026 and will be held as a physical meeting in London. The Annual General Meeting provides an opportunity for all shareholders to engage directly with the Board. All directors are required to attend the meeting and make themselves available to respond to questions from shareholders or address any concerns raised by shareholders. In line with best practice, all substantial issues, including the adoption of the annual report and financial statements, are proposed as separate resolutions at the Annual General Meeting. In line with best practice guidelines, voting is conducted by way of a poll, which allows all votes to be counted and not just those of shareholders who attend the meeting. Full details of our Annual General Meeting are contained in the Notice of Meeting which will be sent to shareholders in January 2026.

Board site visits

Site visits enable the Board to obtain a deeper understanding of the business operations, establish relationships with the wider management team and engage directly with employees. The Board receives a presentation from management and views the facilities where safe to do so.

As referred to above, during the year the Board as a collective visited Kilgore in Tennessee in the US and two of our UK businesses – Chemring Energetics UK in Scotland and Roke in Romsey. During each visit, the Board received a presentation from the management on the business' performance, strategy, and key opportunities and challenges. The Board also participated in site tours and reviewed the new facilities which had been established in the last few years. The Board next plans to visit the US as a collective in September 2026.

In addition, the Group Chief Executive, the Chief Financial Officer and the Group Legal Director & Company Secretary made visits to most of the Group's businesses. The Chairman also visited the majority of the businesses as part of his induction programme.

CORPORATE GOVERNANCE REPORT continued

Division of responsibilities

Leadership of the US businesses and the US Board

Our US Board is established under our Special Security Agreement ("SSA") with the US Government and includes three independent US directors approved by the US Government. The SSA imposes certain restrictions on the degree of control and influence we can exert over our US businesses, and it is imperative that we maintain a strong relationship with the US Board, in order to ensure that we are fulfilling our own governance obligations. The Group Chief Executive and the Chief Financial Officer are both members of the US Board.

The President of our US operations participated in two of our Board meetings during the year and other members of the US Board joined our meeting in the US in April 2025. Our broader interaction with the US Board has increased in recent years, and the increased collaboration continues to prove beneficial from both an operational and governance perspective. Our US Board collates and provides valuable feedback from a range of both internal and external internal stakeholders in the US, and this is a key input into the annual strategy review.

Composition of the Board and independence

The Board currently comprises three executive directors and six non-executive directors (including the Chairman). The biographical details of individual directors, including details of their other significant business commitments, are set out on pages 50 and 51.

The Board considers that all the non-executive directors are independent in judgement and character, and considered Tony Wood to be independent on his appointment as Chairman.

The Board considers that the balance of executive and non-executive influence on the Board is appropriate for the Company, taking into account its size and status, and serves to ensure that no single director or small group of directors dominate the Board's deliberations and decision making.

The roles of Chairman and Chief Executive are separate and clearly defined in accordance with the requirements of the Code, with the division of responsibilities set out in writing and agreed by the Board.

Time commitment of directors

The Board recognises the importance of ensuring that individual directors have sufficient time available to discharge their duties effectively. Existing commitments of prospective directors are carefully considered prior to appointment and incumbent directors are required to notify the Chairman or, in the case of the Chairman, the Senior Independent Director, if there are any significant changes to their external commitments.

Approval of directors' external appointments

In accordance with the Code, all proposed new external appointments of directors require the approval of the Board. Alpna Amar's appointment as Chief Financial Officer of Senior plc was approved by the Board during the year. Subsequent to the year end, the Board approved the appointment of Fiona MacAulay as a non-executive director of Rosebank Industries plc. In approving additional appointments, the Board seeks to satisfy itself that the director concerned will continue to have the capacity to fulfil their obligations to the Group following a proposed appointment and that any potential conflicts of interest can be appropriately managed.

Conflicts of interest

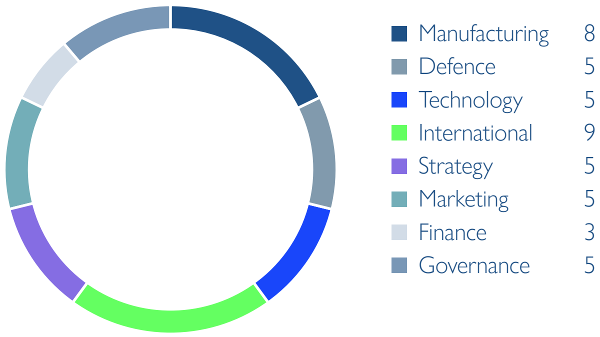
All directors have a duty under the Companies Act 2006 (the "2006 Act") to avoid a situation in which they have or could have a direct or indirect interest that conflicts or may possibly conflict with the interests of the Company. The Company's Articles of Association include provisions for dealing with directors' conflicts of interest in accordance with the 2006 Act. The Company has procedures in place to deal with situations where directors may have any such conflicts, which require the Board to:

- consider each conflict situation separately on its particular facts;
- consider the conflict situation in conjunction with the rest of their duties under the 2006 Act;
- keep records and Board minutes as to authorisations granted by directors and the scope of any approvals given; and
- regularly review conflict authorisation.

Experience of the Board

The members of the Board maintain the appropriate balance of experience and knowledge of the business to enable them to discharge their duties and responsibilities effectively.

Number of directors with applicable specific experience



BOARD ROLES AND RESPONSIBILITIES

The key responsibilities of the Board members are set out below.

Chairman

- Responsible for the leadership of the Board and ensuring its overall effectiveness in directing the Group
- Ensures that the Board is kept properly informed and is consulted in a timely manner on all decisions reserved to it
- Promotes a culture of openness and debate, and facilitates constructive relations between the executive and non-executive directors
- Ensures that the training and development needs of directors are identified

Chief Executive

- Responsible for the leadership and day-to-day management of the business
- Develops strategy for Board approval and ensures that the agreed strategy is implemented successfully
- Presents the annual budget and five-year plan to the Board for approval and delivers agreed objectives
- Identifies new business opportunities, and potential acquisitions and disposals
- Manages the Group's risk profile, including the management of health and safety
- Ensures that the Board is fully informed of all key matters

Chief Financial officer

- Supports the Chief Executive in developing and implementing the global finance strategy
- Oversees the finance functions across the Group
- Ensures effective financial controls and financial reporting processes are in place
- Ensures the Group has adequate bank facilities and financial resources

Senior Independent Director

- Provides support to the Chairman and acts as a trusted sounding board
- Reviews the Chairman's performance with the other non-executive directors
- Available to meet shareholders if they have concerns which cannot be resolved through the normal channels

Non-executive directors

- Participate in the development of strategic objectives, provide constructive challenge and monitor the performance of executive management in achieving the agreed objectives
- Monitor the Group's financial performance
- Consider the integrity of the Group's financial information, and whether the financial controls and risk management systems are robust and defensible
- Determine the appropriate remuneration policy for the executive directors
- Meet periodically with the Group's senior management and visit operations
- Meet regularly without the executive directors being present

Legal Director & Company Secretary

- Oversees legal matters and compliance across the Group
- Secretary to the Board and its committees
- Under the direction of the Chairman, responsible for maintaining good information flows within the Board and its committees
- Develops Board and committee agendas, and collates and distributes papers
- Assists with the induction of new directors
- Keeps directors informed about changes to their duties and responsibilities
- Provides advice on legal, regulatory and corporate governance matters

Division of responsibilities continued

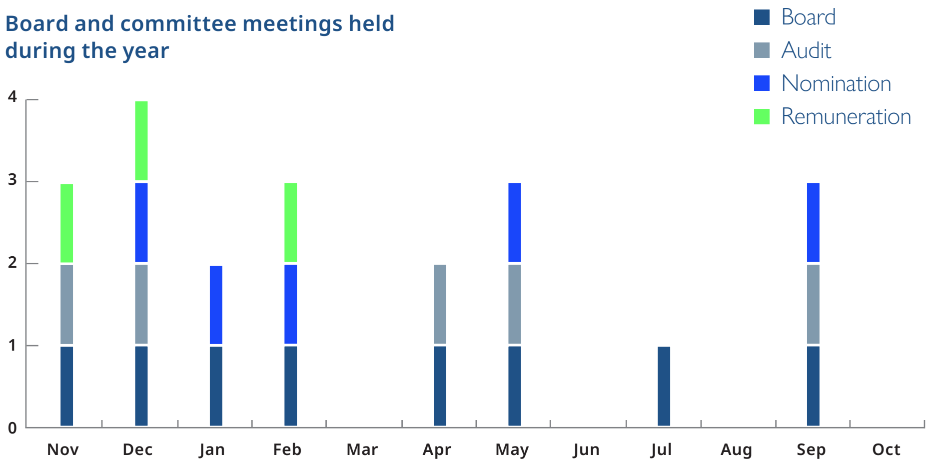
Board meetings and attendance

The Board convenes for scheduled meetings at least seven times a year. The Board receives a report from the Executive Committee, covering health and safety performance, strategic development, operational and financial performance, legal, people and investor relations related issues, as a standing agenda item at every scheduled meeting.

Members of the senior leadership team, representatives of the US Board and external advisers attend Board meetings by invitation, as appropriate.

The Board aims to meet jointly with the Group's US Board, further details of which are set out on page 60, at least once a year.

Board and committee meetings held during the year



The following table shows the attendance of all directors who served during the year at the meetings of the Board and its committees:

Board member	Board (8 scheduled meetings)	Audit Committee (5 scheduled meetings)	Nomination Committee (5 scheduled meetings)	Remuneration Committee (3 scheduled meetings)
Tony Wood	8(8)	—	5(5)	2(2)
Carl-Peter Forster	1(1)	—	—	3(3)
Alpna Amar	8(8)	5(5)	5(5)	1(1)
Laurie Bowen	8(8)	5(5)	5(5)	3(3)
Andrew Davies	3(3)	2(2)	2(2)	2(2)
Sarah Ellard	8(8)	—	—	—
Stephen King	8(8)	5(5)	5(5)	3(3)
Fiona MacAulay	8(8)	5(5)	5(5)	3(3)
James Mortensen	8(8)	—	—	—
Michael Ord	8(8)	—	—	—
Pete Raby	1(1)	1(1)	1(1)	—

The maximum number of meetings which each director could have attended is shown in brackets. All directors attended all scheduled Board meetings.

During the year, the Chairman met regularly with the non-executive directors without the executives being present.

Composition, succession and evaluation

Board appointments and re-election of directors

New appointments to the Board and its committees are made by the Board on the recommendation of the Nomination Committee.

In accordance with the Company's Articles of Association, all directors are required to submit themselves for re-election at each Annual General Meeting. The papers accompanying the Notice of Annual General Meeting include a statement from the Chairman confirming that the performance of each non-executive director seeking re-election at the meeting continues to be effective and that each director continues to demonstrate commitment to their role.

Diversity

The Board recognises the importance of diversity on the Board level and promoting an inclusive environment across the entire business.

> Further details on the Board's policy and approach to diversity are set out in the Nomination Committee report on page 70

Induction, training and development

An internal induction programme on the Group's operations, and its strategic and business plans, is provided for newly-appointed directors. Directors are invited to meet key members of the senior management team at the earliest opportunity, and site visits are arranged to facilitate their understanding of the Group's operations.

The Group Legal Director & Company Secretary also provides detailed information on the operation of the Board and its committees, directors' legal duties, and responsibilities on appointment.

Pete Raby joined the Board in September 2025 and as part of his induction programme has already visited most of our UK businesses. Pete was invited to attend the July Board meeting, at which the Board undertook its annual review of the Group's updated strategy and five-year plan, which provided a comprehensive introduction to the Group's operations. Pete's induction programme will continue in 2026.

The Company meets the cost of appropriate external training for directors, the requirement for which is kept under review by the Chairman.

Directors are continually updated on the Group's businesses and the matters affecting the markets in which they operate. The Group Legal Director & Company Secretary updates the Board on a regular basis with regards to regulatory changes affecting the directors and the Group's operations generally, and briefings are provided by the Group's advisers on key developments in areas such as financial reporting and executive remuneration practice.

Independent advice

All directors are entitled to take independent professional advice in furtherance of their duties at the Company's expense, should the need arise. No director had reason to seek such advice during the year.

Performance evaluation

The Board performance evaluation was externally facilitated in 2023 and an internal evaluation was therefore conducted during the year in line with the approach adopted last year.

Questionnaires covering the activities of the Board and its three main committees were sent to each of the directors for completion. The questionnaires focused on:

- strategy development and implementation;
- the Group's ESG plans and objectives;
- the Board's role in setting and monitoring the Group's purpose, culture and values;
- stakeholder engagement;
- operation of the Board and its committees;
- the role of the Chair and effectiveness of meetings;
- the composition of the Board and its diversity;
- the Board's oversight of risk management systems and internal controls; and
- areas in which the Board could improve its effectiveness.

A scoring system was introduced this year, which will allow us to track progress in future years.

The individual responses were collated and consolidated by the Group Legal Director & Company Secretary into a report which was discussed with the Chairman prior to sharing with the remainder of the Board. Specific comments from directors were not attributed to individuals in order to provide full transparency on the responses.

The evaluation confirmed that the Board is continuing to function effectively overall and, with the most recent appointments, the balance of skills and experience on the Board affords it a level of maturity in the way it conducts itself. The evaluation identified several areas in which the Board could improve its effectiveness and the Board therefore developed an updated set of goals for the forthcoming year, with a focus in the following areas:

- continuing evolution of the Group's longer-term ambition and growth strategy;
- continuous improvement of our safety, operational, customer and people processes;
- successful execution of the Group's various capacity expansion programmes;
- continued focus on talent development and succession planning; and
- maintaining our interactions with the businesses.

In addition to the formal performance evaluation, the Senior Independent Director reviewed the performance of the Chairman with the other non-executive directors, and the Chairman and non-executive directors reviewed the individual performance of the executive directors as part of the annual remuneration review.

Audit, risk and internal control

Financial and business reporting

The statement of directors' responsibilities in respect of the financial statements and accounting records maintained by the Company is set out on page 94.

Having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the Board is satisfied that the annual report and accounts for the year ended 31 October 2025, taken as a whole, is fair, balanced and understandable. Furthermore, the Board believes that the disclosures set out on pages 1 to 47 provide the information necessary to assess the Company's performance, business model and strategy.

Risk management and internal control

The Board is responsible for determining the nature and extent of the risks that it is willing to take to achieve its strategic objectives. The Board is also responsible for ensuring that the Group's risk management and internal control systems are effective across the businesses, and that appropriate risk mitigation plans are in place. The Group's internal control systems are largely decentralised and operate on a discrete basis at each business. The Operational Framework and associated policies covering financial and other controls and risk management requirements set the minimum standards required to be adopted by the businesses within their local systems.

The Board undertakes an annual review of the effectiveness of the Group's systems of internal control, including financial, operational and compliance controls, and risk management systems. Further details of the review undertaken during the financial year ended 31 October 2025 are set out on page 39.

Operational Framework

Our Operational Framework incorporates a broad range of policies and procedures which have been adopted by all of our businesses, and provides an enhanced governance structure to enable us to operate in a safe, consistent and accountable way. As part of this enhanced governance structure, there is a requirement for all businesses to complete a detailed operational assurance statement on an annual basis, providing an assessment of their compliance with the Operational Framework.

The output from the operational assurance process provides assurance to the Board that our internal systems and controls are operating effectively, and is an important input to our internal audit and risk management activities.

Audit

Details of the Group's external and internal audit activities can be found in the Audit Committee report on pages 65 to 68.

Long-term viability statement

The Code requires the Board to undertake an annual assessment of the long-term viability of the Group, further details of which can be found on page 46.

AUDIT COMMITTEE REPORT

Providing assurance to the Board

Stephen King
Chairman of the Audit Committee

Audit Committee members

Stephen King (Chairman)
Alpna Amar
Laurie Bowen
Andrew Davies (retired 31 January 2025)
Fiona MacAulay
Pete Raby (appointed 1 September 2025)

Key responsibilities of the Audit Committee

- Monitoring the integrity of the Group's financial statements and any formal announcements relating to the Group's financial performance, and reviewing the appropriateness of significant financial reporting judgements
- Providing guidance to the Board in its consideration of whether the annual report and accounts are fair, balanced and understandable
- Making recommendations on the appointment, reappointment and terms of engagement of the internal and external auditors
- Ensuring that an appropriate relationship between the Group and the external auditor is maintained, and overseeing the provision of non-audit services
- Reviewing and monitoring the external auditor's independence, objectivity and effectiveness
- Reviewing the effectiveness of the Group's internal controls and risk management systems
- Considering the effectiveness of the Group's internal audit function and monitoring internal audit activities

INTRODUCTION

I am pleased to present my report as Chairman of the Audit Committee.

The Audit Committee continues to play a critical role in the governance of the Group's financial affairs, both through monitoring the integrity of the Group's financial reporting and reviewing material financial reporting judgements. The report provides an overview of the operation of the Committee and its activities during the year. During the early part of the financial year, the Committee was focused on matters relating to the 2024 financial statements, which were covered in detail in last year's report. This year's report focuses on the Committee's activities in relation to the 2025 half year and full year results, and the external and internal audit activities during 2025.

Membership of the Audit Committee

The Audit Committee was established by the Board and is responsible for monitoring the integrity of the Group's financial statements and the effectiveness of the internal and external audit process.

All members of the Committee are independent non-executive directors, and each brings a broad range of financial and business expertise. I have previously served as the finance director of several FTSE listed companies, and therefore possess recent and relevant financial experience. The Board considers that the Committee members possess an appropriate level of independence and offer a depth of financial and commercial experience across various industries, in particular within the defence, technology and manufacturing sectors. Further details of the Committee members' skills and experience are shown on pages 50 and 51.

Operation of the Committee

The Committee's full responsibilities are set out in its terms of reference, which are available on the Company's website. The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board any changes required as a result of the review.

Meetings of the Committee are attended, at the invitation of the Chairman, by the external auditor, the Chairman of the Board, the Group Chief Executive, the Chief Financial Officer, the internal auditor and representatives from the Group finance function. The Committee meets with the external and internal auditors on a regular basis without the executive directors being present. The Group Legal Director & Company Secretary acts as secretary to the Committee and minutes of meetings are circulated to all Board members.

> **Details of attendance of members of the Committee at the five meetings held during the year are shown on page 62**

The Chairman of the Committee meets regularly with the Chief Financial Officer, the external audit lead partner and the internal auditor outside of scheduled meetings.

The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties, and to obtain any outside legal or other professional advice it requires at the Company's expense.

Providing assurance to the Board continued

The Committee's activities during the year

Areas of focus	Matters considered
Financial reporting	- Content of the Group's interim and preliminary results announcements and the annual report and, in particular, whether the annual report was fair, balanced and understandable - Appropriateness and disclosure of accounting policies and key judgements and estimates - The presentation of alternative performance measures - The Group's going concern status and viability statements - Accounting for the acquisition of Landguard Systems and the treatment of Alloy Surfaces Company, Inc. as a discontinued operation - The Group's environmental performance reporting and the related assurance review completed by ERM - Financial Reporting Council ("FRC") Annual Review of Corporate Reporting for 2024/25 - The potential impact on the Group of new and revised accounting standards, including IFRS 18 *Presentation and Disclosure in Financial Statements*
Risk and control environment	- Effectiveness of the Group's systems of internal control - The Group's IT and cyber-security arrangements and alignment with the UK Government's Cyber Governance Code of Practice
External audit	- Interim review and full year audit plans - Effectiveness and independence of the external auditor - Non-audit services provided by the external auditor - Fees for the external audit - External auditor's reports on the half year and full year results, and consideration of points raised by the auditor - Feedback on the 2024 year end process and recommendations for 2025 - The FRC's 2025 Audit Quality Inspection and Supervision Report on KPMG
Internal audit	- Internal audit strategy and plan - Key findings of internal audits and progress against actions arising - Effectiveness of the internal audit programme - Enhanced approach to internal audits of the US businesses

The Committee relies on regular reports from the executive directors, the wider management team, and the external and internal auditors in order to discharge its responsibilities. The Committee is satisfied that it received timely, sufficient and reliable information to enable it to fulfil its obligations during the year.

Financial reporting

A summary of the significant and other issues considered by the Committee in relation to the 2025 financial statements is set out below.

The Committee also considered whether the Company had appropriately addressed the findings of the FRC's Annual Review of Corporate Reporting, which was published in September 2025, in the 2025 financial statements.

Significant issues considered by the Committee in relation to the financial statements

Recoverability of goodwill, other intangible assets, and the parent company's investments in, and intergroup receivable balances with subsidiaries

The Committee considered the carrying value of goodwill, intangible assets and the parent company's investments in, and inter-group receivable balances with, subsidiaries held on the balance sheet as at 30 April 2025 and 31 October 2025, against the latest forecasts for the businesses concerned and the future strategic plan for the Group, with particular focus on the recoverability of goodwill and other non-financial assets associated with Kilgore. The Committee agreed that additional disclosures should be included in the financial statements on the key assumptions made in relation to the impairment assessment for Kilgore and the reduction in headroom during the year (see note 11 of the financial statements).

Other issues considered by the Committee in relation to the financial statements

Capitalised development costs

The Committee continued to monitor the level of development costs capitalised during the year and the periods over which such costs are to be amortised. Detailed reviews of the Group's most significant research and development projects, and their associated capitalised development costs, were undertaken by the Committee in April 2025 and September 2025.

Discontinued operations

The Committee considered the requirements of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and concluded that Alloy Surfaces Company, Inc. should be treated as a discontinued operation in the 2025 financial statements.

Accounting for the acquisition of Landguard Systems

The Committee considered and approved the accounting treatment of the Group's acquisition of Landguard Systems in accordance with the requirements of IFRS 3 *Business Combinations.*

Non-underlying items and alternative performance measures

The Committee reviewed the use of alternative performance measures ("APMs") in the interim results statement and the annual report to ensure they were not given undue prominence and challenged the nature and amount of the adjusting items. The Committee noted that APMs may not be comparable across companies, and that profit-related alternative measures sometimes exclude significant recurring business transactions (e.g. restructuring charges and acquisition-related costs) that impact financial performance and cash flows. The Committee concluded that the use of APMs did enhance a reader's understanding of the accounts and that they were presented in a fair, balanced and understandable manner.

Going concern and viability

The Committee is required to consider whether it is appropriate to adopt the going concern basis when preparing the interim and full year results. In order to satisfy itself that the Group has sufficient financial resources to enable it to continue trading for the foreseeable future, the Committee regularly reviews the adequacy of the Group's financing facilities against future funding requirements and working capital projections. Based on its review of the Group's forecasts during the year and discussions with the external auditor, the Committee recommended to the Board the adoption of the going concern basis for the preparation of the interim and full year results.

The Group is required to make a statement on its long-term viability in the financial statements. The Committee considered the period over which the Group's viability would be assessed and, having concluded that a three-year period was appropriate, the Committee undertook a review of the analysis and projections which supported the viability assessment prior to its submission to the Board. Further details on the assessment process and the Group's long-term viability statement are set out in the strategic report on page 46.

Following the year end, the Committee reviewed the form and content of the 2025 annual report and accounts, and recommended to the Board that, taken as a whole, the annual report and accounts should be considered as fair, balanced and understandable. The Committee also concluded that the annual report and accounts provides the information necessary to assess the Group's position and performance, business model and strategy.

In making this assessment, the Committee considered:

Is the report fair?

- Is the narrative in the strategic report consistent with the financial statements?
- Have any significant matters been omitted?

Is the report balanced?

- Has equal weighting been given to both positive and negative aspects of performance during the year?
- Is there an appropriate balance between the disclosure of statutory measures of performance and APMs?

Is the report understandable?

- Is the presentation of performance clear, with consistent use of key performance indicators?
- Is there clarity around the use of APMs?

Audit and corporate governance reforms

The FRC published an updated version of the UK Corporate Governance Code (the "Code") in January 2024. The new Code introduced a number of changes, with the most significant relating to internal controls. For financial years starting on or after 1 January 2026, boards are required to explain in their annual reports how they have monitored and reviewed the internal control framework, make a declaration on its effectiveness and provide a description of any material controls that have not operated effectively. The Committee is confident that the internal control framework introduced by the Group in November 2022 will assist the Group in complying with this new provision. The Committee will continue to monitor developments in this area over the next year.

In the year under review, the Company was required to apply the Audit Committees and the External Audit: Minimum Standard (the "Standard"), which was published by the FRC in May 2023. The Company was in compliance with the Standard throughout the year ended 31 October 2025.

External audit

The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the Company's external auditor. The Committee also undertakes an annual assessment of the auditor's independence and objectivity, taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.

Audit effectiveness

The Committee assesses the effectiveness of the external auditor on an ongoing basis, with particular reference to:

- the arrangements for ensuring the external auditor's independence and objectivity;
- the external auditor's fulfilment of the agreed audit plan and any variations from the plan in terms of timing and scope;
- the quality of the resource engaged by the external auditor to fulfil the audit plan;
- the use of technology by the external auditor to improve the efficiency of the audit;
- the robustness and perceptiveness of the external auditor in their handling of the key accounting and audit judgements, and their willingness to challenge both management and the Committee;
- the effectiveness of co-ordination of the individual business unit audits on a global basis;
- the content of the external auditor's reports and internal control recommendations;
- their proactivity in briefing the Committee on proposed regulatory changes and the implications for the Group; and
- the feedback received on the conduct of the external audits from key people involved in the audit process in the central finance function and within the businesses.

The Committee also reviewed the FRC's 2025 Audit Quality Inspection and Supervision Report on KPMG, and will continue to review these assessments on an annual basis.

During the year, the Committee undertook a detailed review of the progression of KPMG's fees for the external audit since their appointment in March 2018, and the external and internal factors which had contributed to the increase. The Committee also considered benchmarking of the Group's external audit fees against those of its peers and the wider market.

There are no contractual or similar obligations to restrict the choice of external auditor.

KPMG was appointed as the Group's external auditor in 2018, following a competitive tender process, and continues to act as the external auditor for the Group and its principal trading businesses. Kate Teal completed her first year as lead audit partner this year. Ms Teal had no prior connection with the Group audit and is therefore considered independent.

The audits of the Group's US businesses are carried out by KPMG US under a separate engagement letter in order to satisfy the requirements of our Special Security Agreement with the US Government. KPMG's UK and US audit teams co-ordinate their work to ensure that the audit of the consolidated Group results at the year end is completed efficiently. In order to facilitate this, the annual audit plan continued to provide for planning work for the 2025 year end reviews and audits of the US businesses to commence in the first half year of the financial year, which enabled the Group audit to be completed within the requisite timeframe following the year end. Ms Teal visited certain of our US businesses during the year, which aided the year end audit sign-off process.

Providing assurance to the Board continued

External audit continued

Audit effectiveness continued

Monahans (Sumer AuditCo Limited) is appointed as the external auditor of Vigil AI Limited, one of the Group's smaller subsidiaries which also has a minority shareholder. Vigil AI Limited does not make a material contribution to the Group's results and, following discussions with the minority shareholder, it was concluded that the audit would be more appropriately carried out by a smaller firm. KPMG has confirmed that Vigil AI Limited is immaterial to the Group financial statements and as such does not require any reporting from Monahans for that purpose.

During the year, the Committee considered and approved an increase in the scope and coverage of the year end audit to meet the requirements of the new ISA 600 auditing standard.

The Committee did not ask KPMG to review any significant areas of concern, outside of the normal audit process, during the year.

Whilst a number of internal control failings or weaknesses were identified by KPMG, there is a plan in place to resolve these.

KPMG did challenge management on the impairment assessment relating to the goodwill and intangible assets held on the balance sheet for Kilgore. KPMG concluded that whilst there was a higher risk of impairment for Kilgore no impairment was required in the 2025 financial statements. As referred to above, it was agreed that additional disclosures would be included in the financial statements relating to this risk.

In the normal manner, KPMG identified a number of uncorrected misstatements as part of their half year review and full year audit. Having considered the representations made by KPMG, the Committee was satisfied that the Group had adopted an appropriate approach in each case and that the impact of the misstatements identified by KPMG was not material, either individually or in the aggregate.

The Committee reviewed KPMG's overall effectiveness in fulfilling the external audit during the year, having reflected on all the matters set out above, and concluded that KPMG had conducted a comprehensive, appropriate and effective audit.

The Committee has recommended to the Board that KPMG be reappointed as the Group's auditor at the 2026 Annual General Meeting.

The Company is in compliance with the provisions of The Statutory Audit Services for Large Companies Market Investigation Order 2014.

Auditor independence

The Committee keeps under review the level of any non-audit services which are provided by the external auditor, to ensure that this does not impair their independence and objectivity.

The Committee has adopted a policy which states that the external auditor should not be appointed to provide any non-audit services to the Group, unless the Committee agrees that their appointment would be in the best interests of the Company's shareholders in particular circumstances and would not create any direct conflict with their role as external auditor. In approving any such appointment, the Committee is also required to consider:

- whether the provision of the proposed services might compromise the auditor's independence or objectivity;
- whether the non-audit services will have a direct or material effect on the Group's audited financial statements;
- whether the skills and experience of the external auditor make it the most suitable supplier of the non-audit services; and
- the level of fees proposed for the non-audit services relative to the audit fees.

The external auditor is required to provide the Committee with a written confirmation of independence for all duly-approved engagements for non-audit services.

The policy adopted by the Committee expressly prohibits the provision of certain non-audit services by the external auditor, in line with regulatory requirements and UK ethical guidance.

Details of the amounts paid to KPMG during the year for audit and non-audit services are set out in note 4 to the Group financial statements. Total fees of £0.1m were paid to KPMG during the year in respect of non-audit services, which related to the review of the interim results, an audit report for Chemring Nobel's tax return as is required from the auditor under Norwegian tax law and assurance support work for Chemring Nobel in connection with its grant funding applications. The Committee concluded that neither the nature or scope of these services gave rise to any concerns regarding the objectivity or independence of KPMG.

The Committee, in conjunction with the Chief Financial Officer, ensures that the Group maintains relationships with a sufficient choice of appropriately qualified alternative audit firms for the provision of non-audit services. Building these relationships also ensures that the Group will have a reasonable choice of other suitable external audit firms when it next tenders the external audit.

Internal audit

The Audit Committee is responsible for reviewing the work undertaken by the Group's internal auditor, assessing the adequacy of the internal audit resource, and recommending changes for increasing the scope of the internal audit activities.

The Group's internal audit programme incorporates a review of all sites on a two or three-year rotational basis and focuses on both financial and non-financial controls and procedures. The Committee approves the annual internal audit plan and receives regular reports from the internal auditor.

The Internal Audit Manager, who reports to the Chairman of the Audit Committee, is responsible for conducting internal audits across the Group, with the support of other suitably qualified Group employees where appropriate. This facilitates sharing of best practice across the Group and contributes to the development of employees involved in the audits. The Internal Audit Manager's activities will continue to be supplemented in specialist areas, such as IT and cyber-security, with more focused assurance reviews by external experts.

The internal audit plan for 2025 was developed following a detailed review of the Group's principal risks and continued to include specific focus on:

- the key financial and operating controls within the business;
- IT and cyber-security governance and controls; and
- compliance with the Group's Bribery Act Compliance Manual.

An enhanced approach to the internal audit of our US businesses was agreed in conjunction with the US Board during the year, which has enabled the Internal Audit Manager to expand her participation in US audits, whilst ensuring we remain in compliance with our US Special Security Agreement.

No significant internal control failings or weaknesses were identified during the internal audits completed in the year.

During the year, the Internal Audit Manager also assisted with reviews of supply chain management within the businesses and assisted with oversight of the capital expansion projects at Chemring Nobel and the new ERP system implementation projects at Chemring Countermeasures UK and Roke.

An update on internal audit activities is presented to the Committee at each meeting. The management of each business is responsible for implementing the recommendations made by the internal audit function, and the Committee reviews progress on a regular basis. Progress on addressing internal audit findings is also reviewed by the Group Chief Executive and the Chief Financial Officer in their quarterly reviews with each of the businesses.

The Committee reviews the Group's approach to internal audit on an annual basis to ensure that it remains fit for purpose and provides the requisite level of assurance to the Committee.

Stephen King
Chairman of the Audit Committee
8 December 2025

NOMINATION COMMITTEE REPORT

Providing guidance to the Board

Tony Wood
Chairman of the Nomination Committee

Nomination Committee members

Tony Wood (appointed Chairman 1 December 2024)
Alpna Amar
Laurie Bowen
Andrew Davies (retired 31 January 2025)
Carl-Peter Forster (member and Chairman to 30 November 2024)
Stephen King
Fiona MacAulay
Pete Raby (appointed 1 September 2025)

Key responsibilities of the Nomination Committee

- Reviewing the structure, size and composition of the Board, and making recommendations on appointments to the Board and its committees
- Reviewing the overall leadership needs of the organisation
- Oversight of the Board diversity policy
- Succession planning for the Board, the Executive Committee and the wider leadership team

INTRODUCTION

I am pleased to present the Nomination Committee's report for the year ended 31 October 2025.

I was appointed to the Board with effect from 1 October 2024 and succeeded Carl-Peter Forster as Chairman on 1 December 2024, following Carl-Peter's retirement on 30 November 2024. In June 2025, we announced the appointment of Pete Raby who joined the Board on 1 September 2025 as an independent non-executive director. Pete's recruitment was a key activity for the Committee during the year. The Committee also considered the evolution of the Group's diversity, equity and inclusion ("DE&I") strategy to a wider focus on culture and the employee experience, and further developed our succession planning for the Board and wider leadership team.

Membership of the Committee

The Nomination Committee's role is to ensure that the Board has the appropriate balance of skills, knowledge and experience to operate effectively and oversee the delivery of the Group's strategy.

All members of the Committee are independent non-executive directors. I chair the Committee but will not do so where the Committee is dealing with my own reappointment or my replacement as Chairman of the Board.

Operation of the Committee

The Committee's responsibilities are set out in its terms of reference, which are available on the Company's website. The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board any changes required as a result of the review.

Meetings of the Committee are attended, at the invitation of the Chairman, by the Group Chief Executive when considered appropriate. Members of the Committee do not participate in any discussions relating to their own reappointment or replacement. The Group Legal Director & Company Secretary acts as secretary to the Committee and minutes of meetings are circulated to all Board members.

> **Details of attendance of the members of the Committee at the five meetings held during the year are shown on page 62**

Board composition

The Committee regularly reviews the composition and balance of the Board and its committees, and considers the non-executive directors' independence, whether the balance of non-executive and executive directors remains appropriate, and whether the Board has the requisite skills, knowledge and experience to oversee the delivery of the Group's strategy.

As set out in last year's report, having nearly completed his third three-year term as a non-executive director, Andrew Davies stepped down from the Board on 31 January 2025. Fiona MacAulay succeeded Andrew as the Senior Independent Director and Pete Raby replaced Andrew as a non-executive director on 1 September 2025.

The recently-completed Board performance evaluation, further details of which are set out on page 63, considered the current composition of the Board and concluded that, following Pete's recruitment, no further changes were required in the immediate future. Fiona MacAulay subsequently advised the Board that she would not be seeking re-election at the Annual General Meeting in February 2026, ahead of her second three-year term as a non-executive director expiring in June 2026. We have instigated a search for her replacement, as detailed below.

Providing guidance to the Board continued

Appointments to the Board

The Committee is responsible for reviewing and recommending new appointments to the Board, and for considering the reappointment of current directors.

With regards to the appointment of new directors to the Board, the Committee has an established process to identify the attributes, skills, knowledge and experience required of potential candidates. External recruitment consultants are engaged to undertake a search and provide an initial long list of potential candidates, which is reviewed by the Committee. Members of the Committee then meet with short-listed candidates, before selecting a small number of preferred candidates to meet with other members of the Board. The search for a new non-executive director during the year, which resulted in Pete's appointment, was conducted in this manner and further details are set out below.

As referred to in last year's report, we started considering our requirements for an additional non-executive director in December 2024, recognising that Andrew Davies' third three-year term would expire in May 2025. Russell Reynolds, an independent executive search firm, were appointed to conduct the search due to their knowledge of the Group and prior experience in having recruited me as Chairman, two non-executive directors and our Chief Financial Officer. Russell Reynolds, who have no other connection with the Group, are a signatory to the Voluntary Code of Conduct for Executive Search Firms and have made a commitment to promote diversity. Russell Reynolds developed a detailed role specification, with a principal focus on current and recently-retired Chief Executives of listed companies in the industrials sector. Following a detailed review by the Committee of an initial long-list of candidates compiled by Russell Reynolds and with input from other Board members, I met with five of the candidates and provided feedback to the Committee. The Committee agreed on a short-list of three preferred candidates, who were interviewed by the Group Chief Executive and the Senior Independent Director. Two of the candidates subsequently met other members of the Board. After detailed consideration, the Committee agreed to recommend Pete Raby's appointment to the Board.

Egon Zehnder, another independent executive search firm who have no other connection with the Group, have been appointed to conduct the search for a replacement for Fiona MacAulay. The search is at an early stage and an overview of the process will be provided in next year's report.

Laurie Bowen's second three-year appointment as a non-executive director expired in July 2025 and, after due consideration of her valuable contribution to the Board and its committees, the Committee recommended to the Board that Laurie be reappointed for a third three-year term.

Diversity, equity and inclusion

Diversity policy

The Committee recognises the importance of diversity to the effective performance of the Board. In our wider business operations, we are committed to promoting an organisation where merit is recognised and rewarded, and to ensuring that our people decisions are fair and unbiased and foster an environment where everyone can succeed.

Having achieved 32% female representation in all senior management positions across the businesses in April 2025, we decided to retire our 33% target and embrace a wider focus on culture and the employee experience. We are developing a Group-wide employee engagement survey to assess our values-based culture, which will be rolled out in 2026, and the results of this survey will provide a baseline from which we can assess employee sentiment in future years.

With regards to the Board diversity targets set out in Listing Rule 9.8.6R(9), following the appointment of Fiona MacAulay as the Senior Independent Director, the Board currently meets all of the targets.

The charts below illustrate the gender identity or sex and ethnic background of the Board and the Executive Committee as at 31 October 2025. Details of the diversity of employees more widely across the Group are set out on page 33.

Gender identity or sex of the Board and Executive Committee

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number on the Executive Committee	Percentage of Executive Committee
Men	5	56%	3	7	87%
Women	4	44%	1	1	13%
Not specified/prefer not to say	—	—	—	—	—

Ethnic background of the Board and Executive Committee

Board member	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number on the Executive Committee	Percentage of Executive Committee
White British or other white (including minority-white groups)	8	89%	4	8	100%
Mixed/multiple ethnic groups	—	—	—	—	—
Asian/Asian British	1	11%	—	—	—
Black/African/Caribbean/Black British	—	—	—	—	—
Other ethnic group, including Arab	—	—	—	—	—
Not specified/prefer not to say	—	—	—	—	—

Succession planning

The Committee is responsible for promoting effective succession planning for the Board and the Executive Committee, to ensure that the leadership of the business remains aligned with the Group's strategy.

During the year, an assessment of the succession plans for the key leadership roles at the Group level and within the businesses, developed utilising the Group's established succession planning framework, was considered by the Committee and the Board. The Committee engaged Russell Reynolds to assist with external talent mapping as part of this process. We also considered the development requirements of the talent pipeline and, in 2026, we will refresh our key development programmes to ensure that they continue to meet the evolving needs of the businesses and to enable the delivery of our strategy.

The Committee is satisfied that appropriate succession plans are in place for the Board and members of the Executive Committee with regards to emergency replacements. Longer-term appointments will be considered on a case-by-case basis, including internal candidates where available or external recruitment where deemed more appropriate.

> Further details on our approach to succession planning and talent management are set out on page 33

Tony Wood
Chairman of the Nomination Committee
8 December 2025

DIRECTORS' REMUNERATION REPORT

Remuneration overview

Laurie Bowen
Chair of the Remuneration Committee

Remuneration Committee members

Laurie Bowen (Chair)
Alpna Amar (appointed 26 February 2025)
Andrew Davies (retired 31 January 2025)
Carl-Peter Forster (retired 30 November 2024)
Stephen King
Fiona MacAulay
Pete Raby (appointed 1 September 2025)
Tony Wood

Membership and operation of the Remuneration Committee

The Remuneration Committee has been established by the Board and is responsible for the remuneration of the executive directors, the Chairman and the leadership team at the next level. All members of the Committee are independent non-executive directors, save for Tony Wood who was independent on appointment to the Board.

The Committee's responsibilities are set out in its terms of reference, which are available on the Company's website.

Details of the attendance of members of the Committee at meetings held during the year are shown on page 62. The Group Legal Director & Company Secretary acts as secretary to the Committee and the Group Chief Executive and Chief Financial Officer attend meetings by invitation, but no executive director or other employee is present during discussions relating directly to their own remuneration.

INTRODUCTION

The directors' remuneration report for the year ended 31 October 2025 comprises:

- my annual report on the activities of the Remuneration Committee during the year;
- the annual report on remuneration, which explains how the current directors' remuneration policy was implemented in 2025;
- additional statutory information on remuneration arrangements;
- a summary of the directors' remuneration policy which was approved in February 2025; and
- an overview of how the policy will be implemented in 2026.

The Remuneration Committee's activities during the year

The table below summarises the Committee's key activities and decisions made during the year.

Summary of major activities and decisions of the Committee in 2025

Salary	- 2025 salary reviews for the executive directors and members of the senior leadership team
Annual bonus	- Approval of the 2025 annual bonus plan financial targets and strategic objectives for the executive directors - Consideration of the 2025 annual bonus plan payments
Long-term incentive awards	- Consideration of vesting outcomes for long-term incentive awards made in 2022 - Approval of 2025 long-term incentive awards and performance conditions
Appointments and leaver arrangements	- Approval of remuneration and incentive arrangements for new and retiring members of the senior leadership team

Performance for 2025 and remuneration outcomes

In 2025, we increased revenue by 1.9% on 2024 and underlying operating profit by 5.9% (based on continuing operations). Statutory operating profit increased by 30.0% and underlying cash conversion was 114%. Overall, the Group delivered a strong performance and closed the year with another record order book.

Continued progress was made in the year in relation to our sustainability agenda, with our scope 1 and 2 emissions (market-based) reducing by a further 10.6% year-on-year.

It is in this context that the Remuneration Committee has reviewed the 2025 outturns.

Performance against the 2025 annual bonus and long-term incentive targets is explained in more detail on pages 75 and 78 but in summary:

- *Annual bonus:*
  The annual bonus for 2025 was subject to EPS, operating cash flow and strategic objective measures. As a result of the continuing strong financial performance of the Group during 2025, which resulted in the EPS growth and operating cash flow stretch targets being exceeded, both the EPS metric and the operating cash flow metric will pay out in full. The Committee carefully assessed the performance of the executive directors against the common set of strategic, development, growth, safety, people, governance and sustainability targets set at the beginning of the financial year and, as a result of performance against the targets set, determined that 80% of the maximum was payable.

Remuneration overview continued

Performance for 2025 and remuneration outcomes continued

The total bonus payments for 2025 are therefore 96% of maximum for each of the executive directors.

- *LTIP awards made on 14 December 2022 (subject to performance over the three years ended 31 October 2025):*

  The LTIP awards granted to the executive directors on 14 December 2022 were subject 50% to EPS targets, 30% to relative TSR targets and 20% to targets on the reduction of scope 1 and scope 2 market-based emissions. Based on EPS growth of circa 2.9% p.a. over the three-year performance period, which was below the threshold target of 5% p.a., TSR performance over the same period, placing Chemring above the upper quartile versus the comparator group (ranking circa 66th out of the 338 FTSE All Share companies excluding investment trusts), and 29.6% reduction in scope 1 and scope 2 emissions over the performance period, these awards will vest at 50% of the maximum.

The Committee is satisfied the remuneration policy has operated as intended in relation to performance and remuneration outcomes for 2025, and did not use any discretion. The Committee considered the impact of the share buyback programme announced in February 2025 and concluded that this did not impact the extent of achievement against the targets detailed above given the level of out-performance achieved against the EPS performance targets in the 2025 annual bonus plan. In addition, in concluding that remuneration payments overall and the policy have operated appropriately, the Committee considered the bonuses payable across the Group, individual businesses' performance and the relativities between employees and executive directors in light of their roles and potential impact on the Group performance (this included considering pay ratios). The Committee noted the wider stakeholder experience, in particular the Group's TSR growth of 64% over 2025 and a total dividend payment of 8.0p in 2025, up 3% on the prior year.

Implementation of the policy for 2026

Following a review of base salaries in November 2025, the executive directors will each receive a cost-of-living related salary increase of 3.5% of salary effective 1 January 2026. The rate of increase was in line with the average of budgeted increases that were set by, and then agreed with, each of the Group's UK businesses for 2026.

Pension contributions for the executive directors will continue to be 7.5% of salary, aligned with the majority practice across the UK workforce.

The annual bonus opportunity will continue to be 150% of salary for the Group Chief Executive, and 125% of salary for the Chief Financial Officer and the Group Legal Director & Company Secretary. Performance measures are unchanged for 2026, with 40% subject to EPS, 40% operating cash flow and 20% common strategic objectives. The range of financial targets has been set taking into account market conditions in the defence sector.

Long-term incentive awards will be granted over 175% of salary for the each of the executive directors. Performance measures will be subject 40% to EPS, 20% to operating cash conversion, 20% to relative TSR, and 20% to ESG metrics related to scope 1 and scope 2 emissions. These metrics continue to be the key areas of focus for the Group. The range of financial targets, which include a higher maximum EPS growth target for the 2026 award versus the targets set in prior years, and carbon reduction targets has been set to be appropriately challenging having had regard to internal plans and their execution risk in addition to taking into account external market expectations for the Group's performance and forecast economic conditions over the three-year performance period. Overall, the targets set for the LTIP awards are considered to be at least as challenging as the targets set in prior years.

With regard to non-executive director fees, the base fee for the Chairman and the other non-executive directors will be increased with effect from 1 January 2026 at 3.5%, in line with the average budgeted increases set by the Group's UK businesses.

Employee pay and engagement

Given the nature of our operating model, which necessitates a level of independence within our US operations, our salary management responses during the year continued to vary by location based on our understanding of local needs.

Outside of pay, as the designated non-executive director, I visited employees in locations in the UK and the US to understand their perception of working for Chemring and take their feedback for the Board. During these meetings, which included front line employees, supervisors, and middle and senior management, the topics covered included Chemring's approach to governance, including the workings of the Remuneration Committee, and how remuneration links to strategy through the business. Participants in these discussions had the opportunity to feedback on remuneration as well as wider employment considerations and all feedback received was presented to the appropriate business leadership, the relevant Board committees and the full Board. My role supplements the wider employee engagement process at Chemring, which includes regular all-hands meetings and team briefings and other business-specific engagement tools. These processes ensure that we understand the employee perspective and can take appropriate action as we did during 2025.

Conclusion

I hope you will find this report helpful and informative, and that you will support the resolution on the directors' remuneration report at our forthcoming Annual General Meeting. Please do not hesitate to contact me on executive directors' remuneration matters via Sarah Ellard, Group Legal Director & Company Secretary, at sarahe@chemring.co.uk.

Laurie Bowen
Chair of the Remuneration Committee
8 December 2025

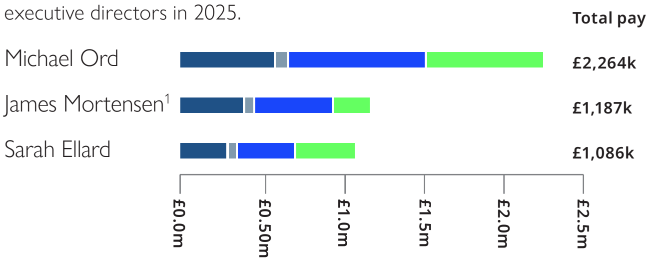
2025 remuneration at a glance

2025 remuneration year in summary

Salary	**Salary increases effective 1 January 2025 for the current executive directors were as follows:** - Michael Ord – 3.8% increase to £599,134 - James Mortensen – 12.2% increase to £415,000 - Sarah Ellard – 3.8% increase to £302,242 As detailed in the 2024 directors' remuneration report, the above increase for the Chief Financial Officer in 2025 represented a one-off adjustment to reflect his strong performance in post since appointment and his increased experience as a PLC Chief Financial Officer.
Annual bonus	**Bonuses payable for 2025 performance as follows:** - Michael Ord – 144% of salary (£862,753) - James Mortensen – 120% of salary (£498,000) - Sarah Ellard – 120% of salary (£362,690) Where executive directors have not met their shareholding requirements, 40% of the bonus is deferred for three years. As the Group Chief Executive and the Group Legal Director & Company Secretary have met their shareholding requirements, 20% of the bonus will be deferred for three years.
Long-term incentives	**Awards granted** Awards made in December 2024, valued at 150% of salary, with EPS, operating cash conversion, TSR and emissions reduction performance conditions measured over a three-year period, and a two-year holding period post vesting. Additional awards made in February 2025, valued at 25% of salary and subject to the same performance conditions, following approval of the new directors' remuneration policy at the February 2025 Annual General Meeting. **Awards vesting** Awards made in December 2022 to the Group Chief Executive and the Group Legal Director & Company Secretary, which were subject to EPS, TSR and emissions reduction performance conditions measured over the three years ended 31 October 2025, will vest at 50% of the maximum. As part of the buy-out arrangements for the incentives the Chief Financial Officer waived on taking up his appointment with the Group in November 2023, he received a share award in December 2023 which will vest in line with the vesting of the awards made in December 2022 under the performance share plan. Accordingly, this award will also vest at 50% of the maximum. Full details of his buy-out arrangements were disclosed in the 2023 directors' remuneration report.
Shareholding	Shareholding guideline of 200% of base salary (both in and post-employment, with the post-employment guideline based on the lower of the guideline and shares held on cessation of employment, which are held for two years).
Chairman and non-executive director fees	The Chairman was appointed on 1 October 2024, and his fee was set at £265,000. No increase was applied to his fee during the year. Base fees for the non-executive directors increased by 3.8% effective 1 January 2025. Adjustments were also made to the fees paid to the non-executive directors for their additional roles.

Executive directors' total pay

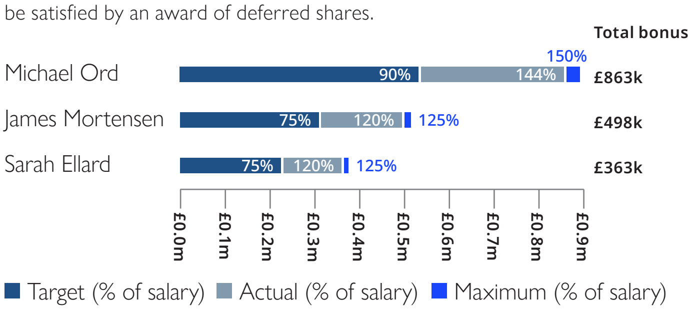
This chart illustrates the total remuneration received by the executive directors in 2025.



1 James Mortensen's LTIP value relates to an award he received in lieu of one of the incentives he forfeited on joining the Group (see page 78 for further details).

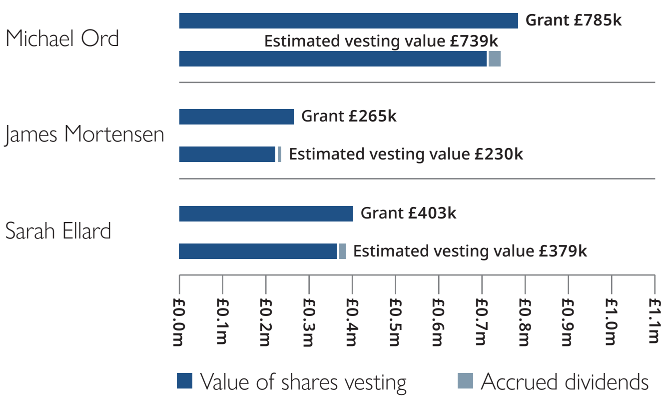
Annual bonus plan outcome

This chart illustrates the bonuses payable for performance in 2025. 80% of the bonus amounts due to the Group Chief Executive and the Group Legal Director & Company Secretary are payable in cash and 20% will be satisfied by way of an award of shares deferred for three years. 60% of the bonus amount due to the Chief Financial Officer is payable in cash and 40% will be satisfied by an award of deferred shares.



Long-term incentive plan outcome

This chart illustrates the total value of each of the long-term incentive plan awards granted to the Group Chief Executive and the Group Legal Director & Company Secretary on 14 December 2022, and the award granted to the Chief Financial Officer on 13 December 2023, which will vest at 50% of the maximum. The grant value is based on the share price on the grant date and the vesting value is calculated on the same basis as in the directors' emoluments table on page 74.



Annual report on remuneration

This part of the report explains how the directors' remuneration policy was implemented in 2025. The auditor has reported on certain sections of this report and stated whether, in its opinion, those sections have been properly prepared in accordance with the Companies Act 2006. Those sections subject to audit are clearly indicated.

Directors' emoluments (audited)

The emoluments of all the directors who served during the year are shown below:

	Year	Salaries/ fees £'000	Taxable benefits[1] £'000	Pension benefits[2] £'000	Total fixed pay £'000	Bonus (cash and deferred shares)[3] £'000	LTIP[4] £'000	Other[5] £'000	Total variable pay £'000	Total £'000
Executives										
Michael Ord	**2025**	**595**	**22**	**45**	**662**	**863**	**739**	**—**	**1,602**	**2,264**
	2024	574	22	43	639	663	831	—	1,494	2,133
James Mortensen[6]	**2025**	**407**	**21**	**31**	**459**	**498**	**—**	**230**	**728**	**1,187**
	2024	370	21	28	419	354	—	602	956	1,375
Sarah Ellard	**2025**	**300**	**21**	**23**	**344**	**363**	**379**	**—**	**742**	**1,086**
	2024	289	20	22	331	279	445	—	724	1,055
Non-executives										
Tony Wood[7]	**2025**	**265**	**—**	**—**	**265**	**—**	**—**	**—**	**—**	**265**
	2024	22	—	—	22	—	—	—	—	22
Carl-Peter Forster[8]	**2025**	**19**	**—**	**—**	**19**	**—**	**—**	**—**	**—**	**19**
	2024	224	—	—	224	—	—	—	—	224
Alpna Amar	**2025**	**64**	**—**	**—**	**64**	**—**	**—**	**—**	**—**	**64**
	2024	61	—	—	61	—	—	—	—	61
Laurie Bowen[9]	**2025**	**85**	**—**	**—**	**85**	**—**	**—**	**—**	**—**	**85**
	2024	76	—	—	76	—	—	—	—	76
Andrew Davies[10]	**2025**	**18**	**—**	**—**	**18**	**—**	**—**	**—**	**—**	**18**
	2024	71	—	—	71	—	—	—	—	71
Stephen King[11]	**2025**	**75**	**—**	**—**	**75**	**—**	**—**	**—**	**—**	**75**
	2024	71	—	—	71	—	—	—	—	71
Fiona MacAulay[12]	**2025**	**72**	**—**	**—**	**72**	**—**	**—**	**—**	**—**	**72**
	2024	61	—	—	61	—	—	—	—	61
Pete Raby[13]	**2025**	**11**	**—**	**—**	**11**	**—**	**—**	**—**	**—**	**11**
	2024	—	—	—	—	—	—	—	—	—
Total remuneration	**2025**	**1,911**	**64**	**99**	**2,074**	**1,724**	**1,118**	**230**	**3,072**	**5,146**
	2024	1,819	63	93	1,975	1,296	1,276	602	3,174	5,149

Notes:

1. Comprises an annual car allowance of £20,000 for Michael Ord and £19,350 for James Mortensen and Sarah Ellard, plus private medical insurance for each of the executive directors.
2. The executive directors receive a cash supplement of 7.5% of salary in lieu of occupational pension scheme membership.
3. 40% of the Chief Financial Officer's bonus is delivered as an award of deferred shares. 20% of the 2025 bonus is delivered as an award of deferred shares for the Group Chief Executive and the Group Legal Director & Company Secretary as they have met their shareholding requirements.
4. The long-term incentive plan ("LTIP") awards granted in December 2022 to the Group Chief Executive and the Group Legal Director & Company Secretary were based 50% on EPS performance, 30% on TSR performance and 20% on carbon emissions reductions, all measured over the three years ended 31 October 2025. These awards will vest at 50% of the maximum and their estimated values have been included in the 2025 emoluments based on the average share price over the three-month period ended 31 October 2025, equating to 557p per share. The share price on the date of grant of the December 2022 awards was 307p and therefore the amounts attributable to share price appreciation are £319,670 for the Group Chief Executive and £163,920 for the Group Legal Director & Company Secretary. The value of accrued dividends on each award has also been included in the 2025 emoluments. The 2024 LTIP values have been restated based on the share price on the date of vesting of 314.5p.
5. James Mortensen received compensation and buy-out awards to provide compensation for the remuneration forfeited as a result of him taking up his appointment with the Group. The buy-out awards set out in the table above for 2024 include compensation for his forfeited Smiths Group plc FY23 annual bonus totalling £156,987, replacement shares for his vested FY20 Smiths Group plc LTIP totalling £186,333 and his replacement FY21 Smiths Group plc LTIP totalling £258,916 (based on the share price on the date of vesting of 314.5p). For 2025, the value reflects his replacement FY22 Smiths Group plc LTIP totalling £230,308, which will vest subject to the same performance conditions as the December 2022 LTIP awards set out in note 4. Further details of Mr Mortensen's buy out arrangements can be found in the 2023 directors' remuneration report.
6. James Mortensen joined the Board on 1 November 2023 as Chief Financial Officer designate and was appointed Chief Financial Officer on 1 January 2024.
7. Tony Wood joined the Board as a non-executive director and Chairman-designate on 1 October 2024 and was appointed Chairman on 1 December 2024. His base fee from appointment was set at £265,000.

8. Carl-Peter Forster retired from the Board and as Chairman on 30 November 2024.
9. Laurie Bowen received an additional fee of £10,000 per annum for her appointment as Chair of the Remuneration Committee and an additional fee of £5,000 per annum in respect of her appointment as the non-executive director responsible for employee engagement until 31 December 2024. These additional fees were increased to £12,000 and £10,000 respectively with effect from 1 January 2025.
10. Andrew Davies received an additional fee of £10,000 per annum for his appointment as Senior Independent Director until 31 December 2024. The fee was increased to £12,000 with effect from 1 January 2025. Mr Davies retired as a non-executive director on 31 January 2025.
11. Stephen King received an additional fee of £10,000 per annum for his appointment as Chairman of the Audit Committee until 31 December 2024. The fee was increased to £12,000 with effect from 1 January 2025.
12. Fiona MacAulay received an additional fee of £12,000 per annum for her appointment as Senior Independent Director with effect from 1 February 2025.
13. Pete Raby was appointed as a non-executive director on 1 September 2025.
14. For the purposes of the Companies Act 2006, total remuneration in respect of qualifying services was £3.0m (2024: £2.8m), total gains on exercise of share options was £0.573m (2024: £1.8m), total contributions to pension schemes was £0.1m (2024: £0.1m) and the number of directors accruing retirement benefits in respect of qualifying services was three (2024: four), for the year ended 31 October 2025.

Amounts shown above in the salaries and fees column relate to base salary in the case of executive directors and fees in the case of non-executive directors.

Base salary and benefits paid during the year (audited)

Salaries for the executive directors were reviewed in November 2024, and increases were approved by the Remuneration Committee effective 1 January 2025. The 3.8% increases awarded to Michael Ord and Sarah Ellard were consistent with the average budgeted increase across the UK businesses. The increase awarded to James Mortensen, as detailed in the 2024 directors' remuneration report, reflected the fact that he was appointed on a salary below that of his predecessor and recognised his increased experience in post and market rates of pay for comparable roles in similar sized companies.

The salaries of the executive directors during the year were therefore as follows:

Executive	Annual salary from 1 November 2024 to 31 December 2024	**Annual salary from 1 January 2025 to 31 October 2025**
Michael Ord	£577,200	**£599,134**
James Mortensen	£370,000	**£415,000**
Sarah Ellard	£291,177	**£302,242**

Michael Ord receives a cash allowance of £20,000 per annum in lieu of a company car and the other executive directors receive a cash allowance of £19,350 per annum.

Details of variable pay opportunity in the year

Annual bonus (audited)

80% of the annual bonus opportunity for 2025 was based on financial targets (namely earnings per share and operating cash flow), with 20% based on strategic objectives. No bonus is payable in respect of the strategic objectives unless the Committee is satisfied that this is justified by the Group's underlying performance, including *inter alia* levels of profitability and cash flow, as well as health and safety performance.

The Committee has consistently set challenging targets for the achievement of maximum bonuses. The financial targets for the 2025 bonus plan, compared with actual performance (adjusted to reflect budgeted foreign exchange rates as per the plan rules), were as follows:

	Weighting (80% of overall bonus)	Performance	Payout (% of element)	Target	Actual	Payout achieved (% of element)
Underlying diluted earnings per share (continuing operations)	50%	Threshold	0%	17.5p	19.5p	100%
		Target	50%	18.4p		
		Stretch	100%	19.3p		
Underlying operating cash flow (continuing operations)	50%	Threshold	0%	£85.7m	£111.2m	100%
		Target	50%	£90.2m		
		Stretch	100%	£94.7m		

Annual report on remuneration continued

Details of variable pay opportunity in the year continued

Annual bonus (audited) continued

The strategic objectives set in respect of the 2025 bonus plan were set on a consistent basis across the executive directors, members of the Executive Committee and each of the business unit leaders, focused as appropriate on their respective businesses. Details of the key achievements of the executive directors against the strategic objectives are set out below:

Category	Strategic objective target	Performance against targets
Environmental, Social and Governance (ESG) (30% weighting with 20% of the 30% allocated to safety and the other measures equally weighted)	**Safety** - Maintain the Group's process safety event (level 2 and 3) rate below 2.0 and an associated personnel exposure rate below 1.5. - Maintain the Group's total recordable injury frequency rate below 0.9. - Baseline a year-by-year plan for each site to verify a proactive safety culture.	- Process safety event (level 2 and 3) rate of 1.89 (2024: 2.09) against a targeted limit of 2.0. Personnel exposure rate of 1.64 (2024: not applicable) against a targeted limit of 1.5. - Total recordable injury frequency rate of 0.48 (2024: 0.69) against a targeted limit of 0.9. - Two-stage plan agreed for each site to embed a solid high calculative safety culture and develop a proactive culture thereafter. **Achieved at 75% of maximum in light of the personnel exposure rate exceeding the targeted limit.**
	Environmental sustainability - Reduce Group scope 1 and 2 emissions year-on-year by a minimum of 10%.	- Group scope 1 and 2 emissions reduced by 10.6% (2024: 13%) and independently verified by ERM. Progress delivered against (i) electrification of the business; (ii) energy efficiency improvements; and (iii) renewable energy sourcing. **Achieved in full.**
	People - Continued implementation of action plans to improve gender diversity to support delivery of the Group's goal of increasing the proportion of women in senior roles to no less than 33% by 2027. - Review the effectiveness of the Group's values-based culture and define changes to maximise Group identity and competitiveness.	- The objective relating to the Group's gender diversity target was retired in April 2025 in response to the change in the approach to DE&I in the US which impacted the US businesses. The percentage of females in senior leadership roles in April 2025 was 32%, with the Company well ahead of the trajectory to meet the original target of 33% by 2027. - Group-wide Employee Value Proposition developed, which will be linked to external branding in 2026. - Options for Group-wide culture and values survey developed, which will be rolled out in 2026. **Achieved in full.**
	Governance - Implement action plans to ensure a robust Group-wide physical and cyber security posture to safeguard our people, property, information and technology.	- Ongoing implementation of the Chemring Information Protection Standard. - Completed external audits of UK and US cyber security arrangements. - Cyber incident response planning further evolved. Cyber security training provided to employees, together with regular phishing exercises. **Achieved in full.**
Group performance and development (70% weighting with 20% of the 70% allocated to Group strategy and the other measures equally weighted)	**Group strategy** - Develop Group strategy with specific emphasis on Energetics growth, Roke growth and US strategic options. - Enhance the Group's corporate development processes and develop the Group's inorganic pipeline. - Review portfolio-level strategic options. - Reassess future strategic opportunities for the Countermeasures businesses. - Progress the capture of the JBTDS full rate production contract.	- Updated Group strategy presented to the Board in July 2025 and strategic actions reviewed regularly throughout the year. - Group M&A process formalised. - Group inorganic pipeline developed further with principal focus on Roke and Chemring Energetic Devices. - Regular inbound M&A opportunities addressed on a case-by-case basis. - Progressed sale of Alloy Surfaces Company, Inc. - Completed review of wider market opportunities for Chemring Australia. - JBTDS is expected to transition to full rate production in 2026. Progress continues to be made with the US DoD customer to shape the ramp-up and delivery options, and funding has been secured for long lead-time items. **Achieved in full.**

Category	Strategic objective target	Performance against targets
Group performance and development continued (70% weighting with 20% of the 70% allocated to Group strategy and the other measures equally weighted)	**Performance** - Improve operational performance of Kilgore and optimise the future structure of the business.	- Progressed production ramp-up in the automated facility. - Completed production under historical loss-making contracts. - Appointed new leadership team and implemented revised organisational structure. - Developed future business strategy for Kilgore and site infrastructure plans. **Achieved at 25% of maximum in light of ongoing efforts to improve the financial performance of Kilgore.**
	Deliver Chemring Nobel growth plan - Execution of capacity expansion projects. - Establish blending capability in Germany. - Progress feasibility studies for potential new greenfield facility in Norway.	- Capacity expansion projects remain on track to meet future business requirements. - Blending facility being established in Germany in conjunction with a local partner. - Further expansion opportunities in Europe under review. - The feasibility study for the potential new Norwegian greenfield facility is proceeding to the second phase. **Achieved at 25% of maximum in light of schedule delays on certain of the capital expansion projects.**
	Deliver Roke growth plan - Maintain short-term operational performance. - Mature the inorganic growth opportunity pipeline and deliver bolt-on M&A strategy.	- New logistics facility at Romsey completed. - Completed the acquisition of Landguard Systems. - Additional potential bolt-on acquisition opportunities reviewed. **Achieved in full.**
	Deliver Chemring Energetics UK growth plan - Execution of new propellant facility project and grow the order book for the new facility. - Progress organic growth opportunities in response to evolving UK sovereign supply chain requirements.	- New propellant facility programme proceeding in line with schedule and budget, and has moved into the commissioning phase. - Initial feasibility study completed on the potential establishment of a UK on-shore energetic materials facility. - Continued engagement with the UK Ministry of Defence and industry partners on other UK growth opportunities. **Achieved in full.**
	Deliver Chemring Energetic Devices and US space and missiles growth plan - Mobilise operational plan for additional facilities. - Manage leadership transition. - Mature the inorganic growth opportunity pipeline.	- Both facilities are in operation and continue to optimise production capacity and processes. - Appointed new leadership and implemented revised organisational structure. - External resource engaged to undertake a review of potential inorganic growth opportunities in the space and missiles markets in the UK, Europe and the US. - Potential bolt-on acquisition opportunities reviewed. **Achieved in full.**

The Committee assesses performance against the targets using both qualitative and quantitative data. The above reflects a full summary of the targets set and achievements delivered within the bounds of commercial confidentiality. Based on the overall performance against the ten strategic targets detailed, the Committee determined that the targets had been met at 80% of the maximum.

Based on the above performance, bonuses are payable to the executive directors under the 2025 bonus plan as follows (audited).

Executive	Maximum bonus (% of salary)	Bonus paid in respect of financial targets (% of salary)	Bonus paid in respect of strategic objectives (% of salary)	Total bonus payment[1]
Michael Ord	150%	120%	24%	£862,753
James Mortensen	125%	100%	20%	£498,000
Sarah Ellard	125%	100%	20%	£362,690

Note:
1. 20% of the bonuses payable to the Group Chief Executive and the Group Legal Director & Company Secretary and 40% of the bonus payable to the Chief Financial Officer are satisfied by way of an award of deferred shares, vesting of which is subject only to continued service over a period of three years.

The Committee reviewed the outcomes in light of broader company and individual performance and the stakeholder experience during the year and was satisfied that no discretion was necessary.

Annual report on remuneration continued

Details of variable pay opportunity in the year continued

Deferred bonus shares granted during the year in respect of the 2024 bonus

Details of the deferred bonus share awards granted on 17 December 2024 in relation to the bonus for the year ended 31 October 2024 are set out in the table below. The awards will normally vest subject to continued employment in three years.

Executive	Date of grant	Shares awarded	Face value of award[1]
Michael Ord	17 December 2024	84,262	£265,004
James Mortensen	17 December 2024	45,011	£141,560
Sarah Ellard	17 December 2024	35,422	£111,402

Note:
1. Value based on the closing share price of 314.5p on the date of grant.

Long-term incentive plan (audited)

Vesting of December 2022 performance share plan awards

The performance share plan awards granted to the executive directors on 14 December 2022 were made subject to the following performance conditions:

Measure	Threshold vesting (25% vests)	Full vesting (100% vests)
Total compound EPS growth per annum over the three financial years ended 31 October 2025 (50% of award)	5% p.a.	10% p.a.
Rank of the Company's TSR against the TSR of the members of the comparator group over the three financial years ended 31 October 2025 (30% of award)	Median ranking	Upper quartile ranking
Reduction in scope 1 and scope 2 emissions (market-based) over the three financial years ended 31 October 2025 (20% of award)	15%	25%

The Group's compound EPS growth on continuing operations over the three financial years ended 31 October 2025 was 2.9% p.a. and the part of the award subject to the EPS measure will therefore lapse in full. The Company's TSR over the same performance period was 91.6% against a median TSR of 23.7% for the comparator group, ranking the Group at 66.3 out of 338, and therefore the TSR part of the award will vest in full. The Group's scope 1 and scope 2 emissions reduced by 29.6% over the performance period and therefore the emissions-related part of the award will vest in full.

Details of the awards granted to the executive directors on 14 December 2022 are provided below (audited):

Executive	Normal vesting date	Number of shares at grant	Number of shares to vest	Number of shares to lapse
Michael Ord	14 December 2025	255,737	127,868	127,869
Sarah Ellard	14 December 2025	131,137	65,568	65,569

Executive	Value of shares to vest	Value of accrued dividends	Total value of awards to vest[1]
Michael Ord	£712,225	£27,108	£739,333
Sarah Ellard	£365,214	£13,900	£379,114

Note:
1. Value estimated based on the average closing share price of 557p over the three-month period ended 31 October 2025.

As part of the buy-out arrangements for the current Chief Financial Officer, he received a conditional award over 79,665 shares in December 2023, which will vest in line with the vesting of the awards made to the other executive directors in December 2022 under the performance share plan. Accordingly, this award will also vest at 50% of the maximum, equating to 39,832 shares vesting on 14 December 2025. The value of the award is shown below (audited):

Executive	Value of shares to vest	Value of accrued dividends	Total value of awards to vest[1]
James Mortensen	£221,864	£8,444	£230,308

Note:
1. Value estimated based on the average closing share price of 557p over the three-month period ended 31 October 2025.

Long-term incentive plan awards granted in the year

The following conditional awards of shares were granted to the executive directors under the performance share plan and the new long-term incentive plan which replaced it during the year:

Executive	Date of grant	Value of award	Closing share price on date of grant	Number of conditional shares awarded	Face value	% that vests at threshold
Michael Ord	18 December 2024	150% of salary	322p	275,294	£886,446	25%
	27 February 2025	25% of salary	376p	38,904	£146,279	25%
James Mortensen	18 December 2024	150% of salary	322p	176,470	£568,233	25%
	27 February 2025	25% of salary	376p	26,948	£101,324	25%
Sarah Ellard	18 December 2024	150% of salary	322p	138,876	£447,181	25%
	27 February 2025	25% of salary	376p	19,626	£73,794	25%

The performance conditions applying to the awards will be measured over three financial years commencing 1 November 2024 as follows:

Performance measure	Weighting	Threshold target (25% vesting)	Maximum target (100% vesting)
Compound EPS growth	40%	5% p.a.	10 % p.a.
Average operating cash conversion	20%	80%	100%
Relative TSR against the TSR of the FTSE All-Share (excluding investment trusts)	20%	Median	Upper quartile
Reduction in scope 1 and scope 2 emissions (market-based)	20%	15%	25%

Any shares that vest in respect of the December 2024 and February 2025 awards will be subject to a two-year holding period (after allowing for the sale of sufficient shares to meet the tax and national insurance liability arising on vesting).

Pension (audited)

The following table sets out the pension benefits earned by the executive directors during the year. Only Sarah Ellard previously accrued benefits during her former membership of the Chemring Group Staff Pension Scheme.

Executive	Cash in lieu of pension contributions £'000	Total benefit accrued at 31 October 2024		Transfer value of accrued benefit at 31 October 2024 £'000	**Total benefit accrued at 31 October 2025**		**Transfer value of accrued benefit at 31 October 2025 £'000**	**Increase in transfer value during year (less members' contributions) £'000**	**Value of benefit for single figure £'000**
		Pension £'000 p.a.	Cash £'000		**Pension £'000 p.a.**	**Cash £'000**			
Michael Ord	45	—	—	—	**—**	**—**	**—**	**—**	**45**
James Mortensen	31	—	—	—	**—**	**—**	**—**	**—**	**31**
Sarah Ellard	23	24	72	461	**24**	**72**	**461**	**—**	**23**

Notes:

1. A cash supplement of 7.5% of base salary is paid to each of the executive directors in lieu of pension contributions.
2. Transfer values represent liabilities of the applicable scheme, and do not represent sums paid to individuals.
3. Transfer values have been calculated in accordance with the Occupational Pension Scheme (Transfer Value) Regulations 1996.
4. Sarah Ellard left pensionable service on 6 April 2010 and therefore has not accrued additional pension over the year. The accrued benefits shown are the benefits at the date of exit.
5. The scheme provided pension at a rate of 1/80th of final pensionable salary plus a cash lump sum of 3/80ths for each year of membership. Final pensionable salary was capped at the HMRC notional earnings cap, and the scheme assumed a normal retirement age of 65. Early retirement is permissible from age 55 but accrued benefits are reduced accordingly using the early retirement factors in force at the date of early retirement.

Payments to past directors and payments for loss of office

As detailed in the 2023 directors' remuneration report, Andrew Lewis retired and stepped down as Chief Financial Officer and as a director of the Company on 31 December 2023 but remained an employee of the Company until 19 January 2024. Mr Lewis retained his December 2022 LTIP award, pro-rated, and as a result of performance set out in this report, 33,775 shares will vest in January 2026 and a two-year post-vesting holding period will apply. The value of the shares vesting, together with accrued dividends is £195,287 based on the average closing share price of 557p over the three-month period ended 31 October 2025.

No payments for loss of office were made to directors during the year.

Remuneration in the wider workforce

In addition to determining the remuneration arrangements for the executive directors, the Committee considers and approves the base salaries for eight senior executives, excluding those based in the US. The Committee also receives information on general pay levels and policies across the Group. The Committee, therefore, has due regard to salary levels across the Group in applying its remuneration policy.

The Group comprises a number of businesses, some of which have been developed through organic growth, others of which have been acquired over time. As a result, there are diverse remuneration arrangements in place across the Group. An example of this is pension provision, where contributions range from 6% to 20% of salary depending on location and length of service. Where possible the business aims to consolidate and normalise its remuneration approach, particularly in relation to fixed pay arrangements, taking into account regional and sector-related variations.

In the US, the US Board has established a Compensation Committee to set the remuneration arrangements for the senior leadership of the US businesses, in accordance with the requirements of our Special Security Agreement with the US Government. The US Compensation Committee consults with the Remuneration Committee where appropriate.

The annual bonus plan for the senior leadership is typically operated for around 80 employees and works in a similar fashion to that for the executive directors, albeit with greater focus on business unit performance where appropriate. Therefore, overall bonus outcomes maintain a level of consistency with Group level performance but allow for differentiated outcomes based on business unit and individual performance.

Below Board, the long-term incentive plan is also operated, in order to allow us to recruit and retain the best talent. Employees who are considered to have a direct influence on Group level performance participate in this plan and in 2025 this included 56 employees.

All UK employees are encouraged to participate in the UK Sharesave Plan. At present over 500 employees participate in the UK Sharesave Plan.

DIRECTORS' REMUNERATION REPORT continued

Additional statutory information on remuneration arrangements

Directors' shareholdings (audited)

Shareholding guidelines apply to executive directors during employment and post cessation of employment. Executive directors are expected to build up and maintain a shareholding in the Company equivalent to 200% of base salary, by retaining at least 50% of after-tax vested LTIP awards until such time as the guidelines have been met. The executive directors are also required to hold shares to the value of the shareholding guideline (i.e. 200% of base salary or their existing shareholding if lower at the time) for two years post-cessation of employment. The shareholding will be assessed at the time of stepping down from the Board.

The interests of the directors in the ordinary shares of the Company at 31 October 2025, or at the date of cessation of their appointment if earlier, are shown below. All are beneficial holdings.

				Unvested and subject to performance conditions under the long-term incentive plan					
Executive	Legally owned (number of shares)	Value of owned shares as % of salary[1]	Guideline met	Dec 2022 award	Dec 2023 award	Dec 2024/ Feb 2025 award	**Total at 31 October 2025**	Deferred bonus share awards	Sharesave options (unvested)
Michael Ord	505,522	626%	Yes	255,737	255,368	314,198	**825,303**	280,365	7,894
James Mortensen	79,686	143%	No	79,665[2]	170,245	203,418	**453,328**	45,011	5,983
Sarah Ellard	233,000	561%	Yes	131,137	128,824	158,502	**418,463**	118,556	7,894
Tony Wood	15,000	—	—	—	—	—	**—**	—	—
Carl-Peter Forster[3]	30,000	—	—	—	—	—	**—**	—	—
Alpna Amar	—	—	—	—	—	—	**—**	—	—
Laurie Bowen	15,000	—	—	—	—	—	**—**	—	—
Andrew Davies[4]	—	—	—	—	—	—	**—**	—	—
Stephen King	130,500	—	—	—	—	—	**—**	—	—
Fiona MacAulay	—	—	—	—	—	—	**—**	—	—
Pete Raby	6,000	—	—	—	—	—	**—**	—	—

Notes:

1. Based on the number of shares legally owned, outstanding deferred bonus share awards (post-tax), prevailing base salary and share price of 573p at 31 October 2025.
2. These awards were made to James Mortensen in December 2023 as part of the buy-out of his previous incentive arrangements.
3. Carl-Peter Forster's shareholdings are shown as at the date of his retirement from the Board on 30 November 2025.
4. Andrew Davies retired from the Board on 31 January 2025. He held no shares as that date.

The directors' share interests at 31 October 2025 include shares held by the directors' connected persons, if any, as required by the Regulations. There have been no changes to the directors' interests in shares since 31 October 2025.

Outstanding long-term incentive awards (audited)

	Number of shares under award						
Executive	At 1 November 2024	Awarded during the year	Lapsed during the year	Vested during the year	**At 31 October 2025**	Normal date of vesting	Closing share price on date of grant (pence)
Michael Ord	255,555	—	(6,057)	(249,498)	**—**	15 December 2024	286.5
	255,737	—	—	—	**255,737[1]**	14 December 2025	307.0
	255,368	—	—	—	**255,368**	13 December 2026	333.0
	—	275,294	—	—	**275,294**	18 December 2027	322.0
	—	38,904	—	—	**38,904**	18 December 2027	376.0
	766,660	**314,198**	**(6,057)**	**(249,498)**	**825,303**		
James Mortensen	79,665[2]	—	(1,889)	(77,776)	**—**	15 December 2024	333.0
	79,665[2]	—	—	—	**79,665[1]**	14 December 2025	333.0
	170,245	—	—	—	**170,245**	13 December 2026	333.0
	—	176,470	—	—	**176,470**	18 December 2027	322.0
	—	26,948	—	—	**26,948**	18 December 2027	376.0
	329,575	**203,418**	**(1,889)**	**(77,776)**	**453,328**		
Sarah Ellard	136,973	—	(3,247)	(133,726)	**—**	15 December 2024	286.5
	131,137	—	—	—	**131,137[1]**	14 December 2025	307.0
	128,824	—	—	—	**128,824**	13 December 2026	333.0
	—	138,876	—	—	**138,876**	18 December 2027	322.0
	—	19,626	—	—	**19,626**	18 December 2027	376.0
	396,934	**158,502**	**(3,247)**	**(133,726)**	**418,463**		

Notes:

1. As explained above, these awards will at 50% of the maximum on 14 December 2025.
2. These awards were made to James Mortensen in December 2023 as part of the buy-out of his previous incentive arrangements.

Performance conditions for outstanding long-term incentive awards

Date of award	Executive directors' award values	Performance period	Measure	Threshold target (25% vesting)	Maximum target (100% vesting)
13 December 2023	150% of salary	Three financial years ended 31 October 2026	Total compound EPS growth per annum (50% of award)	5% p.a.	10% p.a.
			Rank of the Company's TSR against the TSR of the FTSE All-Share (excluding investment trusts) (30% of award)	Median ranking	Upper quartile ranking
			Reduction in scope 1 and scope 2 emissions (market-based) (20% of award)	15%	25%
18 December 2024	150% of salary	Three financial years ended 31 October 2027	Total compound EPS growth per annum (40% of award)	5% p.a.	10% p.a.
27 February 2025	25% of salary		Average operating cash conversion (20% of award)	80%	100%
			Rank of the Company's TSR against the TSR of the FTSE All-Share (excluding investment trusts) (20% of award)	Median ranking	Upper quartile ranking
			Reduction in scope 1 and scope 2 emissions (market-based) (20% of award)	15%	25%

Outstanding deferred bonus share awards (audited)

Executive	Number of shares under award: At 1 November 2024	Awarded during the year	Lapsed during the year	Vested during the year	**At 31 October 2025**	Date of vesting	Closing share price on date of grant (pence)
Michael Ord	83,481	—	—	(83,481)	**—**	17 December 2024	283.5
	100,249	—	—	—	**100,249**	13 December 2025	305.0
	95,854	—	—	—	**95,854**	12 December 2026	326.0
	—	84,262	—	—	**84,262**	17 December 2027	314.5
	279,584	**84,262**	**—**	**(83,481)**	**280,365**		
James Mortensen	—	45,011	—	—	**45,011**	17 December 2027	314.5
	—	**45,011**	**—**	**—**	**45,011**		
Sarah Ellard	35,795	—	—	(35,795)	**—**	17 December 2024	283.5
	42,838	—	—	—	**42,838**	13 December 2025	305.0
	40,296	—	—	—	**40,296**	12 December 2026	326.0
	—	35,422	—	—	**35,422**	17 December 2027	314.5
	118,929	**35,422**	**—**	**(35,795)**	**118,556**		

Outstanding Sharesave options (audited)

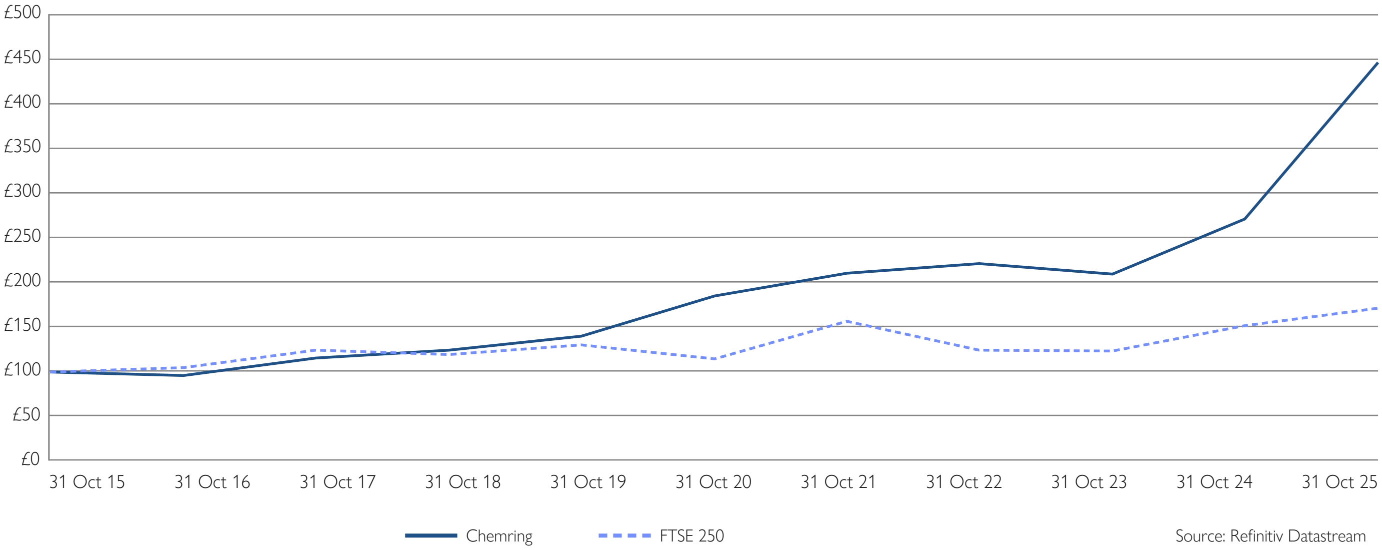
Executive	At 1 November 2024	Number of shares under award: Awarded during the year	Lapsed during the year	Exercised during the year	**At 31 October 2025**	Exercise price	Exercise date
Michael Ord	7,894	—	—	—	**7,894**	228p	1 October 2026 – 31 March 2027
James Mortensen	5,983	—	—	—	**5,983**	310p	1 October 2027 – 31 March 2028
Sarah Ellard	7,894	—	—	—	**7,894**	228p	1 October 2026 – 31 March 2027

Additional statutory information on remuneration arrangements continued

Total shareholder return performance graph

The following graph shows the Company's cumulative TSR over the last ten financial years relative to the FTSE 250 Index. The FTSE 250 has been selected by the Committee for this comparison because it provides the most appropriate measure of performance of listed companies of a similar size to the Company.

The graph shows the value, by 31 October 2025, of £100 invested in Chemring Group PLC on 31 October 2015 compared with the value of £100 invested in the FTSE 250. The other points are the values at intervening financial year ends.



Chief Executive's remuneration table

The total remuneration figures for the Group Chief Executive during each of the last ten financial years are shown in the table below. Michael Ord replaced Michael Flowers as Group Chief Executive on 1 July 2018.

The total remuneration figure for 2018 includes a full year's salary and benefits for Michael Flowers.

The total remuneration figure for each year includes the annual bonus based on that year's performance and, where applicable, vested LTIP awards based on the three-year performance period ending in the relevant year. The annual bonus payout and LTIP award vesting level as a percentage of the maximum opportunity are also shown for each of these years.

	Michael Flowers		Michael Flowers/ Michael Ord		Michael Ord					
	2016	2017	2018	2019	2020	2021	2022	2023	2024	**2025**
Total remuneration (£'000)	855	831	969	1,021	1,045	3,583	2,313	1,947	2,133	**2,264**
Annual bonus (% of maximum)	68.3%	59.5%	0%	98%	98%	98%	98%	93.84%	76.7%	**96%**
LTIP awards vesting (% of maximum)	0%	0%	35%	0%	0%	86.4%/ 100%	100%	71.85%	97.63%	**50%**

Percentage change in the directors' remuneration

The table below shows the annual percentage change in the total remuneration (excluding the value of any LTIP awards and pension benefits receivable in the year) for each of the directors between the 2020 and 2025 financial years, compared to that of the average for all eligible employees of the Group.

	2020 vs 2021			2021 vs 2022			2022 vs 2023			2023 vs 2024			2024 vs 2025		
	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus	Salary	Benefits	Annual bonus
Group Chief Executive	8.2%	6.8%	6.8%	6.8%	0.0%	29.1%	6.8%	0.0%	2.2%	4.6%	4.8%	(15.1%)	3.7%	0.0%	30.0%
Chief Financial Officer	4.6%	4.5%	4.5%	4.5%	0.0%	28.7%	4.5%	5.0%	0.4%	N/A	N/A	N/A	10.0%	0.0%	41.0%
Group Legal Director & Company Secretary	14.7%[2]	4.9%	4.9%	4.9%	0.0%	28.7%	4.9%	0.0%	0.3%	4.0%	2.4%	(14.9%)	3.8%	5.0%	31.0%
Tony Wood	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A[3]	N/A	N/A	N/A[3]	N/A	N/A
Carl-Peter Forster	0.0%	N/A	N/A	4.9%	N/A	N/A	4.9%	N/A	N/A	4.2%	N/A	N/A	N/A[4]	N/A	N/A
Alpna Amar	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A[5]	N/A	N/A	4.9%	N/A	N/A
Laurie Bowen	11.3%[6]	N/A	N/A	4.2%	N/A	N/A	4.2%	N/A	N/A	2.7%	N/A	N/A	11.8%	N/A	N/A
Andrew Davies	8.6%[7]	N/A	N/A	4.5%	N/A	N/A	4.5%	N/A	N/A	2.9%	N/A	N/A	N/A[8]	N/A	N/A
Stephen King	0.0%	N/A	N/A	4.5%	N/A	N/A	4.5%	N/A	N/A	2.9%	N/A	N/A	5.6%	N/A	N/A
Fiona MacAulay	N/A[9]	N/A	N/A	5.4%	N/A	N/A	5.4%	N/A	N/A	3.4%	N/A	N/A	18.0%[10]	N/A	N/A
Pete Raby	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A[11]	N/A	N/A
Average of other employees	5.2%	5.2%	34.8%	3.2%	(18.0%)	5.0%	3.9%	(0.7%)	(6.9%)	3.8%	(7.5%)	9.6%	(0.1%)	(5.4%)	(20.2%)

Notes:

1. The Chief Financial Officer's remuneration for 2024 comprises remuneration for Andrew Lewis until 31 December 2023 and remuneration for James Mortensen from 1 January 2024.
2. The Group Legal Director & Company Secretary's salary was increased pro-rata to reflect her resumption of full-time working hours with effect from 1 November 2020.
3. Tony Wood was appointed as a non-executive director on 1 October 2024.
4. Carl-Peter Forster retired as a director on 30 November 2024.
5. Alpna Amar was appointed as a non-executive director on 13 June 2023.
6. The percentage increase in the fees paid to Laurie Bowen between 2020 and 2021 reflects the additional fees paid to her following her appointment as Chair of the Remuneration Committee on 4 March 2020 and the fee paid to her as the non-executive director with responsibility for employee engagement from 1 January 2021.
7. The percentage increase in the fees paid to Andrew Davies between 2020 and 2021 reflects the additional fees paid to him as Senior Independent Director from 1 January 2021.
8. Andrew Davies retired as a director on 31 January 2025.
9. Fiona MacAulay was appointed as a non-executive director on 3 June 2020. Non-executive directors' fees did not increase between 2020 and 2021.
10. The percentage increase in the fees paid to Fiona MacAulay 2024 and 2025 reflects the additional fees paid to her as Senior Independent Director from 1 February 2025.
11. Pete Raby was appointed as a non-executive director on 1 September 2025.

Additional statutory information on remuneration arrangements continued

Chief Executive's pay ratio

The table below shows how the Group Chief Executive's single remuneration figure from the 2025 financial year compares to equivalent single figure remuneration for full-time equivalent UK employees ranked at the 25th, 50th and 75th percentile.

The Committee considered the calculation approaches as set out in the Regulations and elected to use Method A, as it is considered to be the most appropriate and robust way to calculate the ratio. The calculation was based on:

- actual base salary, benefits, bonus and long-term incentive awards for the year ended 31 October 2025 for UK employees as at 31 October 2025, with salaries for part-time employees annualised on a full-time equivalent basis to allow equal comparisons; and
- employer pension contributions.

No components of pay and benefits were omitted for the purpose of the calculations; however, joiners and leavers during the year were excluded from the calculations.

		Total remuneration		
Year	Methodology	25th percentile (lower quartile) pay ratio	50th percentile (median) pay ratio	75th percentile (upper quartile) pay ratio
2025	Method A	**65.9**	**42.3**	**27.3**
2024	Method A	62.3	42.8	27.7
2023	Method A	57.1	37.2	23.7
2022	Method A	68.3	46.8	29.7
2021	Method A	116.3	76.1	49.2
2020	Method A	39.9	25.0	15.8

	Salary			Total remuneration		
Year	25th percentile	50th percentile	75th percentile	25th percentile	50th percentile	75th percentile
2025	**£31,013**	**£50,000**	**£64,320**	**£34,374**	**£53,500**	**£82,802**

The Committee is mindful that pay ratios, however calculated, are a useful reference point but cannot be considered in isolation. Any movement in ratios will be reviewed by the Committee to understand the causes and longer-term trends will be monitored.

The pay ratios increased in 2021 as a result of, exceptionally, the inclusion of two LTIP awards vesting in relation to the year. One of the LTIP awards related to a one-off award granted to the Group Chief Executive on appointment, which vested at 86.4% of maximum, and the second LTIP award related to the normal LTIP grant, which vested at 100% of maximum. For 2022, there was only one LTIP award included in the Group Chief Executive's total single figure of remuneration, which vested in full. Whilst the Group Chief Executive also received a salary increase for 2022 and an increase to his annual bonus entitlement, in 2022 the pay ratio decreased primarily as a result of the total LTIP value reducing during the year. The pay ratio reduced further in 2023 as the Group Chief Executive's LTIP award did not vest in full and his overall remuneration in 2023 was lower than in 2022. In 2024, the pay ratio increased principally as the result of the Chief Executive's LTIP award vesting at a higher level. In 2025, the pay ratio remained broadly unchanged.

The reward policies and practices across the Group are considered by the Committee in the design process and implementation of the remuneration policy each year for the executive directors. On this basis, the Committee is satisfied that the median pay ratio is consistent with the pay, reward and progression policies against all employees.

Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to dividends and retained profits:

	2025 £m	2024 £m	% change
Staff costs	**198.0**	189.1	4.7%
Dividends	**21.5**	19.6	9.7%
Retained profits	**78.5**	52.3	50.1%

The dividends figures relate to amounts payable in respect of the relevant financial year.

Retained profits reflect the underlying success of the Group and the profit generated in the relevant financial year.

Advisers to the Remuneration Committee

Korn Ferry were appointed by the Remuneration Committee to advise on remuneration and incentive plan related matters from 4 March 2021. Korn Ferry is a signatory to the Remuneration Consultants' Group Code of Conduct and the Committee considers Korn Ferry's advice to be independent and objective. The Committee has reviewed the nature of the services provided by Korn Ferry and is satisfied that no conflict of interest exists in the provision of these services. The Company received no other services from Korn Ferry during the year. The total fees paid to Korn Ferry in respect of the services to the Committee during the year were £79,573 (2024: £58,455). Fees were determined based on the scope and nature of the projects undertaken for the Committee.

The Committee reviews the performance and independence of its advisers on an annual basis.

The Committee consults internally with the Group Chief Executive (Michael Ord) and the Group Legal Director & Company Secretary (Sarah Ellard). No executive is involved in discussions on their own pay.

Shareholder voting on the directors' remuneration policy at the 2025 Annual General Meeting

The directors' remuneration policy is subject to a binding vote by shareholders every three years. At the Annual General Meeting held on 26 February 2025, the resolution relating to the directors' remuneration policy received the following votes from shareholders:

For	198,014,064	98.33%
Against	3,357,535	1.67%
Total votes cast (for and against excluding withheld votes)	201,371,599	100.0%
Votes withheld[1]	47,649	
Total votes cast (including withheld votes)	201,419,248	

Note:
1. A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast "for" and "against" a resolution.

Shareholder voting on the directors' remuneration report at the 2025 Annual General Meeting

The directors' remuneration report is subject to an advisory vote by shareholders every year. At the Annual General Meeting held on 26 February 2025, the resolution relating to the directors' remuneration report received the following votes from shareholders:

For	198,027,957	98.34%
Against	3,342,678	1.66%
Total votes cast (for and against excluding withheld votes)	201,370,635	100.0%
Votes withheld[1]	48,613	
Total votes cast (including withheld votes)	201,419,248	

Note:
1. A vote withheld is not a vote in law and is not counted in the calculation of the proportion of votes cast "for" and "against" a resolution.

Approval of the directors' remuneration report

The directors' remuneration report was approved by the Board on 8 December 2025.

Signed on behalf of the Board

Laurie Bowen
Chair of the Remuneration Committee
8 December 2025

Directors' remuneration policy

This part of the directors' remuneration report provides an overview of the remuneration policy for the executive directors and has been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Companies (Miscellaneous Reporting) Regulations 2018 and the Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 (the "Regulations").

Policy summary

The table below and overleaf provides a summary of the current directors' remuneration policy. The full policy was approved by shareholders at the Annual General Meeting held on 26 February 2025 and can be found in the 2024 directors' remuneration report included in the 2024 report and accounts on our website (www.chemring.com/investors/annual-reports/2024). The policy remains valid until the 2028 Annual General Meeting.

An explanation of how the policy will be applied in 2026 is set out on pages 90 and 91.

Element	Purpose and link to strategy	Operation	Maximum	Performance assessment
Salary	- Reflects the performance of the individual, their skills and experience over time, and the responsibilities of the role - Provides an appropriate level of basic fixed income, avoiding excessive risk arising from over-reliance on variable income	- Normally reviewed annually with effect from 1 January - Benchmarked periodically against companies with similar characteristics and companies within the same sector - Salaries take account of complexity of the role, market competitiveness, Group performance and the increases awarded to the wider workforce	- Salary increases will normally be set with reference to those received by the wider workforce - More significant increases may be awarded at the discretion of the Committee, for example where there is a change in responsibilities, to reflect individual development and performance in the role	- None, although overall individual and company performance is a factor considered when setting and reviewing salaries
Bonus	- Incentivises delivery of financial, strategic and personal goals - Maximum bonus only payable for achieving demanding targets - Delivery of a proportion of bonus in deferred shares plus the ability to receive dividend equivalents provides alignment with shareholders' interests and assists with retention	- Paid in cash, with up to 40% deferred as a conditional award of deferred shares - Once the minimum shareholding requirement has been met, the Remuneration Committee may reduce or remove the requirement for a portion of the bonus to be subject to deferral. For 2026 bonuses, deferral of bonus will be limited to 20% of the bonus if the executive director has met their minimum shareholding requirement - Vesting of deferred shares is subject to continued employment (save in "good leaver" scenarios) at the end of three years from the award of the bonus - The payment of any earned bonus remains ultimately at the discretion of the Committee - Non-pensionable - Executives are entitled to receive, on vesting of deferred share awards, the value of dividend payments that would otherwise have been paid on the deferred shares during the deferral period	- Chief Executive – 150% of salary - Other executive directors – 125% of salary	- Mix of Group financial and, if appropriate, non-financial objectives; financial objectives will determine the majority of the award and will typically include a measure of profitability and cash flow, although the Committee has discretion to select other metrics - Non-financial objectives will be measurable and linked to goals that are consistent with the Group's strategy - Payment of the non-financial objectives element will be subject to a general underpin based on the Committee's assessment of underlying business performance, including inter alia levels of profitability and cash flow, as well as health and safety performance - Performance below the threshold for each financial target results in zero payment in respect of that element. Payment rises from 0% to 100% of the maximum opportunity for levels of performance between threshold and maximum with 50% of the maximum normally payable for on-target performance - Includes a malus and clawback mechanism[6]
Long-term incentive plan ("LTIP")	- Incentivises executives to achieve targets aligned to the Group's main strategic objectives of delivering sustainable growth and shareholder returns - Delivery of awards in shares plus the ability to receive dividend equivalents helps align executives' rewards with shareholders' interests	- Annual grants of shares, which vest subject to the Group's performance measured over at least three years - Any shares vesting must be held by the executives for a further period of two years - Executives are entitled to receive the value of dividend payments that would otherwise have been paid on vested awards - All awards are subject to the discretions given to the Committee in the plan rules during the vesting period	- Normally 175% of base salary (although grants of up to 200% of base salary may be made in exceptional circumstances such as on recruitment)	- Awards will be subject to a combination of long-term measures which are aligned to the shareholder experience and may include financial metrics (such as EPS and cash conversion), shareholder value metrics (such as TSR), capital efficiency measures (such as ROCE) and ESG or strategic measures - The Committee will have discretion to set different measures and weightings for awards in future years to best support the strategy of the business at that time - Targets for each performance measure are set by the Remuneration Committee prior to each grant. Targets will be based on a sliding scale where appropriate - For each measure, threshold performance results in payment of up to 25% of maximum opportunity rising to 100% of the maximum opportunity for achievement of maximum performance - Includes a malus and clawback mechanism[6]

Element	Purpose and link to strategy	Operation	Maximum	Performance assessment
All-employee share scheme	- UK employees, including executive directors, are encouraged to acquire shares by participating in the Group's all-employee share plan – the UK Sharesave Plan	- The UK Sharesave Plan has standard terms	- Participation limits are those set by HM Revenue & Customs from time-to-time	- N/A
Pension	- Provides retirement benefits that reward sustained contribution	- Pension provision is in the form of a cash supplement, subject to auto-enrolment in the Group's defined contribution scheme	- The pension provision for executive directors is aligned with the majority rate available to the wider UK workforce (or other location as appropriate based on the location of the executive director). In the UK, it is currently 7.5% of base salary - Executive directors currently receive a cash supplement contribution paid in lieu of occupational pension scheme membership- All UK employees, including the executive directors, are subject to auto-enrolment into the Group's defined contribution scheme unless they opt-out. The minimum employer contribution is set at 6% of base salary	- N/A
Other benefits	- Provides a competitive package of benefits that assists with recruitment and retention	- Main benefits currently provided to UK executives include but are not limited to a car allowance, life assurance and private medical insurance - Executive directors are eligible for other benefits which may also be introduced for the wider workforce on broadly similar terms	- Cash allowance in lieu of company car of up to £25,000 per annum - Other benefits will be in line with market. The value of each benefit is based on the cost to the Company and is not pre-determined - Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit	- N/A
Minimum shareholding requirements	- Aligns the interests of the executive directors with those of shareholders	- Executive directors are expected to build up and maintain a shareholding in the Company equivalent to 200% of base salary, by retaining at least 50% of the after-tax gain on vested LTIP awards until such time as the guidelines have been met. The after-tax number of unvested deferred bonus shares and/or any vested but unexercised nil-cost options under the Company's long-term incentive plan, are eligible to count towards an executive director's shareholding - Executive directors will be required to hold shares to the value of the shareholding guideline (i.e 200% of base salary or their existing shareholding if lower at the time) for two years post-cessation of employment. The shareholding will be assessed at the point of stepping down from the Board		

Directors' remuneration policy continued

Policy summary continued

Notes:

1. The all-employee share plan does not have performance conditions. UK-based executive directors are eligible to participate in the UK Sharesave Plan on the same terms as other employees.
2. The Committee may make minor amendments to the policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without obtaining shareholder approval for that amendment.
3. The Regulations and investor guidance encourages companies to disclose a cap within which each element of the directors' remuneration policy will operate. Where maximum amounts for elements of remuneration have been set within the policy, these will operate simply as caps and are not indicative of any aspiration.
4. While the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality, whether paid for by the Company or another, and business travel for directors and in exceptional circumstances their families, may technically come within the applicable rules, and so the Committee expressly reserves the right for the Committee to authorise such activities within its agreed policies (and to discharge any related tax liability).
5. The annual bonus and LTIP are subject to malus and clawback provisions in the event of misconduct, error in calculation of performance, material misstatement of results, company insolvency, serious reputational damage to the Group, failure of risk management and retirement where the retired executive director subsequently returns to employment. Malus and clawback may be applied within three years from the date on which a cash bonus was paid, a deferred bonus award was granted and/or the date on which an LTIP award vests. This time period is considered appropriate as, in the Committee's view, it is a reasonable period in which the specified circumstances would be discovered, and a three-year period is in line with FTSE 250 market practice.

Committee discretions

The Committee operates the Group's variable incentive plans according to their respective rules and in accordance with governing legislation and HM Revenue & Customs rules where relevant. To ensure the efficient administration of these plans, the Committee will apply certain operational discretions. These include the following:

- selecting the participants in the plans on an annual basis;
- determining the timing of grants of awards and/or payment;
- determining the quantum of awards and/or payments (within the limits set out in the policy table above);
- determining the extent of vesting based on the assessment of performance;
- making the appropriate adjustments required in certain circumstances (e.g. change of control, rights issues, corporate restructuring events and special dividends);
- determining "good leaver" status for incentive plan purposes and applying the appropriate treatment; and
- undertaking the annual review of weighting of performance measures, and setting targets for the annual bonus plan and the LTIP from year to year.

If an event occurs which results in the annual bonus plan or LTIP performance conditions and/or targets being deemed no longer appropriate by the Committee (e.g. a material acquisition or divestment), the Committee will have the ability to adjust appropriately the measures and/or targets and alter weightings, provided that the revised conditions or targets are not materially less difficult to satisfy (taking account of the relevant circumstances).

Ultimately, the payment of any bonus is entirely at the discretion of the Committee. Equally, the operation of share incentive schemes is at the discretion of the Committee. In conjunction with malus and clawback provisions, the Committee has the flexibility to override formulaic outcomes and recover and/or withhold sums. In choosing to use this discretion, the Committee will consider the specific circumstances at the time.

Where such action is considered necessary, this will be clearly stated in the relevant directors' remuneration report.

How the executive directors' remuneration policy relates to the wider Group

In addition to determining the remuneration arrangements for the executive directors, the Committee considers and approves the base salaries for eight senior executives, excluding those based in the US. The Committee also receives information on general pay levels and policies across the Group. The Committee, therefore, has due regard to salary levels across the Group in applying its remuneration policy.

Executive directors' service agreements and loss of office payments

The current executive directors have rolling service contracts, details of which are summarised in the table below:

Provision	Detailed terms
Contract dates	- Michael Ord – 30 April 2018 (effective 1 June 2018) - James Mortensen – 23 May 2023 (effective 1 November 2023) - Sarah Ellard – 2 November 2011 (effective 7 October 2011)
Notice period	- Twelve months from both the Company and from the executive
Termination payments	- Contracts may be terminated without notice by the payment of a sum equal to the sum of salary due for the unexpired notice period plus the fair value of any contractual benefits (including pension) - Payments may be made in instalments and in these circumstances, there is a requirement to mitigate loss

The Company's policy on service agreements reflects the approach described above (e.g. notice periods will normally be twelve months or less).

The executive directors' service contracts are available for inspection at the Company's registered office.

Policy in respect of the Chairman and non-executive directors

Element	Purpose and link to strategy	Operation	Maximum	Performance assessment
The Chairman's and non-executive directors' fees	Takes account of recognised practice and set at a level that is sufficient to attract and retain high-calibre non-executives	- The Chairman is paid a single fee for all his responsibilities. The non-executive directors are paid a basic fee. Currently, the Senior Independent Director, the Chairs of the Remuneration Committee and the Audit Committee and the non-executive director responsible for employee engagement each receive additional fees to reflect their extra responsibilities - When reviewing fee levels, account is taken of market movements in non-executive director fees, Board committee responsibilities, ongoing time commitments, the general economic environment and the level of increases awarded to the wider workforce - Fee increases, if applicable, are normally effective from January of each year - Non-executive directors do not participate in any pension, bonus or share incentive plans - Non-executive directors may be compensated for travel, accommodation or hospitality-related expenses in connection with their roles and any tax thereon - In exceptional circumstances, additional fees may be paid where there is a substantial increase in the temporary time commitment required of non-executive directors	- N/A	- N/A

Chairman's and non-executive directors' letters of appointment

Non-executive directors do not receive compensation for loss of office but are appointed for a fixed term of three years, renewable for further three-year terms if both parties agree and subject to annual re-election by shareholders. The Chairman's appointment may be terminated on six months' notice by either party and the other non-executive directors' appointments may be terminated on three months' notice by either party. The non-executive directors' letters of appointment are available for inspection at the Company's registered office.

The following table provides details of the terms of appointment for the Chairman and the current non-executive directors:

Non-executive	Date original term commenced	Date current term commenced	Expected expiry date of current term
Tony Wood	1 October 2024	1 October 2024	30 September 2027
Alpna Amar	13 June 2023	13 June 2023	12 June 2026
Laurie Bowen	1 August 2019	1 August 2025	31 July 2028
Stephen King	1 December 2018	1 December 2024	30 November 2027
Fiona MacAulay	3 June 2020	3 June 2023	20 February 2026
Pete Raby	1 September 2025	1 September 2025	31 August 2028

Directors' remuneration policy continued

Application of the remuneration policy in 2026

This part of the report sets out how the directors' remuneration policy will be implemented in 2026.

Executive directors

Element	Implementation
Salary	- The executive directors' salaries were reviewed in November 2025, and the following salary increases were agreed, effective 1 January 2026: • Michael Ord – £620,103 • James Mortensen – £429,525 • Sarah Ellard – £312,820 - The increases for the executive directors were agreed at 3.5%, in line with the average of the budgeted increases that were set by, and then agreed with, the Group's UK businesses for 2026.
Benefits	- No changes are proposed to the benefits provision for 2026.
Pension	- The executive directors will receive a pension contribution of 7.5% of salary, which aligns with the typical rate of workforce pension provision.

Bonus	- The maximum bonus opportunity will be 150% of salary for the Group Chief Executive and 125% of salary for the Chief Financial Officer and the Group Legal Director & Company Secretary.
	- The financial performance measures and weightings of financial performance measures and strategic objectives for the annual bonus plan will be unchanged:
	• Earnings per share 40%
	• Operating cash flow 40%
	• Strategic objectives 20%
	- Strategic objectives have been set to reflect performance in the following key areas:
	• Safety, including ensuring that the Group's total recordable injury frequency rate and frequency of process safety events, particularly those involving personnel exposure, remain below the targeted maximum rates
	• Sustainability, including the continued delivery of reductions in the Group's scope 1 and scope 2 carbon emissions
	• Implementation of action plans to ensure a robust physical and cyber security posture, to safeguard our people, property, information and technology
	• Establishment of a Group-wide employee engagement survey to assess our values-based culture
	• Implementation of robust succession plans for the senior leadership team
	• Group performance and development including:
	  • Delivery of Group-wide corporate development plans
	  • Development of the Group's M&A pipeline
	  • Delivery of organic and inorganic growth strategies for Roke
	  • Delivery of growth plans for the Energetics businesses and execution of the associated capital investment programmes
	  • Optimising the performance of the Countermeasures businesses
	- The Committee does not believe that it would be in shareholders' interests to prospectively disclose the financial targets under the annual bonus plan due to issues of commercial sensitivity. However, detailed retrospective disclosure of both the financial targets and the strategic objectives, and performance against them, will be included in next year's annual report on remuneration. As was the case in 2025, the range of financial targets approved for 2026 have been set in the context of current business planning and the current economic outlook. Overall, the targets are considered similarly challenging to those set in prior years in the current market context.
	- No bonus will be payable in respect of the strategic objectives unless the Committee is satisfied that this is justified by the Group's underlying performance, including *inter alia* levels of profitability and cash flow, as well as health and safety performance.
	- In line with the directors' remuneration policy, 40% of any bonus paid will be deferred for a period of three years unless the executive director has met their minimum shareholding requirement of 200% of salary. If an executive director has met their shareholding requirement, 20% of any bonus paid will be deferred for a period of three years.

Element	Implementation
Long-term incentive plan ("LTIP")	- Executive directors will be granted LTIP awards over 175% of salary in 2026. - Performance conditions for 2026 (tested over a three-year performance period to 31 October 2028) and weightings will be 40% EPS, 20% relative TSR, 20% operating cash conversion and 20% ESG targets. 25% of each part of the award will vest for threshold or median performance, with full vesting of each part of the award for stretch or upper quartile performance. The performance conditions for the 2026 awards will be measured as follows:

Performance measure	Weighting	Threshold target (25% vesting)	Maximum target (100% vesting)
Compound EPS growth	40%	5% p.a.	13% p.a.
Relative TSR against the TSR of the FTSE All-Share (excluding investment trusts)	20%	Median	Upper quartile
Average operating cash conversion	20%	80%	100%
Reduction in scope 1 and scope 2 emissions (market-based)	20%	15%	25%

Straight-line vesting occurs between threshold and maximum targets.

Notes:

1. The Remuneration Committee increased the degree of stretch in the maximum EPS performance target to 13% p.a. growth (from the 10% p.a.) for the 2026 award. As a result of this increase, both the EPS and operating cash conversion target ranges are considered stretching when viewed against internal plans and their execution risk and market expectations for our future performance with consideration also given to wider prevailing macroeconomic factors when setting the targets. When calibrating the range of performance targets, the lower end of the range was set to be realistic in the context of internal plans, with the top end of the range set to be a stretch target. Further context on the approach to target setting is detailed in the Chair's annual report on the activities of the Committee during the year.
2. The reduction in scope 1 and scope 2 emissions target is aligned with our net zero by 2035 strategy and takes into account the expected glidepath to reaching this goal.

Fees for the Chairman and non-executive directors

As detailed in the directors' remuneration policy, the Company's approach to setting the non-executive directors' remuneration takes account of the expected time commitment of the role, recognised practice, and is set at a level that is sufficient to attract and retain high-calibre non-executives. The fees for the non-executive directors are determined by the executive directors and the Chairman, and the Remuneration Committee determines the fees for the Chairman.

Details of the fees that will apply for 2026 are set out below:

	Fee as at 1 January 2026	Percentage increase
Chairman's fee	£274,275	3.5%
Other non-executive directors' base fee	£66,460	3.5%
Audit Committee Chair fee	£12,000	0%
Remuneration Committee Chair fee	£12,000	0%
Senior Independent Director fee	£12,000	0%
Non-executive directors' fee for employee engagement	£10,000	0%

Approval of the directors' remuneration report

The directors' remuneration report was approved by the Board on 8 December 2025.

Signed on behalf of the Board

Laurie Bowen
Chair of the Remuneration Committee
8 December 2025

The directors present their annual report, together with the audited financial statements of the Group and the Company, for the year ended 31 October 2025.

The following sections of the annual report are incorporated into the directors' report by reference:

- strategic report on pages 1 to 47;
- corporate governance report on pages 48 to 64;
- Audit Committee report on pages 65 to 68;
- directors' remuneration report on pages 71 to 91; and
- notes to the Group financial statements as detailed in this section.

Business review

The strategic report on pages 1 to 47 provides a review of the Group's business development, performance and position during and at the end of the financial year, its strategy and likely future developments, key performance indicators and a description of the principal risks and uncertainties facing the business. Further information regarding financial risk management policies and financial instruments is provided in note 23 to the Group financial statements.

There have been no significant events since the balance sheet date.

Results and dividends

The profit attributable to the Group's shareholders for the year was £48.2m (2024: £39.5m).

The directors are recommending the payment of a final dividend of 5.3p per ordinary share which, together with the interim dividend of 2.7p per share paid in September 2025, gives a total for the year of 8.0p (2024: 7.8p). The final dividend is subject to approval by shareholders at the Annual General Meeting on 20 February 2026 and has not therefore been included as a liability in these financial statements.

Directors and their interests

The current directors are shown on pages 50 and 57. In addition, Carl-Peter Forster served as a director until 30 November 2024 and Andrew Davies served as a director until 31 January 2025.

In accordance with the Company's Articles of Association, all directors are required to submit themselves for election or re-election at every Annual General Meeting. With the exception of Fiona MacAulay, all directors will therefore be seeking election or re-election at the Annual General Meeting. Fiona has confirmed she will not be seeking re-election.

Details of the service contracts entered into between the Company and the executive directors are set out in the directors' remuneration report on page 88. The non-executive directors do not have service contracts with the Company.

The Company maintains directors' and officers' liability insurance in respect of legal action against its directors and officers. The Company has also granted indemnities to its directors to the extent provided by law (which are qualifying third party indemnities within the meaning of section 236 of the Companies Act 2006). Neither the insurance nor the indemnities provide cover in the event of proven fraudulent or dishonest activity.

Other than in relation to their service contracts, none of the directors is or was beneficially interested in any significant contract to which the Group was a party during the year ended 31 October 2025.

Information required in relation to directors' shareholdings is set out in the directors' remuneration report on page 80.

Employees and employee consultation

Details of the Group's employment policies and employee consultation practices are set out on page 33.

The Group makes no distinction between disabled and able-bodied persons in recruitment, employment and training, career development and promotion, provided that any disability does not make the particular employment impractical or impossible under the strict health and safety legislation under which the Group's businesses operate.

Political donations

No political donations were made during the year (2024: £nil).

Contractual arrangements

The Group contracts with a wide range of customers across the globe, including governments, armed forces, prime contractors and OEMs. The UK and US Governments are the largest customers and procure the Group's products under a substantial number of separate contracts placed with individual Group businesses.

The Group's businesses utilise many suppliers across the world and arrangements are in place, wherever possible, to ensure that businesses are not reliant on single suppliers for key raw materials or components.

Research and development

The Group's research and development expenditure for the year is detailed in the financial review on page 37.

Change of control

Individual Group businesses have contractual arrangements with third parties, entered into in the normal course of business, which may be amended or may terminate on a change of control of the relevant business, or in certain circumstances, following a takeover of the Group.

The most significant agreements entered into by the Group which contain provisions granting the counterparties certain rights in the event of a change of control of the Company are the agreements relating to the revolving credit facility, the term loan facility supported by UK Export Finance, overdraft facilities and foreign exchange lines entered into with the Group's banks. These agreements provide that, in the event of a change of a control, the Company must repay all outstanding borrowings, together with accrued interest and other sums owing under each agreement.

Share capital and shareholder rights

General

The Company's share capital consists of ordinary shares of 1p each and 7% cumulative preference shares of £1 each, which are listed on the London Stock Exchange. Full details of the movements in the issued share capital of the Company during the financial year are provided in note 27 to the Group financial statements.

Details of the rights attaching to shares are set out in the Articles of Association (the "Articles"). All holders of ordinary shares are entitled to attend, speak and vote at any general meeting of the Company, and to appoint a proxy or proxies to exercise these rights. At a general meeting, every shareholder present in person, by proxy or (in the case of a corporate member) by corporate representative has one vote on a show of hands, and on a poll has one vote for every share held. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies to vote in respect of the resolutions to be passed at the Annual General Meeting.

A member or members representing at least 5% of the ordinary share capital of the Company may require the directors to convene a general meeting. A member or members representing at least 5% of the ordinary share capital of the Company or at least 100 members with the right to vote at an Annual General Meeting and each holding, on average, at least £100 of paid-up share capital may request a resolution to be put before an Annual General Meeting.

There are no restrictions on the transfer of ordinary shares in the capital of the Company, other than certain restrictions which may from time to time be imposed by law. In accordance with the Market Abuse Regulation, certain employees are required to seek the approval of the Company to deal in its shares.

The cumulative preference shares carry an entitlement to a dividend at the rate of 7p per share per annum, payable in equal instalments on 30 April and 31 October each year. Holders of preference shares have the right on a winding-up to receive, in priority to any other classes of shares, the sum of £1 per share together with any arrears of dividends. There are no restrictions on the transfer of the cumulative preference shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

The Company's Articles may only be amended by special resolution at a general meeting of its shareholders.

Issue of shares

Under the provisions of section 551 of the Companies Act 2006 (the "Act"), the Board is prevented from exercising its powers under the Articles to allot shares without an authority contained either in the Articles or in a resolution of the shareholders passed in general meeting. The authority, when given, can last for a maximum period of five years, but the Board proposes that renewal should be sought at each Annual General Meeting. An ordinary resolution, seeking such authority, will be proposed at the forthcoming Annual General Meeting.

Section 561 of the Act requires that an allotment of shares for cash may not be made unless the shares are first offered to existing shareholders on a pre-emptive basis in accordance with the terms of the Act.

In accordance with general practice, to ensure that small issues of shares can be made without the necessity of convening a general meeting, the Board proposes that advantage be taken of the provisions of sections 570 and 573 of the Act to disapply the Act's pre-emptive requirements. Accordingly, a special resolution will be proposed at the forthcoming Annual General Meeting which, if passed, will have the effect of granting the directors the power to allot not more than 20% of the issued ordinary share capital free of the requirements of section 561 of the Act. No issue of these shares will be made which would effectively alter the control of the Company without the prior approval of the shareholders in general meeting.

Purchase of own shares

In August 2023, the Company launched a share buyback programme for the buyback of up to £50m of its ordinary shares over a one-year period. The programme was subsequently extended to December 2024. In total, 117,508 ordinary shares were purchased by the Company and subsequently cancelled under this programme during the year. On 26 February 2025, the Company launched a new share buyback programme for the buyback of up to £40m of its ordinary shares over a two-year period. In total, 925,477 ordinary shares were purchased by the Company under the current programme during the year. All purchased shares were cancelled. The Company did not hold any shares in treasury at 31 October 2025 (2024: nil).

A special resolution will be proposed at the forthcoming Annual General Meeting to renew the Company's authority to purchase its own shares in the market up to a limit of 10% of its issued ordinary share capital. The maximum and minimum prices will be stated in the resolution at the date of the Annual General Meeting. The directors believe that it is advantageous for the Company to have this flexibility to make market purchases of its own shares. The directors of the Company may consider holding repurchased shares pursuant to the authority conferred by this resolution as treasury shares. This will give the Company the ability to reissue treasury shares quickly and cost effectively, and will provide the Company with additional flexibility in the management of its capital base. Any issues of treasury shares for the purposes of the Company's employee share schemes will be made within the 10% dilution limit set out in The Investment Association's Principles of Remuneration. The directors will only exercise this authority if they are satisfied that a purchase would result in an increase in expected earnings per share and would be in the interests of shareholders generally.

Substantial shareholdings

At 8 December 2025, the following substantial holdings in the ordinary share capital of the Company had been notified to the Company in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority. It should be noted that these holdings may have changed since the Company was notified; however, notification of any change is not required until a notifiable threshold is crossed.

Shareholder	City of registered office	Country of registered office	Voting rights	Percentage of ISC	Date of notification
BlackRock, Inc.	Wilmington	USA	21,129,614	7.75	9 October 2025
Invesco Limited			15,662,550	5.75	6 February 2014
Ameriprise Financial, Inc. and its group	Minneapolis	USA	14,117,830	5.18	12 March 2021
Jupiter Fund Management PLC	London	United Kingdom	14,106,727	5.18	6 January 2022
AXA Investment Managers S.A.	Puteaux	France	14,076,252	5.16	28 March 2023
J O Hambro Capital Management Limited	London	United Kingdom	13,981,150	5.13	4 July 2019
Aviva PLC	London	United Kingdom	13,720,065	5.03	22 November 2023
Schroders Plc	London Wall, Barbican	England	13,692,373	5.02	3 April 2025
Royal London Asset Management Limited	London	United Kingdom	13,676,288	5.02	14 October 2024
Neptune Investment Management Limited	London	United Kingdom	13,509,338	4.96	23 February 2018
Prudential PLC group of companies	London	United Kingdom	13,426,572	4.93	26 January 2018
Albion River Management LLC	Rockville, MD	USA	10,911,706	4.00	18 November 2025
Norges Bank	Oslo	Norway	8,089,466	2.97	12 January 2024
Old Mutual Asset Managers			1,600,415	0.59	18 January 2008
FIL Limited	Pembroke	Bermuda	Below 5%	N/A	4 November 2020

Employee share schemes and plans

Approach to share ownership

The Group actively encourages its employees to share in its future success and therefore operates share-based arrangements to provide incentives and rewards to employees.

The Group operated three share-based incentive plans during the year, as set out below. Further details of awards and vesting are provided in note 29 to the Group financial statements.

The Chemring Group 2018 UK Sharesave Plan (the "UK Sharesave Plan")

The UK Sharesave Plan is open to all eligible UK employees. Employees may choose between three and five-year savings periods, at the end of which the employee can choose to exercise the option or request the return of their savings. A grant of options was made on 1 September 2025.

The Chemring Group Performance Share Plan 2016 (the "2016 PSP")

The 2016 PSP was previously the primary long-term incentive plan for executive directors and senior employees. Discretionary awards were granted under the PSP over a fixed number of shares by reference to salary, with awards ordinarily vesting, subject to meeting performance criteria, on the third anniversary of the grant date. Awards were granted under the plan on 18 December 2024. The 2016 PSP will expire on 20 March 2026 and no further awards will be made under the plan.

The Chemring Group Long-Term Incentive Plan (the "LTIP")

A new long-term incentive plan to replace the 2016 PSP was approved by shareholders on 26 February 2025. Discretionary awards under the LTIP are generally made over a fixed number of shares by reference to salary, with awards typically vesting, subject to meeting performance criteria, on the third anniversary of the grant date. Awards of restricted shares, with no associated performance conditions, may also be made under the LTIP to senior employees, other than the executive directors. Awards were granted under the LTIP on 27 February 2025, 21 July 2025, 28 July 2025 and 4 August 2025.

Going concern

Details of the conclusions arrived at by the directors in preparing the financial statements on a going concern basis are set out in the viability statement on page 46.

Additional information, as required By Listing Rules Requirement 9.8.4

The annual report is required to contain certain information under Listing Rules Requirement 9.8.4. Where this information has not been cross-referenced within the Group financial statements, it can be found in the following sections:

- capitalised interest (see note 7);
- long-term incentive schemes (see directors' remuneration report);
- allotment of equity securities for cash (see note 29);
- contracts of significance (see directors' report);
- contractual arrangements (see directors' report);
- details of independent directors (see corporate governance report); and
- substantial shareholders (see directors' report).

No profit forecasts are issued by the Group and no directors have waived any current or future emoluments.

No shareholder is considered to be a Controlling Shareholder (as defined in the Listing Rules Appendix 1) and the Group complies with the independence provisions of the Listing Rules.

Provision of information to the auditor

Each director at the date of this report confirms that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and that they have each taken all of the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Resolutions will be proposed at the forthcoming Annual General Meeting to reappoint KPMG and to authorise the directors to determine the external auditor's remuneration.

Annual General Meeting

The resolutions to be proposed at the Annual General Meeting to be held on 20 February 2026, together with explanatory notes, appear in the separate Notice of Annual General Meeting sent to all shareholders.

Statement of directors' responsibilities in respect of the annual report and accounts

The directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law, and they have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law, including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and, in respect of the parent company financial statements only, prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance report that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the strategic report and directors' report include a fair review of the development and performance of the business and the position of the issuer, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The strategic report, the directors' report and the responsibility statement were approved by the Board of directors on 8 December 2025 and are signed on its behalf by:

Michael Ord
Group Chief Executive
8 December 2025

Sarah Ellard
Group Legal Director
8 December 2025

CONSOLIDATED INCOME STATEMENT

For the year ended 31 October 2025

	Note	2025 Total £m	2024 Total[1] £m
Continuing operations			
Revenue	1,2	**497.5**	488.3
Operating profit	2,4	**73.4**	56.6
Finance expense	7	**(5.7)**	(4.8)
Profit before tax		**67.7**	51.8
Taxation	8	**(14.4)**	(10.3)
Profit after tax		**53.3**	41.5
Discontinued operations			
Loss after tax from discontinued operations	5	**(5.1)**	(2.0)
Total profit after tax		**48.2**	39.5
Earnings per ordinary share			
Continuing operations			
Basic	10	**19.7p**	15.2p
Diluted	10	**19.3p**	14.9p
Continuing and discontinued operations			
Basic	10	**17.8p**	14.5p
Diluted	10	**17.5p**	14.1p

1. 2024 comparative information has been re-presented to reclassify an operation which has been discontinued in the year. See note 5 for further details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2025

	Note	2025 £m	2024 £m
Profit after tax attributable to equity holders of the parent as reported		**48.2**	39.5
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of the defined benefit pension scheme	31	**(0.7)**	(1.3)
Movement on deferred tax relating to the pension scheme	26	**0.1**	0.5
		(0.6)	(0.8)
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations		**(0.2)**	(12.0)
Tax on exchange differences on translation of foreign operations		**(0.5)**	0.1
		(0.7)	(11.9)
Total comprehensive income attributable to equity holders of the parent		**46.9**	26.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2025

	Share capital £m	Share premium account £m	Special capital reserve £m	Translation reserve £m	Retained earnings £m	Total £m
At 1 November 2024	2.7	309.0	13.0	(20.7)	52.3	356.3
Profit after tax	—	—	—	—	48.2	48.2
Other comprehensive loss	—	—	—	(0.2)	(0.7)	(0.9)
Tax relating to components of other comprehensive loss	—	—	—	(0.5)	0.1	(0.4)
Total comprehensive income/(loss)	—	—	—	(0.7)	47.6	46.9
Ordinary shares issued	—	0.2	—	—	—	0.2
Purchase of own shares	—	—	—	—	(6.6)	(6.6)
Share-based payments (net of settlement)	—	—	—	—	6.7	6.7
Dividends paid	—	—	—	—	(21.5)	(21.5)
At 31 October 2025	**2.7**	**309.2**	**13.0**	**(21.4)**	**78.5**	**382.0**

	Share capital £m	Share premium account £m	Special capital reserve £m	Translation reserve £m	Retained earnings £m	Total £m
At 1 November 2023	2.8	308.7	12.9	(8.8)	62.9	378.5
Profit after tax	—	—	—	—	39.5	39.5
Other comprehensive loss	—	—	—	(12.0)	(1.3)	(13.3)
Tax relating to components of other comprehensive loss	—	—	—	0.1	0.5	0.6
Total comprehensive income/(loss)	—	—	—	(11.9)	38.7	26.8
Ordinary shares issued	—	0.3	—	—	—	0.3
Purchase of own shares	(0.1)	—	0.1	—	(38.4)	(38.4)
Share-based payments (net of settlement)	—	—	—	—	8.7	8.7
Dividends paid	—	—	—	—	(19.6)	(19.6)
At 31 October 2024	2.7	309.0	13.0	(20.7)	52.3	356.3

CONSOLIDATED BALANCE SHEET

As at 31 October 2025

	Note	2025 £m	2025 £m	2024 £m	2024 £m
Non-current assets					
Goodwill	11	**99.6**		98.5	
Development costs	12	**20.2**		18.6	
Other intangible assets	12	**43.7**		10.0	
Property, plant and equipment	13	**354.7**		287.8	
Derivative financial instruments	24	**1.9**		—	
Retirement benefit surplus	31	**—**		0.1	
Deferred tax	26	**11.2**		7.3	
			531.3		422.3
Current assets					
Inventories	15	**143.2**		127.1	
Trade and other receivables	16	**110.5**		91.0	
Cash and cash equivalents	17	**65.3**		45.0	
Derivative financial instruments	24	**2.5**		0.9	
			321.5		264.0
Assets classified as held for sale	5		**10.3**		5.8
Total assets			**863.1**		692.1
Current liabilities					
Borrowings	18	**(47.2)**		(43.0)	
Lease liabilities	19	**(3.1)**		(2.1)	
Government grants	20	**(0.4)**		—	
Contract liabilities	21	**(38.4)**		(26.6)	
Trade and other payables	22	**(99.4)**		(85.1)	
Provisions	25	**(8.1)**		(3.2)	
Current tax		**(3.9)**		(8.8)	
Derivative financial instruments	24	**(0.8)**		(1.5)	
Retirement benefit obligations	31	**(0.1)**		—	
			(201.4)		(170.3)
Non-current liabilities					
Borrowings	18, 34	**(91.6)**		(43.7)	
Lease liabilities	19	**(12.4)**		(8.9)	
Government grants	20	**(48.0)**		(24.0)	
Contract liabilities	21	**(85.6)**		(51.6)	
Provisions	25	**(13.5)**		(16.7)	
Deferred tax	26	**(28.5)**		(17.6)	
Derivative financial instruments	24	**—**		(2.9)	
Preference shares	18, 27	**(0.1)**		(0.1)	
			(279.7)		(165.5)
Total liabilities			**(481.1)**		(335.8)
Net assets			**382.0**		356.3
Equity					
Share capital	27		**2.7**		2.7
Share premium account	28		**309.2**		309.0
Special capital reserve	28		**13.0**		13.0
Translation reserve	28		**(21.4)**		(20.7)
Retained earnings			**78.5**		52.3
Total equity			**382.0**		356.3

These financial statements of Chemring Group PLC (registered number 86662) were approved and authorised for issue by the Board of directors on 8 December 2025.

Signed on behalf of the Board

Michael Ord
Director

James Mortensen
Director

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 October 2025

	Note	2025 £m	2024[2] £m
Cash flows from operating activities			
Cash generated from continuing underlying operations	32	**112.2**	93.9
Cash impact of continuing non-underlying items		**(3.6)**	(2.5)
Cash generated from discontinued underlying operations	5, 32	**(0.5)**	0.6
Cash impact of discontinued non-underlying items	32	**(2.8)**	(1.5)
Cash flows from operating activities		**105.3**	90.5
Retirement benefit deficit contributions	31	**(0.9)**	(3.0)
Tax paid		**(13.3)**	(6.5)
Net cash inflow from operating activities		**91.1**	81.0
Cash flows from investing activities			
Purchases of intangible assets		**(12.1)**	(4.8)
Purchases of property, plant and equipment		**(90.2)**	(63.0)
Capitalised interest		**(3.2)**	(1.8)
Grant funding	20	**23.5**	22.0
Acquisition of subsidiary net of cash acquired	30	**(13.5)**	—
Proceeds on disposal of subsidiary		**6.6**	—
Net cash outflow from investing activities		**(88.9)**	(47.6)
Cash flows from financing activities			
Dividends paid	9	**(21.5)**	(19.6)
Purchase of own shares	28	**(6.6)**	(41.0)
Proceeds for transactions in own shares	28	**0.9**	0.9
Paid accrued dividends on shares	28	**(0.3)**	(0.2)
Finance expense paid		**(3.3)**	(4.0)
Facility fees paid		**(1.4)**	(0.8)
Drawdown of borrowings		**145.0**	100.0
Repayments of borrowings		**(70.0)**	(70.1)
Payment of lease liabilities		**(2.8)**	(2.5)
Net cash inflow/(outflow) from financing activities		**40.0**	(37.3)
Increase/(decrease) in cash and cash equivalents	33	**42.2**	(3.9)
Cash and cash equivalents at beginning of year		**2.0**	6.4
Effect of foreign exchange rate changes		**0.6**	(0.5)
Cash and cash equivalents at end of year[1]	17, 34	**44.8**	2.0

1. Cash and cash equivalents of £44.8m (2024: £2.0m) at 31 October 2025 includes £20.5m (2024: £43.0m) of bank overdrafts which are classified as current borrowings on the balance sheet. See note 17 for further details.
2. 2024 comparative information has been re-presented to reclassify an operation which has been discontinued in the year. See note 5 for further details.

1. Revenue

All of the Group's revenue is derived from the sale of goods and the provision of services. The following table provides an analysis of the Group's revenue by destination:

	Countermeasures & Energetics £m	**Sensors & Information £m**	**2025 £m**
UK	**65.8**	**133.4**	**199.2**
US	**136.3**	**27.1**	**163.4**
Europe	**105.4**	**9.5**	**114.9**
Asia Pacific	**14.7**	**0.2**	**14.9**
Rest of the world	**0.5**	**4.6**	**5.1**
	322.7	**174.8**	**497.5**

	Countermeasures & Energetics £m	Sensors & Information £m	2024 £m
UK	66.5	162.7	229.2
US	121.4	31.1	152.5
Europe	75.1	10.9	86.0
Asia Pacific	12.2	3.6	15.8
Rest of the world	1.1	3.7	4.8
	276.3	212.0	488.3

The directors consider that the only countries that are significant in accordance with IFRS 8 *Operating Segments* are the US and the UK.

The following table discloses the split of the Group's revenue between goods and services:

	Countermeasures & Energetics £m	**Sensors & Information £m**	**2025 £m**
Goods	**314.0**	**42.2**	**356.2**
Services	**8.7**	**132.6**	**141.3**
	322.7	**174.8**	**497.5**

	Countermeasures & Energetics £m	Sensors & Information £m	2024 £m
Goods	268.7	48.6	317.3
Services	7.6	163.4	171.0
	276.3	212.0	488.3

All revenues recognised arose from contracts with customers.

As at 31 October 2025 £1,345m (2024: £1,022m) of revenue was not yet recognised in respect of obligations that were unfulfilled or only partially fulfilled as at the year end. £431m (2024: £397m) of this revenue is expected to be recognised in the next financial year and £914m (2024: £625m) in future periods.

2. Business segments

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group Chief Executive and the Board to allocate resources to the segments and to assess their performance. For management purposes, the Group's operating and reporting structure clusters similar businesses together, based on the products and services they offer. These segments are the basis on which the Group reports its segmental information.

The principal activities of each segment are as follows:

Countermeasures & Energetics	Development and manufacture of expendable countermeasures for air and sea platforms, cartridge/propellant actuated devices, pyrotechnic devices for satellite launch and deployment, missile components, propellants, separation sub-systems, actuators and energetic materials.
Sensors & Information	Provision of consulting and technology services to solve security-critical issues. Development and manufacture of electronic countermeasures and biological threat detection equipment.

2. Business segments continued

A segmental analysis of revenue and operating profit is set out below:

Year ended 31 October 2025	Countermeasures & Energetics £m	Sensors & Information £m	Unallocated* £m	Total £m
Revenue	322.7	174.8	—	497.5
Segmental result before depreciation, amortisation and non-underlying items and discontinued operations	79.7	38.2	(19.3)	98.6
Depreciation (note 13)	(17.3)	(5.5)	—	(22.8)
Amortisation (note 12)	(0.8)	(1.5)	—	(2.3)
Segmental underlying operating profit/(loss)	61.6	31.2	(19.3)	73.5
Amortisation of acquired intangibles (note 12)	(0.8)	(0.9)	—	(1.7)
Non-underlying items (note 3)	0.2	(5.4)	6.8	1.6
Impact of non-underlying items on profit before tax (note 3)	(0.6)	(6.3)	6.8	(0.1)
Segmental operating profit/(loss)	61.0	24.9	(12.5)	73.4
Finance expense	—	—	(5.7)	(5.7)
Profit/(loss) before tax	61.0	24.9	(18.2)	67.7
Tax	—	—	(14.4)	(14.4)
Profit/(loss) for the year from continuing operations	61.0	24.9	(32.6)	53.3
Discontinued operations	(6.8)	1.7	—	(5.1)
Profit/(loss) for the year	54.2	26.6	(32.6)	48.2

Year ended 31 October 2024	Countermeasures & Energetics £m	Sensors & Information £m	Unallocated* £m	Total £m
Revenue	276.3	212.0	—	488.3
Segmental result before depreciation, amortisation and non-underlying items and discontinued operations	61.0	47.3	(16.8)	91.5
Depreciation (note 13)	(15.8)	(4.6)	—	(20.4)
Amortisation (note 12)	(0.2)	(1.3)	—	(1.5)
Segmental underlying operating profit/(loss)	45.0	41.4	(16.8)	69.6
Amortisation of acquired intangibles (note 12)	(1.2)	(0.8)	—	(2.0)
Non-underlying items (note 3)	2.8	(3.2)	(10.6)	(11.0)
Impact of non-underlying items on profit before tax (note 3)	1.6	(4.0)	(10.6)	(13.0)
Segmental operating profit/(loss)	46.6	37.4	(27.4)	56.6
Finance expense	—	—	(4.8)	(4.8)
Profit/(loss) before tax	46.6	37.4	(32.2)	51.8
Tax	—	—	(10.3)	(10.3)
Profit/(loss) for the year from continuing operations	46.6	37.4	(42.5)	41.5
Discontinued operations	(5.2)	3.2	—	(2.0)
Profit/(loss) for the year	41.4	40.6	(42.5)	39.5

* Unallocated items are specific corporate level costs that cannot be allocated to a business segment.

Assets and liabilities by segment are not reported to the Group Chief Executive on a monthly basis; therefore, they are not used as a key decision-making tool and are not disclosed here. A disclosure of non-current assets by location, excluding derivative financial instruments, retirement benefit surplus and deferred tax, is shown below:

Non-current assets by location	2025 £m	2024 £m
UK	252.2	198.5
US	155.0	169.3
Norway	96.8	33.6
Australia	14.2	13.5
	518.2	414.9

Information on major customers

Of the Group's total revenue, £97.1m (2024: £91.4m) arose from sales to the US DoD, £78.7m (2024: £98.5m) arose from the sales to the UK MOD and £53.2m (2024: £50.7m) arose from sales to BAE Systems plc. These were the only customers where direct sales accounted for more than 10% of Group revenue for the year. Sales were reported in both of the Group's segments.

3. Alternative performance measures

The principal Alternative Performance Measures ("APMs") presented are the underlying measures of earnings which exclude non-underlying items, for example relating to acquisitions and disposals, restructuring costs, impairment charges, defined benefit pension buy-in/buy-out costs and legal costs, the gain or loss on the movement on the fair value of derivative financial instruments, and the amortisation of acquired intangibles. The directors believe that these APMs assist the comparability of information between reporting periods. The term underlying is not defined under IFRS and may not be comparable with similarly titled measures used by other companies.

Reconciliation from underlying to statutory performance:

	2025			2024		
	Underlying performance £m	**Non-underlying items £m**	**Statutory Total £m**	Underlying performance £m	Non-underlying items £m	Statutory Total £m
Continuing operations						
Revenue	**497.5**	**—**	**497.5**	488.3	—	488.3
Operating profit/(loss)	**73.5**	**(0.1)**	**73.4**	69.6	(13.0)	56.6
Finance expense	**(5.7)**	**—**	**(5.7)**	(4.8)	—	(4.8)
Profit/(loss) before tax	**67.8**	**(0.1)**	**67.7**	64.8	(13.0)	51.8
Taxation	**(14.2)**	**(0.2)**	**(14.4)**	(12.0)	1.7	(10.3)
Profit/(loss) after tax	**53.6**	**(0.3)**	**53.3**	52.8	(11.3)	41.5
Discontinued operations						
Loss after tax from discontinued operations	**(2.3)**	**(2.8)**	**(5.1)**	(0.1)	(1.9)	(2.0)
Total profit/(loss) after tax	**51.3**	**(3.1)**	**48.2**	52.7	(13.2)	39.5
Earnings per ordinary share						
Continuing operations						
Basic	**19.8p**		**19.7p**	19.3p		15.2p
Diluted	**19.4p**		**19.3p**	18.9p		14.9p
Continuing operations and discontinued operations						
Basic	**18.9p**		**17.8p**	19.3p		14.5p
Diluted	**18.6p**		**17.5p**	18.9p		14.1p

In accordance with our accounting policy we have presented the following reconciliation of APMs used throughout this report to their IFRS equivalent measures as follows:

Non-underlying items and non-underlying measures	**2025 £m**	2024 £m
Gain/(loss) on the movement in the fair value of derivative financial instruments (note 24)	**7.3**	(2.0)
Acquisition expenses (note 30)	**(3.0)**	(3.4)
Defined benefit pension buy-in and buy-out transaction	**(0.4)**	(7.5)
Change in senior management positions	**—**	(1.2)
Business restructuring	**(2.5)**	—
Decrease in legal and disposal provisions (note 25)	**0.2**	3.1
Impact of non-underlying items on EBITDA	**1.6**	(11.0)
Amortisation of acquired intangibles arising from business combinations (note 12)	**(1.7)**	(2.0)
Impact of non-underlying items on profit before tax	**(0.1)**	(13.0)
Tax impact of non-underlying items	**(0.2)**	1.7
Impact of non-underlying items on continuing profit after tax	**(0.3)**	(11.3)
Non-underlying discontinued operations after tax (note 5)	**(2.8)**	(1.9)
Impact of non-underlying items on profit after tax	**(3.1)**	(13.2)
Underlying profit after tax	**51.3**	52.7
Statutory profit after tax	**48.2**	39.5

The APMs used may not be comparable across companies. The impact of non-underlying items on statutory basic and diluted EPS, as well as a reconciliation to the IFRS equivalent, is presented in note 10. The impact of non-underlying items on cash generated from operating activities, as well as a reconciliation to the IFRS equivalent, is presented in note 32. The cash impact of non-underlying items includes the impact of exceptional items from prior years where the income statement and cash flow timings differ. Non-underlying items are defined in the accounting policies on page 140.

As adjusted results include the benefits of significant restructuring programmes but exclude significant costs (such as significant legal, major restructuring and transaction items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in statutory earnings. The exclusion of adjusting items may result in adjusted earnings being materially higher or lower than statutory earnings. In particularly, when significant impairments, restructuring charges and legal costs are excluded adjusted earnings will be higher than statutory earnings.

3. Alternative performance measures continued

It should also be noted that adjusted earnings may not be comparable to similarly titled measures in other companies, and where amortisation of intangibles acquired in business combinations is excluded, the related revenue is not also excluded.

Derivative financial instruments

Included in non-underlying items is a £7.3m gain (2024: £2.0m loss) on the movement in fair value of derivative financial instruments. This is excluded from underlying earnings to ensure the recognition of the gain or loss on the derivative matches the timing of the underlying transaction.

Acquisition expenses

Included in non-underlying items is £3.0m (2024: £3.4m) of acquisition-related expenses. This includes £2.2m (2024: £3.2m) relating to deferred consideration contingent on continued employment of the former owners of Geollect, which has been accounted for as equity-settled share-based payments under IFRS 2 *Share-based Payments,* and on continued employment of the former owners of Landguard, which has been accounted for as remuneration under IFRS 3 *Business Combinations*. We have classified this cost as a non-underlying item as it is a non-recurring cost relating to acquisitions. See note 30 for further details. The remaining expense of £0.8m (2024: £0.2m) primarily includes professional fees incurred in relation to the Group's mergers and acquisitions activity during the year. The acquisition-related expenses are not reflective of the underlying costs of the Group and therefore, in order to provide an explanation of results that is not distorted by the costs of a business being acquired rather than organically developed, these costs have been excluded from the underlying measures. This expense has been presented against the Sensors & Information business segment in note 2.

Defined benefit pension buy-in and buy-out transaction

Included in non-underlying items is an expense of £0.4m (2024: £7.5m). This comprises the settlement loss following the buy-in transaction of £nil (2024: £7.0m), as well as ongoing costs of £0.4m (2024: £0.5m) incurred in relation to the buy-in process which will eventually conclude with a buy-out of the scheme. The buy-in and buy-out transaction is considered a non-recurring event by nature and the expense relating to it is material in size; therefore, these costs have been excluded from the underlying measures.

Business restructuring

Included in non-underlying items are costs of £2.5m (2024: £nil) relating to business restructuring. During the period the Group took mitigating action to match Roke's cost base with current demand, integrating the Futures business unit within the Defence business unit. As such, these costs are not reflective of the underlying costs of the Group and have been excluded from the underlying measures.

Legal and disposal provisions

Included in non-underlying items is a £0.2m (2024: £3.1m) release of legal and disposal provisions relating to the 2018 incident at our UK Countermeasures facility in Salisbury. This release has been presented against the Countermeasures & Energetics business segment in note 2.

Amortisation of acquired intangibles

Included in non-underlying items is the amortisation charge arising from business combinations of £1.7m (2024: £2.0m). Amortisation of acquired intangibles arising from business combinations is associated with acquisition accounting under IFRS 3 *Business Combinations*. IFRS requires intangibles to be recognised on acquisition that would not have been capitalised had the business grown organically under Chemring's ownership. As such, these costs are not reflective of the underlying costs of the Group and therefore, in order to provide an explanation of results that is not distorted by the history of business units being acquired rather than organically developed, have been excluded from the underlying measures.

Tax

The tax impact of non-underlying items comprises a £0.2m charge (2024: £1.7m credit) on the above non-underlying items.

We present the underlying effective tax rate for the Group, excluding non-underlying items, that is comparable over time. This is the taxation expense for the Group, excluding any non-underlying tax charge or credit, as a percentage of underlying profit before taxation.

Net debt

A reconciliation and analysis of net debt is presented in notes 33 and 34. This APM allows management to monitor the indebtedness of the Group.

Discontinued operations

Further details on the results of discontinued operations are presented in note 5.

EBITDA

In our financial review we present measures of continuing EBITDA, which is calculated as follows:

	2025 £m	2024 £m
Operating profit	**73.4**	56.6
Amortisation arising from business combinations (note 12)	**1.7**	2.0
Amortisation of development costs (note 12)	**1.3**	1.2
Amortisation of patents and licences (note 12)	**0.1**	0.3
Amortisation of software and ERP (note 12)	**0.9**	—
Depreciation of property, plant and equipment (note 13)	**22.8**	20.4
Amortisation of government grant income* (note 20)	**—**	—
EBITDA	**100.2**	80.5
Non-underlying items	**(1.6)**	11.0
Underlying EBITDA	**98.6**	91.5

* Amortisation of government grant income has been added back in our calculation of EBITDA due to the non-cash nature. Inclusion of this adjustment provides a clearer view of the Group's cash-generating abilities.

3. Alternative performance measures continued

Constant currency revenue and operating profit

In our financial review we present a measure of constant currency revenue and operating profit. This is calculated by translating our results for the year ended 31 October 2025 at the average exchange rates for the comparative year ended 31 October 2024.

Underlying cash conversion

In our financial review we present a measure of underlying cash conversion. This is calculated as underlying operating cash as a ratio of underlying EBITDA for the stated period. Comparative period values for years prior to the year ended 31 October 2025 can be found on page 148 in the five-year record of financials.

4. Operating profit

Operating profit is stated after charging/(crediting):

		2025 £m	2024 £m
Research and development costs	– internally funded	**14.2**	14.0
Amortisation	– arising from business combinations	**1.7**	2.0
	– development costs	**1.1**	1.2
	– patents and licences	**0.3**	0.3
	– software and ERP	**0.9**	—
Depreciation of property, plant and equipment	– owned assets	**20.5**	18.6
	– leased assets	**2.3**	1.9
Loss on disposal of non-current assets		**0.1**	1.7
Government grant income		**—**	—
Foreign exchange losses		**0.8**	0.3
Staff costs (note 6)		**203.3**	189.1
Cost of inventories recognised as an expense		**163.3**	158.5

The remaining items within operating profit predominantly relate to general and administrative expenses and production overheads.

A detailed analysis of the auditor's remuneration on a worldwide basis is set out below:

Auditor's remuneration	**2025 £m**	2024 £m
Fees payable to the Company's auditor and its associates for:		
– the audit of the Company's annual accounts	**0.5**	0.5
– the audit of the Company's subsidiaries, pursuant to legislation	**0.8**	0.8
	1.3	1.3
Other services		
Audit-related assurance services	**0.1**	0.1
	1.4	1.4

Included in the fees for the audit of the Company's annual accounts is £0.1m (2024: £0.1m) in respect of the parent company. A description of the work of the Audit Committee is set out in the Audit Committee report on pages 65 to 68. This includes an explanation of how auditor objectivity and independence are safeguarded when non-audit services are provided by the auditor. No services were provided by the auditor pursuant to contingent fee arrangements.

5. Results from discontinued operations and held for sale asset

Total losses from discontinued operations for the year to 31 October 2025 were £5.1m (2024: £2.0m). Included in this balance are amounts relating to the EHD business, Alloy Surfaces Company, Inc. and other discontinued operations. The EHD business includes the underlying loss of £0.3m (2024: £1.3m) and a non-underlying credit of £0.7m (2024: £5.2m), being the profit from the sale of the EHD business during the year and a tax credit against those non-underlying items of £1.3m (2024: £0.7m charge) (see below). Alloy Surfaces Company, Inc. includes the underlying loss of £2.0m (2024: £1.2m profit) and a non-underlying charge of £5.1m (2024: £nil) and associated tax credit of £0.8m (2024: £nil) in relation to the divestment of the business (see below). Other discontinued operations includes a £0.5m charge (2024: £6.4m) relating to an increase in provisions for a previously disposed European Munitions business (see note 25 for further details).

	2025			2024		
	Underlying £m	Non-underlying £m	Total £m	Underlying £m	Non-underlying £m	Total £m
EHD business						
Revenue	**0.8**	**—**	**0.8**	1.8	—	1.8
Operating (loss)/profit	**(0.4)**	**0.7**	**0.3**	(1.5)	5.2	3.7
Tax	**0.1**	**1.3**	**1.4**	0.2	(0.7)	(0.5)
Operating (loss)/profit from EHD business	**(0.3)**	**2.0**	**1.7**	(1.3)	4.5	3.2
Alloy Surfaces Company, Inc.						
Revenue	**19.2**	**—**	**19.2**	22.1	—	22.1
Operating (loss)/profit	**(2.4)**	**(5.1)**	**(7.5)**	1.5	—	1.5
Tax	**0.4**	**0.8**	**1.2**	(0.3)	—	(0.3)
Operating (loss)/profit from Alloy Surfaces Company, Inc.	**(2.0)**	**(4.3)**	**(6.3)**	1.2	—	1.2
Other discontinued operations						
Increase in provisions	**—**	**(0.5)**	**(0.5)**	—	(6.4)	(6.4)
Total loss from discontinued operations	**(2.3)**	**(2.8)**	**(5.1)**	(0.1)	(1.9)	(2.0)

The net cash outflow from operating activities was £2.3.m (2024: £0.9m) and the cash inflow from investing activities was £5.7m (2024: £0.2m outflow). There were no cash flows from financing activities.

EHD business

In 2023, the decision was taken that the Explosive Hazard Detection ("EHD") business would not continue to operate as a result of the US DoD's decision in 2022 to transition the HMDS Program of Record into sustainment earlier than previously indicated. After evaluating the potential sustainment programme it was determined that in the short to medium term there was insufficient DoD funding to make it economically viable for Chemring to continue to operate the EHD business. Therefore, the business was abandoned and treated as a discontinued operation.

During the year to 31 October 2024, and prior to the assets being physically disposed of, the Group received an offer to purchase the EHD business and subsequently it was sold on 22 May 2025. Up to the date of sale, the business assets were preserved, and certain costs were incurred to safeguard these assets in order to ensure that they were in a condition ready to sell. There was also certain revenue related to the sale of spare parts for the service of active units in operation which occurred up to the sale date, as disclosed in the table above.

The Group completed the sale of its EHD business to Elta North America, Inc. on 22 May 2025. Under the terms of the agreement, the Group received consideration of $9.0m upon completion of the transaction. The profit on disposal of £0.7m and associated tax credit of £1.3m have been treated as non-underlying items in the year to 31 October 2025.

	2025 £m
Consideration received or receivable:	
Cash	**6.6**
Total disposal consideration	**6.6**
Net assets and liabilities disposed of	**(5.0)**
Disposal costs	**(0.9)**
Profit on disposal before tax	**0.7**
Income tax on loss on disposal	**1.3**
Profit on disposal after tax	**2.0**

5. Results from discontinued operations and held for sale asset continued

EHD business continued

The carrying amount of assets and liabilities as at the date of sale was:

	22 May 2025 £m
Asset held for sale	**5.0**
Trade and other receivables	**—**
Total assets	**5.0**
Trade and other payables	**—**
Total liabilities	**—**
Net assets	**5.0**

In the year to 31 October 2024, non-underlying items included a £4.5m credit associated to the EHD business, being the reversal of an impairment of £5.8m of the held for sale assets, a £0.6m charge for site rationalisation costs and professional fees related to the sale, and a tax charge against those non-underlying items of £0.7m.

Alloy Surfaces Company, Inc.

During the year to 31 October 2025, a strategic review of the Group's Countermeasures & Energetics portfolio was conducted. The Board concluded that the Alloy Surfaces Company, Inc. ("Alloy") business would be divested and as such has been marketed for sale. Alloy has been treated as a discontinued operation in 2025. Prior to the decision to divest the Alloy business, it was presented as part of the Countermeasures & Energetics segment.

During the year, the business was marketed for sale and progress towards a sale has been made. The disposal is expected to complete within the next 12 months.

At 31 October 2025, Alloy's disposal group comprised the following assets:

	£m
Non-current assets	
Goodwill	**3.5**
Development costs	**1.0**
Property, plant and equipment	**4.3**
Current assets	
Inventories	**1.5**
Assets classified as held for sale	**10.3**

The disposal group assets have been measured at carrying amounts. This is lower than the fair value less costs to sell.

The comparative income statement and cash flow information for the year ended 31 October 2024 has been re-presented on the basis of the classification of the Alloy business as discontinued:

CONSOLIDATED INCOME STATEMENT	Reported 2024 £m	Adjustments £m	Re-presented 2024 £m
Continuing operations			
Revenue	510.4	(22.1)	488.3
Operating profit	58.1	(1.5)	56.6
Finance expense	(4.8)	—	(4.8)
Profit before tax	53.3	(1.5)	51.8
Taxation	(10.6)	0.3	(10.3)
Profit after tax	42.7	(1.2)	41.5
Discontinued operations			
Loss after tax	(3.2)	1.2	(2.0)
Total profit after tax	39.5	—	39.5

CONSOLIDATED CASH FLOW STATEMENT	Reported 2024 £m	Adjustments £m	Re-presented 2024 £m
Continuing operations			
Cash flows from operating activities	96.0	(2.1)	93.9
Discontinued operations			
Cash flows from operating activities	(3.0)	2.1	(0.9)
Total cash flows from operating activities	93.0	—	93.0

All adjustments related to underlying items.

6. Staff costs

The average monthly number of employees, including executive directors, was:

	2025 Number	2024 Number
Direct	**1,594**	1,573
Indirect	**1,123**	982
Continuing operations	**2,717**	2,555
Discontinued operations	**105**	128
	2,822	2,683

The costs incurred, including share-based payments, were:

	2025 £m	2024 £m
Wages and salaries	**163.2**	156.0
Social security costs	**19.4**	17.0
Other pension costs	**10.3**	10.3
Share-based payment charge	**5.1**	5.8
Staff costs from continuing operations	**198.0**	189.1
Staff costs from discontinued operations	**5.3**	8.0
Total staff costs	**203.3**	197.1

The share-based payment charge of £5.1m (2024: £5.8m) excludes £1.4m (2024: £3.2m) of deferred consideration in relation to acquisitions accounted for as equity-settled share-based payments. The wages and salaries charge of £163.2m (2024: £156.0m) excludes £0.8m (2024: £nil) of deferred consideration accounted for in accordance with IFRS 3 *Business Combinations*. These amounts are included in non-underlying costs; see notes 3, 29 and 30 for details.

7. Finance expense

	2025 £m	2024 £m
Bank overdraft and loan interest	**7.3**	5.8
Amortisation of debt finance costs	**0.9**	0.4
Lease liability interest (note 19)	**0.7**	0.3
	8.9	6.5
Amount capitalised (note 13)	**(3.2)**	(1.7)
Finance expense	**5.7**	4.8

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's general borrowings during the year, in this case 5.7% (2024: 6.1%). During the year £3.2m (2024: £1.7m) of interest was capitalised in relation to automation programmes, the investment in capacity expansion in the Energetics businesses, and investment in the infrastructure of our Roke business.

8. Taxation

	2025 £m	2024 £m
Current tax charge – current year	**11.1**	7.4
Current tax credit – prior year	**(0.4)**	(0.8)
Deferred tax charge – current year (note 26)	**5.6**	3.0
Deferred tax (credit)/charge – prior year (note 26)	**(1.9)**	0.7
Tax charge	**14.4**	10.3

Income tax in the UK is calculated at 25% (2024: 25%) of the taxable profit for the year. Tax for other jurisdictions is calculated at the rates prevailing in those jurisdictions.

8. Taxation continued

The tax charge can be reconciled to the income statement as follows:

	2025 £m	2024 £m
Profit before tax	**67.7**	51.8
Tax at the UK corporation tax rate of 25% (2024: 25%)	**16.9**	13.0
Expenses not deductible for tax purposes	**1.3**	0.1
Changes in tax rates	**—**	—
Tax losses/future interest deductions not previously recognised	**(1.2)**	—
Provision/(release) of tax risk provision	**0.2**	(2.8)
Prior period adjustments	**(2.3)**	(0.1)
Overseas profits taxed at rates different to the UK standard rate	**(0.5)**	0.1
Tax charge for continuing operations	**14.4**	10.3

In addition to the tax charge in the income statement, a tax charge of £0.4m (2024: £0.6m credit) has been recognised in other comprehensive income in the year.

The effective rate of tax on the profit before tax of the Group is 21.3% (2024: 19.9%), and the effective rate of tax on the underlying profit before tax of the Group is 20.9% (2024: 18.5%). The effective rate of tax on the underlying profit before tax is lower than the corporation tax rate due to the benefit of US losses recognised for the previous and current period.

Factors affecting the tax charge in future years

The Group's future tax charge and effective tax rate could be affected by several factors including: tax reform in countries around the world, including any arising from the implementation of the OECD's BEPS actions and European Commission initiatives such as the proposed tax and financial reporting directive or as a consequence of state aid investigations; future corporate acquisitions and disposals; and any restructuring of our business.

9. Dividends

	2025 £m	2024 £m
Dividends paid on ordinary shares of 1p each		
Final dividend of 5.2p per share for the year ended 31 October 2024 (4.6p per share for the year ended 31 October 2023)	**14.2**	12.5
Interim dividend of 2.7p per share for the year ended 31 October 2025 (2.6p per share for the year ended 31 October 2024)	**7.3**	7.1
Total dividends	**21.5**	19.6

Subject to approval at the Annual General Meeting, the final dividend of 5.3p per ordinary share will be paid on 10 April 2026 to all shareholders registered at the close of business on 20 March 2026. The estimated cash value of this dividend is £14.5m, although the final payment may be lower as a result of the impact of share buybacks. The total dividend for the year will therefore be 8.0p (2024: 7.8p) per ordinary share. As the final dividend is subject to approval by the shareholders at the Annual General Meeting, it has not been included as a liability in the financial statements for the year ended 31 October 2025.

The cumulative preference shares carry an entitlement to a dividend at the rate of 7p per share per annum which was paid in equal instalments on 30 April 2025 and 31 October 2025.

10. Earnings per ordinary share

Earnings per share is based on the average number of shares in issue, excluding own shares held, of 270,724,940 (2024: 272,875,033).

Diluted earnings per share has been calculated using a diluted average number of shares in issue, excluding own shares held, of 276,057,896 (2024: 279,133,292).

The number of shares used in the calculations is as follows:

	2025 Ordinary shares Number millions	2024 Ordinary shares Number millions
Weighted average number of shares used to calculate basic earnings per share	**270.7**	272.9
Additional shares issuable other than at fair value in respect of options outstanding	**5.4**	6.2
Weighted average number of shares used to calculate diluted earnings per share	**276.1**	279.1

The earnings used in the calculations of the various measures of earnings per share are as follows:

	2025			2024		
	£m	**Basic EPS Pence**	**Diluted EPS Pence**	£m	Basic EPS Pence	Diluted EPS Pence
Underlying profit after tax	**53.6**	**19.8**	**19.4**	52.8	19.3	18.9
Non-underlying items (note 3)	**(0.3)**			(11.3)		
Profit from continuing operations	**53.3**	**19.7**	**19.3**	41.5	15.2	14.9
Loss from discontinued operations	**(5.1)**	**(1.9)**	**(1.8)**	(2.0)	(0.7)	(0.8)
Total profit after tax	**48.2**	**17.8**	**17.5**	39.5	14.5	14.1

11. Goodwill

	£m
Cost	
At 1 November 2023	204.3
Foreign exchange adjustments	(6.8)
At 31 October 2024	197.5
Acquisitions through business combinations (note 30)	5.3
Reclassification to Assets classified as held for sale (note 5)	(3.5)
Foreign exchange adjustments	(2.6)
At 31 October 2025	**196.7**
Accumulated impairment losses	
At 1 November 2023	(103.8)
Foreign exchange adjustments	4.8
At 31 October 2024	(99.0)
Foreign exchange adjustments	1.9
At 31 October 2025	**(97.1)**
Carrying amount	
At 31 October 2025	**99.6**
At 31 October 2024	98.5

Goodwill is allocated at acquisition to the cash-generating units ("CGUs") that are expected to benefit from that business combination. The cash-generating units are the individual legal entities, which are the smallest group of assets that generate cash inflows. The legal entities are grouped into the relevant operating segments reported in note / on page 2.

The carrying value of goodwill by CGUs are:

	2025 £m	2024 £m
Roke Manor Research Limited	**42.7**	37.4
Chemring Energetics UK Limited	**14.6**	14.6
Chemring Sensors & Electronic Systems, Inc.	**16.9**	17.2
Chemring Energetic Devices, Inc.	**15.8**	16.2
Kilgore Flares Company LLC	**5.8**	5.8
Other	**3.8**	7.3
	99.6	98.5

The "Other" CGU is the carrying amount of goodwill that is allocated across multiple CGUs.

Goodwill of £5.3m arising from the acquisition of Landguard Nexus Limited during the year was allocated to the Roke Manor Research Limited CGU as it will form part of this operating company going forward (see note 30 for further details).

In the year ended 31 October 2025, a strategic review of the Group's Countermeasures & Energetics portfolio was conducted. The Board concluded that the Alloy Surfaces Company, Inc. ("Alloy") business, which sits in "Other", would be divested and as such has been marketed for sale. It has been treated as a discontinued operation in 2025. Goodwill of £3.5m has been reclassified to Assets classified as held for sale on the balance sheet as part of a disposal group.

The Group tests goodwill at least annually for impairment. Tests are conducted more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs are determined from value-in-use calculations that use cash flow projections. This exercise also forms the basis of any impairment reviews of PPE and for the parent company's investment in subsidiaries, should any impairment triggers be identified.

The cashflows are prepared using the Board-approved five-year plan, which is built bottom up and makes assumptions, based on past experience, around customer budgets and priorities, winning and executing key contracts, the commissioning of new facilities, production ramp up and operating margins. Risk adjustments, or contingencies, are then applied to the bottom up forecasts to arrive at the Board approved plan. At the end of five years, the calculations assume the performance of the CGUs will grow at a nominal annual rate of 2.5% (2024: 2.5%) in perpetuity. Growth rates are based on management's view of industry growth forecasts. The cash flow forecasts have been discounted using a pre-tax discount rate of 11.0-13.3% (2024: 11.6-13.9%).

The recoverable amount of goodwill shows headroom compared with its carrying amount, hence no impairment charge was recorded for any CGU in the year ended 31 October 2025 (2024: no impairment).

Stress testing was performed on the cash flow forecasts to consider the impact of reasonably possible scenarios over the forecast period, including a 1% increase in discount rate, a 1% reduction in long-term growth rate, a 10% fall in the forecast cash flows or a $0.10 weakening in the sterling to US dollar exchange rate. With the exception of Kilgore Flares Company, LLC. ("Kilgore"), none of these stress tests resulted in an impairment to goodwill. Management considers, with the exception of Kilgore, that no reasonable possible change in key assumptions would cause an impairment in goodwill's carrying value at 31 October 2025.

For the Kilgore CGU, the value in use calculations show a recoverable amount that exceeds its carrying value by £8.0m such that no impairment of the CGU has been identified. However, the Board-approved five-year plan assumes revenue growth of 2.3% CAGR over the 5-year period which is based on assumptions around US DoD budget increases and the volume of orders that Kilgore will win under dual sourced contracts. Reasonable plausible changes to these revenue assumptions could result in headroom being eliminated, or even an impairment being recognised. A reduction in revenue CAGR to 1.9% would result in the recoverable amount of Kilgore to equal its carrying value.

12. Development costs and other intangible assets

	Development costs £m	Acquired technology £m	Acquired customer relationships £m	Patents and licences £m	Software £m	Total £m
Cost						
At 1 November 2023	63.4	103.6	54.2	0.5	—	158.3
Additions	3.1	—	—	2.7	—	2.7
Disposals	—	(0.4)	—	—	—	(0.4)
Foreign exchange adjustments	(2.1)	(5.1)	(2.0)	—	—	(7.1)
At 31 October 2024	64.4	98.1	52.2	3.2	—	153.5
Additions	4.1	—	—	—	8.4	8.4
Acquisitions through business combinations (note 30)	—	7.4	5.2	—	—	12.6
Disposals	(2.6)	—	—	—	(0.1)	(0.1)
Reclassification to Assets classified as held for sale	(0.6)	—	—	—	(0.5)	(0.5)
Reclassification of Software assets	(0.3)	—	—	(1.9)	19.7	17.8
Foreign exchange adjustments	(0.8)	(1.9)	(0.9)	—	0.3	(2.5)
At 31 October 2025	**64.2**	**103.6**	**56.5**	**1.3**	**27.8**	**189.2**
Amortisation						
At 1 November 2023	(45.8)	(100.1)	(48.4)	(0.2)	—	(148.7)
Charge	(1.3)	(0.8)	(1.2)	(0.3)	—	(2.3)
Disposals	—	0.4	—	—	—	0.4
Foreign exchange adjustments	1.3	5.2	1.9	—	—	7.1
At 31 October 2024	(45.8)	(95.3)	(47.7)	(0.5)	—	(143.5)
Charge	(1.5)	(0.5)	(1.2)	(0.1)	(0.9)	(2.7)
Disposals	2.6	—	—	—	—	—
Reclassification to Assets classified as held for sale	0.1	—	—	—	—	—
Reclassification of Software assets	—	—	—	0.4	(2.3)	(1.9)
Foreign exchange adjustments	0.6	1.9	0.7	0.1	(0.1)	2.6
At 31 October 2025	**(44.0)**	**(93.9)**	**(48.2)**	**(0.1)**	**(3.3)**	**(145.5)**
Carrying amount						
At 31 October 2025	**20.2**	**9.7**	**8.3**	**1.2**	**24.5**	**43.7**
At 31 October 2024	18.6	2.8	4.5	2.7	—	10.0

Included within the development costs of £20.2m, individually material balances relate to Joint Biological Tactical Detection System of £8.5m (2024: £8.8m) and Perceive of £3.0m (2024: £4.3m). Development costs are amortised over their useful economic lives, estimated to be between two and ten years, which begins once a product is being actively marketed to customers, or in the case of products being sole supplied to a single customer, once that programme is in full rate production. The remaining amortisation periods for these assets range up to ten years.

Acquired intangibles are recognised at fair value on acquisition and are amortised over their estimated useful lives. Fair values for acquired intangibles are assessed by reference to future estimated cash flows, discounted at an appropriate rate to present value, or by reference to the amount that would have been paid in an arm's length transaction between two knowledgeable and willing parties.

Acquired technology of £9.7m includes individually material balances relating to Roke (including Landguard System, Cubica Group and Geollect). The remaining amortisation periods for these assets range from six to ten years.

Acquired customer relationships of £8.3m include individually material balances relating to Chemring Energetic Devices of £1.2m (2024: £2.1m) and Roke (including Landguard System, Cubica Group and Geollect) of £7.1m (2024: £2.4m). The remaining amortisation periods for these assets range from one to ten years.

Other intangible assets are recognised at cost and are amortised over their estimated useful economic lives, which are set out in the accounting policies section.

During the year ended 31 October 2025, Group reclassified costs in association with software from tangible fixed assets and patents and licences to software. The reclassification of cost and amortisation is included in the "Reclassification of Software" line of the table above. In addition, the net book value of capitalised development costs of £0.5m and Software of £0.5m in association with Alloy Surfaces Company, Inc. were reclassified to Assets classified as held for sale.

Of the £4.2m amortisation charge for the year, £4.0m relates to underlying operations and £0.2m to discontinued operations.

13. Property, plant and equipment

	Land and buildings £m	Plant and equipment £m	Right-of-use land and buildings £m	Right-of-use plant and equipment £m	Total £m
Cost or valuation					
At 1 November 2023	154.5	190.6	11.9	0.8	357.8
Additions	27.6	41.1	6.4	0.3	75.4
Disposals	(0.4)	(2.1)	(4.2)	(0.2)	(6.9)
Reclassification	0.8	(0.8)	—	—	—
Foreign exchange adjustments	(4.3)	(7.0)	(0.4)	—	(11.7)
At 31 October 2024	178.2	221.8	13.7	0.9	414.6
Additions	27.7	74.6	6.1	—	108.4
Acquisition through business combinations (note 30)	—	0.2	0.4	—	0.6
Disposals	(0.1)	(6.8)	(0.6)	—	(7.5)
Reclassification to Assets classified as held for sale	(3.9)	(8.4)			(12.3)
Reclassification	0.3	(17.8)	—	—	(17.5)
Foreign exchange adjustments	(1.2)	1.1	0.2	—	0.1
At 31 October 2025	**201.0**	**264.7**	**19.8**	**0.9**	**486.4**
Depreciation					
At 1 November 2023	(26.9)	(82.5)	(5.7)	(0.5)	(115.6)
Charge	(4.3)	(14.8)	(1.8)	(0.1)	(21.0)
Disposals	0.2	0.6	4.2	0.2	5.2
Foreign exchange adjustments	1.1	3.0	0.5	—	4.6
At 31 October 2024	(29.9)	(93.7)	(2.8)	(0.4)	(126.8)
Charge	(5.0)	(15.9)	(2.2)	(0.1)	(23.2)
Disposals	0.1	6.8	0.6	—	7.5
Reclassification to Assets classified as held for sale	1.9	6.1			8.0
Reclassification	—	1.9	—	—	1.9
Foreign exchange adjustments	0.2	0.7	—	—	0.9
At 31 October 2025	**(32.7)**	**(94.1)**	**(4.4)**	**(0.5)**	**(131.7)**
Carrying amount					
At 31 October 2025	**168.3**	**170.6**	**15.4**	**0.4**	**354.7**
At 31 October 2024	148.3	128.1	10.9	0.5	287.8

During the year, £3.2m (2024: £1.7m) of interest was capitalised, as set out in note 7. £1.0m (2024: £1.0m) of capitalised interest was charged as depreciation and £nil (2024: £nil) was disposed of. This results in a net book value for capitalised interest of £13.5m (2024: £11.3m).

The net book value of property, plant and equipment of £4.3m in relation to assets associated with Alloy Surfaces Company, Inc. has been reclassified to Assets classified as held for sale in the year ended 31 October 2025. See note 5 for further details.

Included within land and buildings and plant and equipment are assets under construction of £44.9m and £86.1m respectively (2024: £34.6m and £31.4m). These assets are not depreciated.

During the year, £34.8m (2024: £12.3m) of property, plant and equipment additions related to capital projects funded via receipt of government grants (see note 20).

As part of the transition to IFRS in 2005, Chemring utilised the most recent revaluation amount for land and buildings for two pyrotechnic sites, to be utilised as the deemed cost of the asset under IFRS. All other tangible fixed assets are stated at historical cost.

At 31 October 2025, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £34.4m (2024: £19.5m). In addition, the Group had commitments for the acquisition of property, plant and equipment of £12.0m (2024: £7.0m) under government grant conditions.

Cash flows from purchases of property, plant and equipment are £93.4m (2024: £64.8m). The difference to the additions total presented above includes £7.2m (2024: £6.9m) of non-cash movements related to right-of-use assets as well as the movement in accrued capital expenditure.

During the year ended 31 October 2025, the Group reclassified costs in association with software from tangible fixed assets to intangible fixed assets. The reclassification of cost and amortisation is included in the "Reclassification" line of the table above.

Of the £23.2m depreciation charge for the year, £22.8m relates to underlying operations and £0.4m to discontinued operations.

14. Subsidiary undertakings

All subsidiary undertakings have been reflected in these financial statements. The subsidiary undertakings held at 31 October 2025, which have a single class of ordinary shares all 100% owned by the Group, are shown below. All of these subsidiary undertakings are wholly controlled by Chemring Group PLC, unless otherwise stated.

Subsidiary undertaking	Country of incorporation (or registration) and operation	Operating segment
Chemring Australia Pty Limited	Australia	Countermeasures & Energetics
Chemring Countermeasures Limited*	England	Countermeasures & Energetics
Chemring North America Unlimited	England	Dormant
Chemring Prime Contracts Limited*	England	Dormant
Chemring Technology Solutions Limited*	England	Countermeasures & Energetics
Chemring Holdings Limited*	England	Holding company
Chemring Group Staff Pension Scheme Trustee Limited*	England	Dormant
Cubica Technology Limited*	England	Dormant
Geollect Limited*	England	Dormant
Landguard Nexus Limited	England	Holding company
Landguard Systems Limited	England	Sensors & Information
Q6 Holdings Limited*	England	Dormant
Roke Manor Research Limited	England	Sensors & Information
Vigil AI Limited**	England	Sensors & Information
Chemring Nobel AS	Norway	Countermeasures & Energetics
Chemring Energetics UK Limited	Scotland	Countermeasures & Energetics
Alloy Surfaces Company, Inc.	US	Countermeasures & Energetics
ASC Realty LLC	US	Property holding company
Chemring Energetic Devices, Inc.	US	Countermeasures & Energetics
Chemring North America Group, Inc.	US	Holding company
Chemring Sensors & Electronic Systems, Inc.	US	Sensors & Information
CHG Flares, Inc.	US	Holding company
CHG Group, Inc.	US	Holding company
Geollect LLC	US	Sensors & Information
Landguard Systems, Inc.	US	Sensors & Information
Kilgore Flares Company LLC	US	Countermeasures & Energetics
Roke USA, Inc.	US	Sensors & Information
Tactical Systems and Ordnance, Inc.	US	Non-trading

* Shares directly held by Chemring Group PLC.

** 80% indirectly owned by Chemring Group PLC.

Chemring Holdings Limited (company number 02731691), Chemring Technology Solutions Limited (company number 01528540), Geollect Limited (company number 10584604), Landguard Nexus Limited (company number 13256690) and Landguard Systems Limited (company number 05672024) are exempt from the requirement to file audited accounts for the year ended 31 October 2025 by virtue of section 479A of the Companies Act 2006. See page 149 for the registered offices of the subsidiary undertakings.

15. Inventories

	2025 £m	2024 £m
Raw materials	**61.2**	57.4
Work in progress	**62.6**	54.7
Finished goods	**19.4**	15.0
	143.2	127.1

There are no significant differences between the replacement cost of inventory and the carrying amount shown above. The Group recognised £10.2m (2024: £0.8m) as a write down of inventories to net realisable value. See note 4 for details of cost of inventories recognised as an expense.

16. Trade and other receivables

	2025 £m	2024 £m
Trade receivables	**59.1**	46.2
Allowance for doubtful debts	**—**	(0.1)
	59.1	46.1
Advance payments to suppliers	**7.8**	1.4
Other receivables	**14.2**	13.8
Prepayments	**10.3**	7.0
Accrued income	**19.1**	22.7
	110.5	91.0

All amounts shown above are due within one year.

The average credit period taken by customers on sales of goods, calculated using a countback basis, is 23 days (2024: 15 days). No interest is charged on receivables from the date of invoice to payment.

Given the Group's customer base, expected credit losses are typically not material; however, if there is any doubt over recoverability, the Group's policy is to provide in full for trade receivables outstanding for more than 120 days beyond agreed terms. As at 31 October 2025, £1.0m (2024: £2.0m) of gross trade receivables were aged greater than 30 days past due.

The directors consider that the carrying amount of trade and other receivables approximates to their fair values.

Of the £22.7m of accrued income at 31 October 2024, £22.4m had been billed and paid in the year. Of the £19.1m of accrued income at 31 October 2025, £7.9m was billed in the month after the reporting date. The remainder relates to the completion of performance obligations which will be billed at the next contractual milestone, which is expected within the next year.

Of the £14.2m (2024: £13.8m) of other receivables at 31 October 2025, £11.5m (2024: £11.7m) related to research and development expenditure credits receivable.

17. Cash and cash equivalents

Bank balances and cash comprise cash held by the Group with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

The Group has a UK Cash Pooling Arrangement ("UKCPA") for its sterling accounts, which do not meet the requirement to be settled net, therefore presented by the cash position within cash and cash equivalents on the balance sheet. The Group also has a US overdraft facility which, until July 2025, was part of a daily sweeping arrangement and therefore had a legal right to net to a single US account. The US overdraft facility is therefore excluded from the cash and cash equivalents on the balance sheet as at 31 October 2025, but was included at 31 October 2024. Both of these facilities form an integral part of cash management.

For the purposes of the statement of cash flows, cash and cash equivalents amounts to £44.8m (2024: £2.0m). This differs to the balance sheet value of £65.3m due to the inclusion of the UKCPA bank borrowing overdraft position and the US overdraft within one year totalling £20.5m.

18. Borrowings

Positive and negative cash positions within the UKCPA are not expected to be settled net. As such, positive balances in the UKCPA have been shown gross in cash and cash equivalents and negative balances are shown within current liabilities as borrowings.

Interest accrued on the UKCPA is calculated on the net position.

Following changes to the US overdraft facility in July 2025, positive and negative cash balances are no longer expected to be settled net. As such, positive balances across the US businesses have been shown gross in cash and cash equivalents and the negative balances are shown within current liabilities as bank borrowings.

Borrowings due within one year comprise overdrafts that are repayable on demand, and bank borrowing with a three-year amortising repayment schedule.

	2025 £m	2024 £m
Within current liabilities		
Bank overdrafts	**20.5**	43.0
Bank borrowings	**26.7**	—
Borrowings due within one year	**47.2**	43.0
Within non-current liabilities		
Bank borrowings	**91.6**	43.7
Preference shares	**0.1**	0.1
Borrowings due after more than one year	**91.7**	43.8
Total borrowings	**138.9**	86.8

18. Borrowings continued

Analysis of borrowings by currency:

	2025 £m	2024 £m
Sterling	**125.1**	71.7
US dollar	**13.8**	15.1
	138.9	86.8

The weighted average interest rates paid were as follows:

		2025 %	2024 %
Bank overdrafts	– sterling denominated	**5.7**	6.3
	– US dollar denominated	**5.7**	—
UK bank loans	– sterling denominated	**5.9**	6.6

An analysis of borrowings by maturity is as follows:

	2025				2024			
	Bank overdrafts £m	Bank loans £m	Preference shares £m	Total £m	Bank overdrafts £m	Bank loans £m	Preference shares £m	Total £m
Borrowings falling due:								
– within one year	**20.5**	**26.7**	**—**	**47.2**	43.0	—	—	43.0
Borrowings due within one year	**20.5**	**26.7**	**—**	**47.2**	43.0	—	—	43.0
Borrowings falling due:								
– within one to two years	**—**	**26.7**	**—**	**26.7**	—	—	—	—
– within two to five years	**—**	**64.9**	**—**	**64.9**	43.7	—	—	43.7
– after five years	**—**	**—**	**0.1**	**0.1**	—	—	0.1	0.1
Borrowings due after more than one year	**—**	**91.6**	**0.1**	**91.7**	43.7	—	0.1	43.8
Total borrowings	**20.5**	**118.3**	**0.1**	**138.9**	86.7	—	0.1	86.8

The Group's principal debt facilities comprise a £180m revolving credit facility up to December 2028, of which three further one-year extensions are available at the banks' discretion. The revolving credit facility was established in July 2021 with a syndicate of six banks. In addition the Group has a $20m swingline overdraft facility for use in the US.

In October 2024, the Group entered into a UK Export Finance Export Development Guarantee led by Barclays PLC for up to £80m. This is a four-year, arm's length facility with a one-year drawdown period and a three-year amortising repayment schedule. At 31 October 2025, £26.7m is included within borrowings due within one year. None of the borrowings are secured.

There have been no breaches of the terms of the loan agreements during the current or prior year.

The Group has the following undrawn borrowing facilities available, in respect of which all conditions precedent have been met. Interest costs under these facilities are charged at floating rates.

	2025 £m	2024 £m
Undrawn borrowing facilities	**134.7**	157.4

The Group is subject to two key financial covenants, which are tested quarterly. These covenants relate to the leverage ratio between underlying EBITDA and net debt, and the interest cover ratio between underlying EBITDA and finance costs. The calculation of these ratios involves the translation of non-sterling denominated debt using average, rather than closing, rates of exchange. Therefore, the leverage ratio of 0.95 times differs to the ratio of 0.90 times that is disclosed elsewhere in the annual report and accounts, which is calculated using the closing rates of exchange. The Group was in compliance with the covenants throughout the year. The year-end leverage ratio was 0.95 times (covenant limit of 3 times) and the year-end interest cover ratio was 12.17 times (covenant floor of 4 times).

19. Leases

The carrying amount, additions and depreciation charge for right-of-use assets by class of underlying asset is included in note 13.

The expense relating to short-term and low-value leases in the year was £1.4m (2024: £0.8m); also included in the operating activities section of the cash flow is £1.4m (2024: £0.8m). In total, payments of £4.2m (2024: £3.3m) were made under leasing contracts. Included in the financing activities section of the cash flow is £2.1m (2024: £2.2m) to repay the principal portion of the lease and £0.7m (2024: £0.3m) to repay lease interest. A maturity analysis of the future lease payments in respect of the Group's lease liabilities is presented in the table below:

	2025 £m	2024 £m
Lease liabilities falling due:		
– within one year	**3.1**	2.1
Lease liabilities falling due:		
– within one to two years	**4.9**	1.5
– within two to five years	**5.6**	5.4
– more than five years	**2.5**	2.4
Impact of discounting	**(0.6)**	(0.4)
Lease liabilities due after more than one year	**13.0**	9.3
Lease liabilities included in the balance sheet as at 31 October	**15.5**	11.0

20. Government grants

A total of £48.4m (2024: £24.0m) of government grants were recognised on the balance sheet at 31 October 2025. The nature of these grants is capital grants towards the construction of certain buildings and equipment. Of the £48.4m of grants held at 31 October 2025, £23.5m (2024: £22.0m) was received as cash in the current financial year and £0.4m (2024: £nil) is expected to be recognised as other income within one year.

21. Contract liabilities

A total of £124.0m (2024: £78.2m) of contract liabilities were recognised on the balance sheet at 31 October 2025. £38.4m is relevant to goods and services that will be delivered and provided within one year. The amount of £15.3m included in contract liabilities at 31 October 2024 has been recognised as revenue in 2025.

22. Trade and other payables

	2025 £m	2024 £m
Trade payables	**23.3**	27.9
Other payables	**42.6**	36.1
Interest payable	**0.4**	—
Other tax and social security	**7.1**	6.4
Accruals	**22.0**	11.0
Deferred income	**4.0**	3.7
	99.4	85.1

Other payables of £42.6m (2024: £36.1m) includes payroll-related creditors of £22.0m (2024: £19.1m). Accruals of £21.5m (2024: £11.0m) includes amounts of £2.5m (2024: £nil) relating to deferred consideration accounted for in accordance with IFRS 3 *Business Combinations*. These amounts are included in non-underlying costs; see notes 3 and 30 for details.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The average credit period taken on purchases of goods is 25 days (2024: 30 days) using year-end trade payables divided by cost of sales. No interest is payable on trade payables from the date of invoice to payment.

23. Financial risk management

The Group uses financial instruments to manage financial risk wherever it is appropriate to do so. The main risks addressed by financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. The Group's policies in respect of the management of these risks, which remained unchanged throughout the year, are set out below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The impairment provisions for financial assets disclosed in note 16 "Trade and other receivables" are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period. Customers are mainly multinational organisations or government agencies with which the Group has long-term business relationships. The Group's principal customers are government defence departments, such as the US Department of Defense ("US DoD") and the UK Ministry of Defence ("UK MOD"), US and UK defence prime contractors, such as BAE Systems, and distributors of products for their onward sale to end users.

The majority of revenue in 2025 related to the US DoD, the UK MOD and the US and UK defence prime contractors, which consistently pay within terms and are deemed low credit risk as a result. For all other customers the Group's policy is to trade under a letter of credit. If there is any doubt over recoverability, the Group's policy is to provide in full for trade receivables outstanding for more than 120 days beyond agreed terms. The balances which might be affected by credit risk are trade receivables, accrued income and cash and cash equivalents.

(b) Capital management

The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern while meeting the returns to stakeholders. The capital structure of the Group consists of equity (as disclosed in the consolidated statement of changes in equity), retained earnings, cash and cash equivalents (note 17), a revolving credit facility ("RCF") (note 18) and a UK Export Finance Export Development Guarantee (note 18). The Group seeks to manage its capital through an appropriate mix of these items. The Group's principal debt facilities comprise a £180m RCF up to December 2028, of which three further one-year extensions are available at the banks' discretion. The RCF was established in July 2021 with a syndicate of six banks. In addition, we have a $20m swingline overdraft facility for use in the US, and in October 2024, the Group entered into a UK Export Finance Export Development Guarantee led by Barclays PLC for up to £80m. This is a four-year, arm's length facility with a one-year drawdown period and a three-year amortising repayment schedule. As at 31 October 2025, the RCF was drawn by £40.0m (2024: £45.0m), and the UK Export Finance Development Guarantee was drawn by £80.0m (2024: £nil).

(c) Financial risk management

The primary risks that the Group is exposed to are liquidity risk, foreign currency risk, interest rate risk and credit risk. It is the Group's policy to manage these risks under the following policies:

i. Liquidity risk management

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations as they fall due. The Group manages liquidity risk by maintaining adequate reserves and by continually monitoring forecast and actual cash flows. The Group's policy is to maintain continuity of funding through available cash and cash equivalents and the available facilities.

ii. Foreign currency risk management

The Group's presentational currency is sterling. The Group is subject to exposure on the translation of the assets of foreign subsidiaries, whose functional currencies differ from the Group. The Group's primary balance sheet translation exposures are to the US dollar, Australian dollar and Norwegian krone. The Group minimises the balance sheet translation exposures, where it is practical to do so, by funding subsidiaries with long-term loans, on which exchange differences are taken to reserves. US dollar borrowings held by the Group are treated as a net investment hedge against the US dollar assets of the Group.

The Group faces currency exposures arising from the translation of profits earned in foreign currency. These exposures are not hedged. Exposures also arise from foreign currency denominated trading transactions undertaken by subsidiaries deemed transactional exposures. The Group's policy is to hedge transactional exposures above £250,000 in the banking market on a one-to-one basis using forward contracts. Below £250,000, the exposures are netted across subsidiaries and any surplus or deficit hedged in the banking market using spot or forward contracts. The Group's policy is that there is no speculative trading in financial instruments. During the year ended 31 October 2025, there were no options or structured derivatives utilised.

iii. Interest rate risk management

The Group finances its operations through a combination of retained profits and bank borrowings. The UK borrowings are denominated in sterling and US dollars, and at the shorter end are subject to floating rates of interest.

23. Financial risk management continued

IFRS 9 *Financial Instruments*

Chemring Group PLC is not a financial institution and does not have any complex financial instruments. The Group does not apply hedge accounting to derivatives and the Group's customers are generally governments that are considered creditworthy and pay consistently within agreed payment terms.

	2025		2024	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Assets carried at amortised cost				
Trade receivables	**59.1**	**59.1**	46.1	46.1
Accrued income	**19.1**	**19.1**	22.7	22.7
Cash and cash equivalents	**65.3**	**65.3**	45.0	45.0
Assets carried at fair value				
Derivative financial instruments	**4.4**	**4.4**	0.9	0.9
Liabilities carried at fair value				
Derivative financial instruments	**(0.8)**	**(0.8)**	(4.4)	(4.4)
Liabilities carried at amortised cost				
Trade payables	**(23.3)**	**(23.3)**	(27.9)	(27.9)
Other payables	**(49.4)**	**(49.4)**	(36.2)	(36.2)
Interest payable	**(0.4)**	**(0.4)**	—	—
Borrowings	**(138.9)**	**(138.9)**	(86.8)	(86.8)

The following items are not financial instruments as defined by IFRS 9:

(a) prepayments made/advances received (right to receive future goods or services, not cash or a financial asset); or

(b) tax receivables and payables and similar items (statutory rights and obligations, not contractual); or

(c) deferred revenue and warranty obligations (obligations to deliver goods and services, not cash or financial assets).

24. Financial instruments

The following table details the fair value of derivative financial instrument assets/(liabilities) recognised in the balance sheet:

	2025 £m	2024 £m
Included in current assets	**2.5**	0.9
Included in current liabilities	**(0.8)**	(1.5)
	1.7	(0.6)
Included in non-current assets	**1.9**	—
Included in non-current liabilities	—	(2.9)
	1.9	(2.9)
Forward foreign exchange contracts	**3.6**	(3.5)

There was a £7.3m gain (2024: £2.0m loss) on the movement in the fair value of derivative financial instruments recognised in the income statement.

The table below details the remaining contractual maturities of the Group's derivative financial instruments and loans at the reporting date. The amounts are gross and undiscounted and include interest payments estimated based on the conditions existing at the reporting date.

	2025			2024		
	Derivative instruments £m	Loans and overdrafts £m	Total £m	Derivative instruments £m	Loans and overdrafts £m	Total £m
Falling due:						
– within one year	**1.7**	**(52.8)**	**(51.1)**	(0.6)	(43.0)	(43.6)
– within one to two years	**1.0**	**(29.6)**	**(28.6)**	(1.2)	—	(1.2)
– within two to five years	**0.9**	**(66.3)**	**(65.4)**	(1.7)	(43.8)	(45.5)
	3.6	**(148.7)**	**(145.1)**	(3.5)	(86.8)	(90.3)

24. Financial instruments continued

A maturity analysis of the contracted cash outflows on lease liabilities is provided in note 19.

Fair value hierarchy

IFRS 7 *Financial Instruments: Disclosures* requires companies that carry financial instruments at fair value in the balance sheet to disclose their level of hierarchy, determining into which category those financial instruments fall under the fair value hierarchy.

The fair value measurement hierarchy is as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (i.e. as unobservable inputs).

The following tables present the Group's assets and liabilities that are measured at fair value:

		2025		2024	
	Fair value hierarchy	**Carrying amount £m**	**Fair value £m**	Carrying amount £m	Fair value £m
Held at fair value					
Derivative financial instruments – assets	Level 2	**4.4**	**4.4**	0.9	0.9
Derivative financial instruments – liabilities	Level 2	**(0.8)**	**(0.8)**	(4.4)	(4.4)
		3.6	**3.6**	(3.5)	(3.5)

The fair value of derivative financial instruments is estimated by discounting the future contracted cash flow, using readily available market data.

Sensitivity analysis

For the year ended 31 October 2025 the closing exchange rate for the US dollar was 1.32 (2024: 1.29), Australian dollar was 2.01 (2024: 1.96) and Norwegian krone was 13.29 (2024: 14.18). The average exchange rates were 1.31 (2024: 1.27), 2.03 (2024: 1.95) and 13.75 (2024: 13.69) respectively.

The following table details the Group's sensitivity to a 10% weakening or strengthening of sterling against the US dollar, Australian dollar and Norwegian krone with regard to its income statement. The Group considers a 10% strengthening or weakening of sterling as a reasonably possible change in foreign exchange rates.

	10% weakening of sterling		10% strengthening of sterling	
Continuing operations	**2025 £m**	2024 £m	**2025 £m**	2024 £m
Revenue	**22.8**	20.1	**(17.7)**	(16.0)
Underlying operating profit	**3.9**	1.1	**(2.3)**	(0.7)
Interest	**(0.1)**	—	**0.1**	—
Underlying profit before tax	**3.8**	1.1	**(2.2)**	(0.7)

As at 31 October 2025, 77% of the Group's gross debt was at floating rates. The Group monitors its exposure to movements in interest rates, having regard to prevailing market conditions, and considers the use of interest rate swaps on an ongoing basis to manage this exposure. The Group has not entered into any interest rate swaps as of 31 October 2025.

Based on the closing debt value as at 31 October 2025, a change in interest rates of 1% throughout the year would cause the Group's finance expense to change by £1.4m (2024: £0.9m).

25. Provisions

	Legal provision £m	Environmental provision £m	Alloy disposal provision £m	Other disposal provision £m	Dilapidations provision £m	Other £m	Total £m
At 1 November 2024	0.3	3.5	—	14.6	0.6	0.9	19.9
Released	(0.2)	—	—	—	—	—	(0.2)
Provided	—	—	3.9	—	—	2.4	6.3
Foreign exchange adjustments	—	(0.1)	—	0.5	—	0.1	0.5
Paid	(0.1)	—	—	(2.3)	—	(2.5)	(4.9)
At 31 October 2025	**—**	**3.4**	**3.9**	**12.8**	**0.6**	**0.9**	**21.6**

These provisions are classified on the balance sheet as follows:

	2025 £m	2024 £m
Included in current liabilities	**8.1**	3.2
Included in non-current liabilities	**13.5**	16.7
	21.6	19.9

The legal provision represents the estimated legal liabilities faced by the Group at the balance sheet date. Remaining provisions under this category were concluded during the year.

The environmental provision is held in respect of potential liabilities associated with the Group's facility in Chicago, US. The range of possible outcomes is between £1.9m and £9.2m. There are uncertainties regarding the timing of cash outflows, dependent on the outcome of regulatory proceedings.

The Alloy disposal provision represents costs expected to be incurred due to the discontinuation of Alloy Surfaces Company, Inc including staff severance. Provisions under this category are expected to be paid within one year.

The other disposal provision principally consists of balances relating to estimated liabilities faced by the Group in respect of the disposal of its European Munitions businesses in 2014 under the terms of their respective sale agreements. During the year, the Group made additional payments against the European Munition businesses' provision of £2.3m following progress in developing a remediation plan for one of the sites which will be presented to the local regulator. Whilst there is a range of outcomes between £3m and £13m, the directors do not believe there is a reasonable possibility of a material movement from the carrying value in the next year. These are expected to be largely utilised over the next five years.

The dilapidations provision represents the estimated liabilities costs that the Group estimates will be incurred upon vacating properties which are occupied under rental agreements.

Other provisions are held in respect of potential liabilities relating to production licensing at the Group's facility in Norway. During the year, £2.4m was provided for restructuring costs at Roke, of which £2.4m was paid during the year.

Provisions are subject to uncertainty in respect of the outcome of future events. Environmental provisions will be utilised based on the outcome of further environmental studies and remediation work. Disposal provisions will be utilised based on the outcome of certain events which are specified in sale and purchase agreements, or in discontinued operations. It is not possible to estimate more accurately the expected timing of any resulting outflows of economic benefits.

26. Deferred tax

The following are the principal deferred tax assets/(liabilities) recognised by the Group and movements thereon:

	Accelerated tax depreciation £m	Pensions £m	US interest deductions £m	Tax losses £m	Acquired intangibles £m	Other £m	Total £m
At 1 November 2023	(33.3)	(1.0)	7.7	17.7	(9.1)	11.1	(6.9)
(Charge)/credit to income statement	(2.9)	0.5	0.5	(0.1)	(0.2)	(1.5)	(3.7)
Credit to other comprehensive income	—	0.5	—	—	—	—	0.5
Recognised directly in equity	—	—	—	—	—	(0.2)	(0.2)
At 31 October 2024	(36.2)	—	8.2	17.6	(9.3)	9.4	(10.3)
(Charge)/credit to income statement	(6.1)	0.3	1.7	(1.7)	(1.0)	3.4	(3.4)
Credit/(charge) to other comprehensive income	0.8	0.1	(0.3)	(0.9)	0.3	(0.4)	(0.4)
Recognised on acquisition (note 30)	—	—	—	—	(3.1)	—	(3.1)
Recognised directly in equity	—	—	—	—	—	(0.1)	(0.1)
At 31 October 2025	**(41.5)**	**0.4**	**9.6**	**15.0**	**(13.1)**	**12.3**	**(17.3)**
Analysed as:							
Deferred tax assets	—	0.4	9.6	15.0	—	12.3	37.3
Deferred tax liabilities	(41.5)	—	—	—	(13.1)	—	(54.6)
At 31 October 2025	**(41.5)**	**0.4**	**9.6**	**15.0**	**(13.1)**	**12.3**	**(17.3)**
Deferred tax assets	—	—	8.2	17.6	—	9.4	35.2
Deferred tax liabilities	(36.2)	—	—	—	(9.3)	—	(45.5)
At 31 October 2024	(36.2)	—	8.2	17.6	(9.3)	9.4	(10.3)

Certain deferred tax assets and liabilities have been offset where there is a legally enforceable right to set off deferred tax assets against deferred liabilities that relate to the same fiscal authority. Deferred tax balances before offset are analysed in the table above. After netting off the net deferred tax assets are £11.2m (2024: £7.3m) and net deferred tax liabilities are £28.5m (2024: £17.6m).

Deferred tax balances of £12.3m (2024: £9.4m) within the "Other" category above include temporary differences arising on provisions and accruals.

At the balance sheet date, the Group had unrecognised deferred tax of £2.5m (2024: £0.3m) on gross US state and federal tax losses of £9.5m (2024: £4.6m) and unrecognised deferred tax of £13.0m (2024: £21.7m) on gross interest deductions of £62.0m (2024: £81.0m) as a result of US interest limitation regulations, potentially available for offset against future profits in certain circumstances. No deferred tax asset has been recognised in respect of these amounts because of the unpredictability of future taxable qualifying profit streams. The aforementioned gross interest deductions are available indefinitely with no fixed expiry date.

The Group had unrecognised deferred tax of £nil (2024: £0.7m) on gross US capital losses of £nil (2024: £3.4m), with the asset recognised as a £0.7m corporation tax credit in the current period against capital profits on the sale of the EHD business (see note 5).

The Group and Company had unrecognised deferred tax of £0.6m (2024: £0.6m) on gross UK capital losses of £2.4m (2024: £2.4m). These capital losses are not expected to be utilised, but would be potentially available for offset against future capital profits in certain circumstances. The aforementioned capital losses are available indefinitely with no fixed expiry date.

The Group has not recognised any deferred tax liability on temporary differences relating to potentially taxable unremitted earnings of overseas subsidiaries because the Group is in a position to control the timing of the reversal of the temporary differences and none are expected to reverse in the foreseeable future.

27. Share capital

	2025 £m	2024 £m
Issued and fully paid		
272,592,592 (2024: 272,627,634) ordinary shares of 1p each	**2.7**	2.7

During the year 436,323 ordinary shares (2024: 402,267) were issued for cash to employees under the Group's approved savings-related share schemes.

The Company's share capital also includes 62,500 7% cumulative preference shares of £1 each, which are all issued and fully paid up, and are classified for accounting purposes within non-current liabilities. The cumulative preference shares carry an entitlement to a dividend at the rate of 7p per share per annum, payable in equal instalments on 30 April and 31 October each year. Holders of the preference shares have the right on a winding-up to receive, in priority to any other classes of shares, the sum of £1 per share together with any arrears of dividends.

On 1 August 2023, the Company announced a share buyback programme to repurchase up to £50m of its own shares over the following twelve months, and the programme was subsequently extended to 17 December 2024. During the year ended 31 October 2025, 117,508 (2024: 8,617,243) shares were purchased for a total price, including transaction costs, of £0.4m (2024: £27.8m). These shares were subsequently cancelled, with the nominal value of shares cancelled deducted from share capital against the special capital reserve.

On 26 February 2025, the Group announced that it had commenced a share buyback programme of up to a maximum consideration of £40m. During the year ended 31 October 2025, 925,477 (2024: £nil) shares were purchased for a total price, including transaction costs, of £3.6m (2024: £nil). These shares were subsequently cancelled, with the nominal value of shares cancelled deducted from share capital against the special capital reserve.

As at 31 October 2025, the Group had agreed to further share purchases of £nil (2024: £0.4m) that were settled in cash subsequent to the year end. £nil (2024: £0.4m) is included as a liability in trade and other payables (see note 22).

28. Reserves

The share premium account and the special capital reserve are not distributable.

The special capital reserve was created as part of a capital reduction scheme involving the cancellation of the share premium account which was approved by the Court in 1986, in accordance with the requirements of the Companies Act 1985.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations and the accumulation of gains or losses from the effective portion of hedges of net investments in foreign operations.

Included within retained earnings is £5.3m (2024: £11.5m) of the Company's own shares held by the Group's Employee Share Ownership Plan Trust ("ESOP") which is treated as a branch of the parent company. The ESOP purchased 914,187 shares for £3.0m during the year (2024: 3,611,952) and 1,829,798 shares (2024: 1,820,850) were distributed following the vesting of awards under the deferred bonus and performance share plan schemes, 661,932 shares (2024: nil) were distributed to satisfy part of the deferred consideration in relation to the acquisition of Geollect (see note 29). The total number of ordinary shares held by the ESOP at 31 October 2025 was 1,575,180 (2024: 3,152,723).

During the year, the Group recognised a net charge of £6.5m (2024: £9.0m) in respect of share-based payments. At 31 October 2025, there were accrued taxes and dividends on share-based payments of £0.8m (2024: £0.6m) and £0.3m (2024: £0.2m) respectively. £0.9m (2024: £0.5m) of cash had been received for shares vesting during the year.

On 1 August 2023, the Company announced a share buyback programme to repurchase up to £50m of its own shares over the following twelve months, and the programme was subsequently extended to 17 December 2024. On 26 February 2025 the Group announced that it had commenced a share buyback programme of up to a maximum consideration of £40m. See note 27 for further details.

Group dividends (note 9) are payable out of the parent company retained earnings as disclosed in the parent company financial statements. This provides cover over the declared final dividend of 5.3p per ordinary share for the year ended 31 October 2025.

29. Share-based payments

The Group operates share-based compensation arrangements to provide incentives to the Group's senior management and eligible employees. The Group recognised a net charge of £6.5m (2024: £9.0m) in respect of share-based payments during the year, of which £1.4m (2024: £3.2m) is included in non-underlying costs. Details of the four schemes which operated during the year are set out below.

The Chemring Group Performance Share Plan 2016 (the "2016 PSP")

Under the 2016 PSP, conditional awards of ordinary shares are made at nil cost to employees. Awards ordinarily vest on the third anniversary of the award date.

	2016 PSP Number of conditional shares	
	2025	2024
Outstanding at the beginning of the year	**5,694,951**	5,553,280
Awarded	**2,403,315**	2,131,934
Vested	**(1,826,887)**	(1,059,656)
Lapsed	**(122,524)**	(930,607)
Outstanding at the end of the year	**6,148,855**	5,694,951
Subject to vesting at the end of the year	**—**	—

The following awards were outstanding at 31 October 2025:

Date of award	Number of ordinary shares under award	Vesting price per share Pence	Date when awards due to vest
14 December 2022	1,773,660	nil	14 December 2025
13 December 2023	1,971,880	nil	13 December 2026
18 December 2024	2,403,315	nil	18 December 2027

The Group has applied a discount to the share-based payments to reflect the anticipated achievement of the stipulated targets for each 2016 PSP award based on the predicted figures within the Group's financial projections and the expected number of leavers over the life of the awards.

The 2016 PSP awards made in the year ended 31 October 2025 had targets based on earnings per share growth, operating cash conversion, total shareholder return and reduction in the Group's carbon emissions. The awards have been valued using the following modelling inputs. The total shareholder return element was valued using a Monte-Carlo model. Expected volatility was determined by assessing the volatility in share price of the Group and its comparator group of companies over a three-year period prior to the grant date.

	Date awarded		
	18 December 2024	13 December 2023	14 December 2022
Share price at valuation	315p	326p	305p
Exercise price	nil	nil	nil
Risk-free rate	0.5%	0.5%	0.5%
Expected volatility	29.1%	29.1%	29.1%
Fair value	292.0p	291.1p	272.3p

29. Share-based payments continued

The Chemring Group Performance Share Plan 2016 (the "2016 PSP") continued

The weighted average fair value of awards made during the year was 292.0p (2024: 291.1p).

In the year ended 31 October 2025, 1,826,887 shares vested (2024: 1,059,656). The charge recognised in respect of the awards is based on their fair value at the grant date.

The Chemring Group Long-Term Incentive Plan (the "LTIP")

Under the LTIP, conditional awards of ordinary shares are made at nil cost to employees. Awards ordinarily vest on the third anniversary of the award date.

	LTIP Number of conditional shares	
	2025	2024
Outstanding at the beginning of the year	**—**	—
Awarded	**198,382**	—
Vested	**—**	—
Lapsed	**—**	—
Outstanding at the end of the year	**198,382**	—
Subject to vesting at the end of the year	**—**	—

The following awards were outstanding at 31 October 2025:

Date of award	Number of ordinary shares under award	Vesting price per share Pence	Date when awards due to vest
27 February 2025	43,207	nil	31 October 2026
27 February 2025	85,478	nil	18 December 2027
21 July 2025	27,437	nil	18 December 2027
28 July 2025	20,258	nil	28 July 2027
4 August 2025	22,002	nil	4 August 2027

The Group has applied a discount to the share-based payments to reflect the anticipated achievement of the stipulated targets for each LTIP award with performance conditions based on the predicted figures within the Group's financial projections and the expected number of leavers over the life of the awards.

The LTIP awards made in the year ended 31 October 2025 with performance conditions had targets based on earnings per share growth, operating cash conversion, total shareholder return and reduction in the Group's carbon emissions. The awards have been valued using the following modelling inputs. The total shareholder return element was valued using a Monte-Carlo model. Expected volatility was determined by assessing the volatility in share price of the Group and its comparator group of companies over a three-year period prior to the grant date.

	Date awarded				
	4 August 2025	28 July 2025	21 July 2025	27 February 2025	27 February 2025
Share price at valuation	552p	529p	566p	374p	374p
Exercise price	nil	nil	nil	nil	nil
Risk-free rate	n/a	n/a	0.5%	0.5%	n/a
Expected volatility	n/a	n/a	29.1%	29.1%	n/a
Fair value	552.0p	529.0p	525.6p	346.8p	373.5p

The weighted average fair value of awards made during the year was 418.7p (2024: nil).

In the year ended 31 October 2025, no shares vested (2024: no shares vested). The charge recognised in respect of the awards is based on their fair value at the grant date.

The Chemring Group 2018 UK Sharesave Plan (the "UK Sharesave Plan")

Options were granted during the year on 5 August 2025.

	2025		2024	
	Number of share options	**Weighted average exercise price Pence**	Number of share options	Weighted average exercise price Pence
Outstanding at the beginning of the year	**2,137,096**	**239.5**	2,035,483	236.1
Granted	**445,049**	**310.0**	716,874	310.0
Exercised	**(436,323)**	**251.0**	(402,267)	224.0
Lapsed	**(271,362)**	**272.3**	(212,994)	236.4
Outstanding at the end of the year	**1,874,460**	**309.5**	2,137,096	239.5
Subject to exercise at the end of the year	**44,881**	**259.9**	65,256	229.2

29. Share-based payments continued

The Chemring Group 2018 UK Sharesave Plan (the "UK Sharesave Plan") continued

The following options were outstanding at 31 October 2025:

Date of award	Number of ordinary shares under award	Exercise price per share Pence	Dates between which options may be exercised
30 July 2020	2,969	202.0	01 October 2025–31 March 2026
26 July 2021	62,900	240.0	01 October 2026–31 March 2027
01 September 2022	41,912	264.0	01 October 2025–31 March 2026
01 September 2022	66,624	264.0	01 October 2027–31 March 2028
04 August 2023	574,394	228.0	01 October 2026–31 March 2027
04 August 2023	81,540	228.0	01 October 2028–31 March 2029
05 August 2024	478,435	310.0	01 October 2027–31 March 2028
05 August 2024	128,332	310.0	01 October 2029–31 March 2030
05 August 2025	347,353	453.0	01 October 2028–31 March 2029
05 August 2025	90,001	453.0	01 October 2030–31 March 2031

The weighted average fair value of options granted in the year was 114.0p (2024: 79.0p). The weighted average fair value of options exercised in the year was 37.2p (2024: 49.7p). The weighted average share price on exercise of the options during the year was 251.0p (2024: 224.0p).

The fair values of the share options in the UK Sharesave Plan are based on the difference between the exercise price and the share price on the grant date of the option.

Deferred bonus share plan

Under the deferred bonus share plan, deferred awards of ordinary shares are made at nil cost to employees. Awards ordinarily vest on the second or third anniversary of the award date.

	Number of deferred shares	
	2025	2024
Outstanding at the beginning of the year	**759,715**	874,098
Awarded	**255,555**	307,514
Vested	**(259,109)**	(387,821)
Lapsed	**(17,367)**	(34,076)
Outstanding at the end of the year	**738,794**	759,715
Subject to vesting at the end of the year	**—**	—

The following awards were outstanding at 31 October 2025:

Date of award	Number of ordinary shares under award	Share price at valuation Pence	Vesting price per share Pence	Date when awards are due to vest
13 December 2022	204,193	305	nil	13 December 2025
12 December 2023	85,416	326	nil	12 December 2025
12 December 2023	193,630	326	nil	12 December 2026
17 December 2024	90,860	315	nil	17 December 2026
17 December 2024	164,695	315	nil	17 December 2027

The fair value of the deferred bonus share awards is based on the share price on the grant date of the award. The weighted average fair value of awards made during the year was 315p (2024: 326p). The Group has applied a discount to the share-based payments to reflect the expected number of leavers over the life of the awards.

Deferred shares related to acquisition

Deferred consideration in relation to the acquisition of Geollect of up to £7.5m has been accounted for as equity-settled share-based payments under IFRS 2.

Geollect

The deferred consideration is comprised of two tranches of 1,233,552 Chemring ordinary shares each, valued at £7.5m based on the share price on 7 December 2022 of 298.5p. The first tranche vested on the second anniversary of completion, 7 December 2024, 571,620 of new shares were issued and the remaining shares were distributed from the ESOP to satisfy the first tranche of vested shares. The second tranche will vest on the third anniversary of completion, 7 December 2025.

No further awards were granted during the year ended 31 October 2025 (2024: nil). 1,233,552 vested and nil lapsed (2024: nil vested or lapsed) in the year. 1,233,552 were outstanding at the end of the year (2024: 2,467,104). Nil were subject to vesting at the end of the year (2024: nil).

The fair value of the deferred share awards is based on the share price on the grant date of the award.

30. Acquisition of subsidiary

Acquisition of Landguard Group

On 29 August 2025, Chemring Group PLC acquired 100% of the issued shares in Landguard Nexus Limited and its wholly owned subsidiaries Landguard Systems Inc and Landguard Systems Limited (collectively "Landguard").

Landguard designs, manufactures and supports software defined radio systems and associated security products that enable defence, government and law enforcement customers to protect crucial operational assets. Landguard's operational agility and unique technologies enable it to satisfy customer requirements across the complete product lifecycle of design, manufacturing and after-sales operational support. The acquisition brings 30 specialist engineers to Roke in addition to a suite of market-leading products, unique intellectual property and a range of complementary customer relationships.

The operating results and assets and liabilities of the acquired company have been consolidated from 29 August 2025. The acquisition was completed for an initial purchase consideration of £14.6m, funded from Chemring's existing bank facilities. Deferred consideration of up to £6.0m is payable in cash in two tranches of up to £3.0m in January 2026 and January 2027 subject to performance targets being met and employment conditions being satisfied. In accordance with IFRS 3 *Business Combinations* these costs have been analysed and the consideration portion recognised on acquisition and the remuneration portion will be treated as a post-acquisition expense. See note 3 for further details.

Acquisition-related costs of £0.7m have been classified as non-underlying costs in the statement of profit or loss in the year ended 31 October 2025. Since acquisition to 31 October 2025, Landguard Group contributed revenue of £1.3m and an adjusted operating profit of £0.3m to the Group's results. If the acquisition had occurred on 1 November 2024, we estimate that its revenue would have been £7.0m and adjusted operating profit for the year would have been £1.5m. In determining these amounts, we have assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 November 2024.

Details of the consideration transferred were:

	£m
Cash paid	**14.6**
Deferred consideration	**1.7**
Total purchase consideration	**16.3**

The provisionally determined fair values of the assets and liabilities of Landguard Group as at the date of acquisition were as follows:

	Fair value £m
Tangible assets	**0.6**
Inventory	**0.2**
Trade and other receivables	**0.6**
Trade and other payables	**(0.6)**
Cash	**1.1**
Lease liabilities	**(0.4)**
Intangible assets: customer relationships	**5.2**
Intangible assets: technology	**7.4**
Deferred tax liability	**(3.1)**
Net identifiable assets	**11.0**
Add: goodwill	**5.3**
Net assets acquired	**16.3**

Goodwill is attributable to the skills and technical talent of the assembled workforce and synergies expected to arise after the Group's acquisition of the new subsidiaries. None of the goodwill is expected to be deductible for tax purposes. If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised.

31. Retirement benefit obligations

In the UK, the Group operates a defined benefit scheme (the "Chemring Group Staff Pension Scheme" or "Scheme"). The Group's other UK and overseas pension arrangements are all defined contribution schemes, with a combined cost of £10.3m (2024: £9.4m) for continuing operations.

The Chemring Group Staff Pension Scheme is a funded scheme and the assets of the Scheme are held in a separate trustee administered fund. Responsibility for the governance of the Scheme lies with the Trustee of the Scheme (the "Trustee") with consultation with the Company as needed. The Trustee has delegated the day-to-day management and operation of the Scheme's affairs to professional organisations. The Scheme was closed to future accrual on 6 April 2012. A full actuarial valuation for the Scheme as at 6 April 2021 has been updated to 31 October 2025, using the projected unit credit method. On 29 September 2025, the Trustee triggered the wind-up of the Scheme thereby dispensing with the requirement to undertake a full actuarial valuation for the Scheme as at 6 April 2024. The main assumptions for the Scheme are detailed below.

The trust deed provides for an unconditional right to a return of surplus assets in the event of a plan wind-up. The Trustee is given no rights to unilaterally wind-up or augment the benefits due to members of the Scheme. Based on these rights, any net surplus in the Scheme is recognised in full.

31. Retirement benefit obligations continued

Pension buy-in arrangement, which is expected to lead to a full buy-out in the future

On 28 November 2023, the Trustee entered into a buy-in contract with an insurer, Pension Insurance Corporation ("PIC"), to purchase a bulk annuity insurance policy that operates as an investment asset. The buy-in removes future risk associated with funding of the Scheme from the balance sheet, while ensuring the security of benefits for the Scheme members. The buy-in premium was initially funded through the transfer of the majority of the Scheme's assets to PIC, as well as by an upfront contribution from the Group of approximately £1.6m and further contributions totalling £2.3m, of which £0.9m was made in the year to 31 October 2025. Overall, the Group expects to pay between £1m - £2m over the next twelve months to provide funding for the rectification of certain members' benefits and to meet the costs associated with the initial buy-in and eventual buy-out of the Scheme.

Under IAS 19, the insurance policy is typically treated as an investment of the pension scheme, valued at its fair value. Correspondingly, the pension liabilities remain on the balance sheet, with no immediate derecognition of liabilities related to the insured members.

The Trustee has exercised judgement in treating the buy-in as a precursor to a full buy-out. A buy-out would involve the full discharge of the pension scheme's obligations to the insured members, transferring all future obligations and risks to the insurance provider.

Consequently a settlement cost of £nil (2024: £7.0m) and administrative expenses in relation to the buy-in of £0.4m (2024: £0.5m) have been recognised as non-underlying costs in the profit and loss account in the year to 31 October 2025.

Under IAS 19, the treatment of the buy-in remains distinct from that of a full buy-out until the legal transfer of liabilities is finalised. Therefore, the insurance policy remains recorded as a scheme asset, and the corresponding liabilities are not derecognised until the buy-out is formally completed.

The purchase of the bulk annuity policy matches the vast majority of the benefits due to be paid from the fund. Consequently, the difference in the values of the assets and liabilities is mainly the remaining assets after the bulk annuity policy purchase.

The decision to treat the buy-in as a future buy-out is based on the following considerations:

- Management intention: management is committed to transitioning from the current buy-in to a full buy-out and is actively working towards this outcome.
- Negotiations in progress: formal discussions and negotiations with the insurer to conclude the buy-out are ongoing, with the expectation of completion by July 2026.
- Economic substance: even though a legal buy-out has not yet been finalised, the economic substance of the transaction closely aligns with a buy-out, as the insurance policy transfers significant risks and rewards to the insurer.

The movement in the net defined benefit asset is as follows:

	Defined benefit obligations		Defined benefit asset		Net defined benefit asset/ (obligation)	
	2025 £m	2024 £m	**2025 £m**	2024 £m	**2025 £m**	2024 £m
At 1 November	**(56.7)**	(56.3)	**56.8**	62.2	**0.1**	5.9
Included in profit or loss						
Administrative expenses	**—**	—	**(0.4)**	(0.5)	**(0.4)**	(0.5)
Settlement	**—**	—	**—**	(7.0)	**—**	(7.0)
Net interest (cost)/credit	**(2.9)**	(2.9)	**2.9**	2.9	**—**	—
	(2.9)	(2.9)	**2.5**	(4.6)	**(0.4)**	(7.5)
Included in other comprehensive income						
Remeasurement gain/(loss):						
Actuarial gain/(loss) arising from:						
– demographic and financial assumptions	**1.2**	(1.6)	**—**	—	**1.2**	(1.6)
– experience adjustment	**0.1**	(0.3)	**—**	—	**0.1**	(0.3)
– return on plan assets excluding interest income	**—**	—	**(2.0)**	0.6	**(2.0)**	0.6
	1.3	(1.9)	**(2.0)**	0.6	**(0.7)**	(1.3)
Other						
Contributions by the employer	**—**	—	**0.9**	3.0	**0.9**	3.0
Net benefits paid out	**4.1**	4.4	**(4.1)**	(4.4)	**—**	—
At 31 October	**(54.2)**	(56.7)	**54.1**	56.8	**(0.1)**	0.1

The Chemring Group Staff Pension Scheme had 792 members at the end of the year (2024: 796). Of these members 63.8% (2024: 62.7%) were pensioners drawing benefits from the Scheme and the balance were deferred members. The duration of the liability is long, with pension payments expected to be made for at least the next 40 years. The pension scheme's assets are analysed as follows:

	2025 £m	2024 £m	**2025 %**	2024 %
Buy-in policy	**52.6**	54.7	**97.2**	96.3
Assets held by insurance company	**0.8**	1.0	**1.5**	1.8
Cash	**0.7**	1.1	**1.3**	1.9
	54.1	56.8	**100.0**	100.0

31. Retirement benefit obligations continued

Pension buy-in arrangement, which is expected to lead to a full buy-out in the future continued

The buy-in policy's fair value is determined to be equal to the defined benefit obligation (less any other assets held by the insurance company and any liabilities determined by the actuary which are not included within the buy-in policy) as it is valued using the same assumptions used by the actuary to value the liability. The value of the buy-in policy is £1.6m lower than the value of total obligations as at 31 October 2025 due to £0.8m of other liabilities held for GMP equalisation and NRA equalisation which are not included within the policy and £0.8m of other insurance assets.

The principal assumptions used in the actuarial valuation of the Chemring Group Staff Pension Scheme were as follows:

		2025 %	2024 %
Discount rate		**5.4**	5.3
Inflation	– RPI	**3.1**	3.6
	– CPI	**2.5**	2.9

In determining defined benefit obligations, the Group uses mortality assumptions which are based on published mortality tables. For the Chemring Group Staff Pension Scheme, the actuarial table currently used is S3PA tables (series 3 of the SAPS tables) with future improvements in line with CMI 2024 and a 1.25% long-term trend rate. This results in the following life expectancies at age 65:

		2025 No.	2024 No.
Future pensioners	– male	**88.7**	87.8
	– female	**90.3**	90.0
Current pensioners	– male	**87.5**	87.0
	– female	**88.8**	88.6

The most significant assumptions in the pension valuation are the discount rate applied to the liabilities, the inflation rate to be applied to pension payments and the mortality rates. If the discount rate used in determining retirement benefit obligations were to change by 0.1% then it is predicted that the deficit in the Scheme would change by approximately £0.5m. A change in the rate of inflation by 0.1% is predicted to change the deficit by approximately £0.2m and a 10% change to the mortality assumption would change the deficit by approximately £1.8m. The principal risks to the Scheme are the discount rate continues to rise driven by higher market interest rates, short-term movements in inflation, and the rate of improvement in mortality assumed is insufficient and life expectancies continue to rise.

The Group anticipates contributions to the defined benefit scheme for the year ending 31 October 2026 will be £nil (2025: £nil).

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others (the "Virgin Media Case") relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. Subsequently, on 2 September 2025, the Government published draft amendments to the Pension Schemes Bill. This was laid before Parliament on 5 June 2025, grants schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes arising from such rule changes met the necessary standards at the time although this bill is yet to become legislation.

The Trustee of the Chemring Group Staff Pension Scheme has taken advice from the Scheme's legal advisers regarding the Virgin Media Case and has concluded that the risk to the Scheme is low and that no action is required at present. The Trustee believes that the draft legislation confirms its belief that no additional liabilities will arise from the Virgin Media Case and therefore the defined benefit obligation has not been adjusted.

The Trustees believes that the Scheme has implemented robust governance processes and there is no reason to believe that actuarial confirmation was not obtained for any historical benefit changes. As such, the defined benefit obligation continues to reflect the benefits currently being administered.

32. Cash generated from operating activities

	Notes	2025 £m	2024 £m
Operating profit from continuing operations		**73.4**	56.6
Amortisation of development costs	12	**1.5**	1.2
Amortisation of intangible assets arising from business combinations (non-underlying)	12	**1.7**	2.0
Amortisation of software	12	**0.8**	—
Amortisation of patents and licences	12	**—**	0.3
Loss on disposal of non-current assets	12	**0.2**	1.7
Depreciation of property, plant and equipment	13	**22.8**	20.4
Non-underlying items	3	**(1.7)**	11.0
Share-based payment expense	29	**5.1**	5.8
Operating cash flows before movements in working capital		**103.8**	99.0
Increase in inventories		**(23.7)**	(28.3)
Increase in trade and other receivables		**(19.9)**	(15.9)
Increase in trade and other payables including contract liabilities		**51.8**	39.1
Increase in provisions		**0.2**	—
Operating cash flow from continuing underlying operations		**112.2**	93.9
Discontinued operations			
Operating cash flow from discontinued underlying operations		**(0.5)**	0.6
Cash impact of non-underlying items from discontinued operations		**(2.8)**	(1.5)
Net cash outflow from discontinued operations		**(3.2)**	(0.9)

33. Reconciliation of net cash flow to movement in net debt

	2025 £m	2024 £m
Increase/(decrease) in cash and cash equivalents	**42.2**	(3.9)
Increase in debt and lease financing due to cash flows	**(70.8)**	(26.6)
Increase in net debt resulting from cash flows	**(28.6)**	(30.5)
Effect of foreign exchange rate changes	**0.6**	(0.3)
Acquired net debt	**(0.4)**	—
New leases entered into, lease interest and other non-cash movements	**(6.9)**	(7.2)
Amortisation of debt finance costs	**(0.9)**	(0.4)
Movement in net debt	**(36.2)**	(38.4)
Net debt at the beginning of the year	**(52.8)**	(14.4)
Net debt at the end of the year	**(89.0)**	(52.8)

34. Analysis of net debt

	At 1 November 2024 £m	Cash flows £m	Non-cash changes £m	Exchange rate effects £m	**At 31 October 2025 £m**
Cash and cash equivalents (including bank overdrafts)	2.0	42.2	—	0.6	**44.8**
Debt due within one year	—	(26.7)	—	—	**(26.7)**
Debt due after one year	(43.7)	(46.9)	(0.9)	—	**(91.5)**
Preference shares	(0.1)	—	—	—	**(0.1)**
	(41.8)	(31.4)	(0.9)	0.6	**(73.5)**
Lease liabilities	(11.0)	2.8	(7.2)	(0.1)	**(15.5)**
	(52.8)	(28.6)	(8.1)	0.5	**(89.0)**

The cashflows in the table above associated with the debt due within one year and greater than one year total £73.6m and consist of the sum of the drawdowns £145m, repayments £70m and the facility fees paid £1.4m disclosed in the cashflow statement.

Accrued interest is included in the carrying amount of interest payable (note 22) measured at amortised cost and therefore is not presented as a separate line item in the above table.

35. Contingent liabilities

The Group is, from time to time, party to legal proceedings and claims, which arise in the ordinary course of business. In addition, the Group enters into various guarantee and performance bond arrangements in the ordinary course of business. Provision is made for any amounts that the directors reasonably consider may become payable (see note 25). The Group believes that any significant liability in respect of guarantee and performance bond arrangements, and legal proceedings and claims not already provided for, is remote.

36. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with the Group's pension schemes are disclosed in note 31.

Remuneration of key management personnel

The directors of the Company had no material transactions with the Company during the year, other than in connection with their service agreements. The remuneration of the executive directors is determined by the Remuneration Committee, having regard to the performance of the individuals and market trends. The remuneration of the non-executive directors is determined by the Board, having regard to the practice of other companies and the particular demands of the Group.

For the purposes of remuneration disclosure, key management personnel includes only the directors and excludes the other senior business managers and members of the Executive Committee. Further information on the remuneration of individual directors is provided in the audited part of the directors' remuneration report on pages 74 to 85.

Total emoluments for key management personnel charged to the consolidated income statement were:

	2025 £m	2024 £m
Short-term employee benefits	**3.0**	2.8
Post-employment benefits	**0.1**	0.1
Share-based payment benefits	**2.0**	3.2
Total remuneration of key management personnel	**5.1**	6.1

37. Post balance sheet events

There were no events after the balance sheet date requiring disclosure.

PARENT COMPANY BALANCE SHEET
As at 31 October 2025

	Note	2025 £m	2025 £m	2024 £m	2024 £m
Non-current assets					
Property, plant and equipment	1	**0.3**		0.3	
Intangible assets	2	**0.1**		—	
Investments in subsidiaries	3	**823.6**		786.0	
Retirement benefit surplus	12	**—**		0.1	
Derivative financial instruments	8	**1.9**		—	
Deferred tax	11	**1.6**		1.3	
			827.5		787.7
Current assets					
Trade and other receivables	4	**28.2**		27.2	
Derivative financial instruments	8	**2.6**		0.9	
Current tax		**—**		—	
Cash and cash equivalents		**0.3**		0.3	
			31.1		28.4
Total assets			**858.6**		816.1
Current liabilities					
Borrowings	6	**(31.3)**		(28.2)	
Trade and other payables	5	**(56.1)**		(32.7)	
Derivative financial instruments	8	**(0.8)**		(1.5)	
			(88.2)		(62.4)
Non-current liabilities					
Borrowings	6	**(91.6)**		(43.7)	
Trade and other payables	5	**(1.9)**		—	
Provisions	7	**(12.8)**		(14.6)	
Derivative financial instruments	8	**(0.1)**		(2.9)	
Preference shares	9	**(0.1)**		(0.1)	
			(106.5)		(61.3)
Total liabilities			**(194.7)**		(123.7)
Net assets			**663.9**		692.4
Equity					
Share capital	10		**2.7**		2.7
Share premium account			**309.2**		309.0
Special capital reserve			**13.0**		13.0
Retained earnings			**339.0**		367.7
Total equity			**663.9**		692.4

Profit attributable to shareholders
In accordance with the concession granted under section 408 of the Companies Act 2006, the profit and loss account of Chemring Group PLC has not been presented separately in these financial statements. There is no material difference between the results disclosed and the results on an unmodified historical cost basis. The Company reported a loss for the year ended 31 October 2025 of £6.0m (2024: £15.1m profit).

These financial statements of Chemring Group PLC (registered number 86662) were approved and authorised for issue by the Board of directors on 8 December 2025.

Signed on behalf of the Board

Michael Ord
Director

James Mortensen
Director

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2025

	2025 £m	2024 £m
(Loss)/profit after tax attributable to equity holders of the parent as reported	**(6.0)**	15.1
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of the defined benefit pension scheme, net of deferred tax	**(0.8)**	(2.1)
Total comprehensive income attributable to the equity holders of the parent	**(6.8)**	13.0

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2025

	Share capital £m	Share premium account £m	Special capital reserve £m	Retained earnings £m	Total £m
At 1 November 2024	2.7	309.0	13.0	367.7	692.4
Loss after tax	—	—	—	(6.0)	(6.0)
Other comprehensive loss	—	—	—	(0.8)	(0.8)
Total comprehensive income	—	—	—	(6.8)	(6.8)
Ordinary shares issued	—	0.2	—	—	0.2
Share-based payments (net of settlement)	—	—	—	6.2	6.2
Deferred tax on share-based payments	—	—	—	—	—
Dividends paid	—	—	—	(21.5)	(21.5)
Purchase of own shares	—	—	—	(6.6)	(6.6)
At 31 October 2025	**2.7**	**309.2**	**13.0**	**339.0**	**663.9**

	Share capital £m	Share premium account £m	Special capital reserve £m	Retained earnings £m	Total £m
At 1 November 2023	2.8	308.7	12.9	404.2	728.6
Profit after tax	—	—	—	15.1	15.1
Other comprehensive loss	—	—	—	(2.1)	(2.1)
Total comprehensive income	—	—	—	13.0	13.0
Ordinary shares issued	—	0.3	—	—	0.3
Share-based payments (net of settlement)	—	—	—	8.7	8.7
Deferred tax on share-based payments	—	—	—	(0.2)	(0.2)
Dividends paid	—	—	—	(19.6)	(19.6)
Purchase of own shares	(0.1)	—	0.1	(38.4)	(38.4)
At 31 October 2024	2.7	309.0	13.0	367.7	692.4

The auditor's remuneration for audit and other services is disclosed in note 4 to the Group financial statements.

A final dividend of 5.3p per ordinary share has been proposed. See note 9 to the Group financial statements.

Included within retained earnings is the Company's own shares held by the Group's Employee Share Ownership Plan Trust ("ESOP"); see note 28 of the Group financial statements for details.

1. Property, plant and equipment

Detailed disclosure of property, plant and equipment was not considered necessary due to its immaterial value. The Company had no capital commitments as at 31 October 2025 or 31 October 2024.

2. Intangible assets

Detailed disclosure of intangible assets was not considered necessary due to its immaterial value.

3. Investments in subsidiaries

	Shares in subsidiary undertakings £m
Cost	
At 31 October 2024	922.2
Additions	37.6
At 31 October 2025	**959.8**
Impairment	
At 31 October 2024	(136.2)
Impairment	—
At 31 October 2025	**(136.2)**
Carrying amount	
At 31 October 2025	**823.6**
At 31 October 2024	786.0

Investment values are allocated to their respective legal entities. Where the investment value relates to an intermediate holding company, the subsidiaries of that holding company are used to support the carrying value.

Additions of £37.6m represents an increase in the investment of Chemring Holdings Limited as part of a recapitalisation of the US Group.

The Company tests investments at least annually for impairment. Tests are conducted more frequently if there are indications that investments might be impaired. There were no impairment indicators identified during the year ended 31 October 2025. The recoverable amounts of the subsidiary undertakings are determined from value-in-use calculations. In determining the value in use, we have allocated central costs necessary to generate the underlying cash flows. The key assumptions for the value-in-use calculations have been individually estimated for each subsidiary undertaking and are detailed in note 11 of the Group financial statements. All of the CGUs referred to in note 11 represent either investments held directly by the Company or investments held by an intermediate holding company, in which case the value in use of those CGUs in aggregation is used to support the carrying value of the intermediate holding company. The pre-tax discount rates used for the CGUs ranged from 11.0% to 13.3% (2024: 11.6% to 13.9%).

Stress testing was performed on the forecasts to consider the impact of reasonably possible scenarios over the forecast period, including a 1% increase in discount rate, a 1% reduction in long-term growth rate, a 10% fall in the forecast cash flows or a $0.10 weakening in the sterling to US dollar exchange rate. Even under any of these circumstances, no investments would require an impairment.

Details of the Group undertakings at 31 October 2025 are set out in note 14 to the Group financial statements. The Company has given a parental guarantee under section 479A of the Companies Act 2006 to certain subsidiary undertakings, details of which are also set out in note 14 to the Group financial statements.

The directors consider that the carrying value of the investments does not exceed their fair value.

4. Trade and other receivables

	2025 £m	2024 £m
Within current assets		
Amounts owed by subsidiary undertakings - excluding derivative financial instruments	**27.3**	22.1
Amounts owed by subsidiary undertakings - derivative financial instruments	**0.5**	4.2
Prepayments and accrued income	**0.3**	0.6
Other debtors	**0.1**	0.3
	28.2	27.2
Within non-current assets		
Amounts owed by subsidiary undertakings - derivative financial instruments	**—**	—
	28.2	27.2

The directors consider that the carrying value of the trade and other receivables approximates to their fair value.

Interest on amounts owed by subsidiary undertakings is charged between 0% and 8%. No interest is charged on trade and other receivables from the date of invoice to payment. Expected credit losses on financial assets are not material.

Included within amounts owed by subsidiary undertakings are foreign exchange contracts entered into on behalf of subsidiaries. These derivatives were passed down to the hedging subsidiaries using an internal derivative with equal and opposite terms to the external derivatives netting them down to £nil. Disclosure in respect of these derivatives are presented under derivative financial instruments held at the group position and are provided in note 24 to the Group financial statements.

5. Trade and other payables

	2025 £m	2024 £m
Within current liabilities		
Amounts owed by subsidiary undertakings - excluding derivative financial instruments	**47.5**	26.1
Amounts owed by subsidiary undertakings - derivative financial instruments	**1.8**	0.6
Trade payables	**0.3**	0.5
Other payables	**6.3**	5.2
Corporation tax	**—**	0.3
Other tax and social security	**0.2**	—
	56.1	32.7
Within non-current liabilities		
Amounts owed by subsidiary undertakings - derivative financial instruments	**1.9**	—
	58.0	32.7

Other payables of £6.3m (2024: £5.2m) includes payroll-related creditors of £4.1m (2024: £3.3m).

Interest on amounts owed to subsidiary undertakings attracts interest rates between 0% and 5%. No interest is payable on trade payables from the date of invoice to payment.

Included within amounts owed to subsidiary undertakings are foreign exchange contracts entered into on behalf of subsidiaries. These derivatives were passed down to the hedging subsidiaries using an internal derivative with equal and opposite terms to the external derivatives netting them down to £nil. Disclosure in respect of these derivatives are presented under derivative financial instruments held at the group position and are provided in note 24 to the Group financial statements.

6. Borrowings

Positive and negative cash positions within the UKCPA are not expected to be settled net. As such, positive balances in the UKCPA have been shown gross in cash and cash equivalents and negative balances are shown within current liabilities as bank borrowings.

Interest accrued on the UKCPA is calculated on the net position.

Borrowings due within one year comprise overdrafts that are repayable on demand, and bank borrowing with a three-year amortising repayment schedule.

	2025 £m	2024 £m
Within current liabilities		
Bank overdrafts	**4.6**	28.2
Bank borrowings – sterling denominated	**26.7**	—
Borrowings due within one year	**31.3**	28.2
Within non-current liabilities		
Bank borrowings – sterling denominated	**91.6**	43.7
Borrowings due after more than one year	**91.6**	43.7
Total borrowings	**122.9**	71.9

An analysis of borrowings by maturity is as follows:

	2025 £m	2024 £m
Borrowings falling due:		
– less than one year	**31.3**	28.2
– within one to two years	**26.7**	—
– within two to five years	**64.9**	43.7
	122.9	71.9

The interest incurred on the above borrowings is detailed within notes 7 and 18 to the Group financial statements. As at 31 October 2025, sterling denominated borrowings related to drawdowns on the revolving credit facility which carried interest at 5.7%.

7. Provisions

	Total £m
At 1 November 2024	14.6
Foreign exchange	0.5
Paid	(2.3)
At 31 October 2025	**12.8**

It is not possible to estimate more accurately the expected timing of any resulting outflows of economic benefits. Total provisions include disposal provisions of £12.6m, which relate to estimated liabilities faced by the Company in respect of the disposal of its European Munitions businesses in 2014 under the terms of their respective sale agreements. See note 25 to the Group financial statements for further details.

8. Derivative financial instruments

Derivative financial instruments represent external derivatives that have been entered into by the Company. Disclosure in respect of these derivatives are presented under derivative financial instruments held at the group position and are provided in note 24 to the Group financial statements.

9. Preference shares

	2025 £m	2024 £m
Cumulative preference shares (62,500 shares of £1 each)	**0.1**	0.1

The cumulative preference shares carry an entitlement to a dividend at the rate of 7p per share per annum, payable in equal instalments on 30 April and 31 October each year. Holders of the preference shares have the right on a winding-up to receive, in priority to any other classes of shares, the sum of £1 per share together with any arrears of dividends.

10. Share capital

	Total
As at 1 November 2024	272,627,634
Cancelled shares under the share buyback programme (note 27)	(1,042,985)
Issued to employees under savings-related share schemes (note 27)	436,323
Deferred consideration of acquisition (note 29)	571,620
Total number of ordinary shares of 1p each	**272,592,592**

	2025 £m	2024 £m
Issued, allotted and fully paid		
272,592,592 (2024: 272,627,634) ordinary shares of 1p each	**2.7**	2.7

During the year, 436,323 ordinary shares (2024: 402,267) were issued for cash to employees under the Group's approved savings-related share schemes.

On 26 February 2025, the Company announced a share buyback programme to repurchase up to £40m of its own shares. See note 27 to the Group financial statements for further details.

The preference shares are presented as a liability and accordingly are excluded from called-up share capital in the balance sheet.

Share-based incentive schemes

Full details of the schemes are set out in note 29 to the Group financial statements.

11. Deferred tax

	2025 £m	2024 £m
At the beginning of the year	**1.3**	0.6
Credit to income statement	**0.3**	0.7
Credit to other comprehensive income	**—**	—
Deferred tax asset at the end of the year	**1.6**	1.3
The amount provided represents:		
Pension	**0.3**	—
Other temporary differences	**1.3**	1.3
	1.6	1.3

The Company had unrecognised deferred tax of £0.6m (2024: £0.6m) on gross UK capital losses of £2.4m (2024: £2.4m). These capital losses are not expected to be utilised, but would be potentially available for offset against future capital profits in certain circumstances. The aforementioned capital losses are available indefinitely with no fixed expiry date.

12. Retirement benefit obligations

The Company has assumed its share of the assets and liabilities of the Group's defined benefit pension scheme. An analysis of the balance is shown below:

	Total £m
At 1 November 2023, retirement benefit surplus	3.1
Contributions	3.0
Settlement loss	(3.9)
Actuarial movements	(2.1)
At 31 October 2024, retirement benefit surplus	0.1
Contributions	0.9
Administrative cost	(0.2)
Actuarial movements	(0.8)
At 31 October 2025, retirement benefit surplus	**—**

Further details are set out in note 31 to the Group financial statements.

13. Staff costs

	2025 Number	2024 Number
Average monthly number of total employees (including executive directors)	**31**	33

The costs incurred in respect of these employees (including share-based payments) were:

	2025 £m	2024 £m
Wages and salaries	**7.2**	6.5
Social security costs	**1.0**	0.8
Other pension costs	**0.5**	0.5
Share-based payment	**2.8**	3.3
	11.5	11.1

Disclosures in respect of directors' emoluments can be found in the directors' remuneration report on pages 71 to 91.

1. General information

Chemring Group PLC is a public company, limited by shares, incorporated in England and Wales under registration number 86662. The address of the registered office is Roke Manor, Old Salisbury Lane, Romsey, Hampshire SO51 0ZN. The nature of the Group's operations and its principal activities are set out in note 2 of the Group financial statements and in the directors' report on pages 92 to 94. These financial statements are the consolidated financial statements of Chemring Group PLC and its subsidiaries (the "Group").

Chemring Group PLC and the companies in which it directly and indirectly owns investments are separate and distinct entities. In this publication of the annual report and accounts, the collective expressions "Chemring" and "the Group" may be used for convenience where reference is made in general to those companies. Likewise, the words "we", "us", "our" and "ourselves" are used in some places to refer to the subsidiaries of the Group in general. These expressions are also used where no useful purpose is served by identifying any particular company or companies.

The financial statements are presented in pounds sterling, being the currency of the primary economic environment in which the Group operates, and rounded to the nearest £0.1m. Foreign operations are included in accordance with the foreign currencies accounting policy.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Group and the Company have adequate resources to continue to adopt the going concern basis of accounting in preparing these financial statements. Further detail is contained in the statement on going concern on page 46 which forms part of these financial statements.

2. Adoption of new and revised standards

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board ("IASB") or by the IFRS Interpretations Committee. The Group's approach to these is as follows:

i) There were no IFRS Interpretations Committee ("IFRIC") interpretations, amendments to existing standards or new standards adopted in the year ended 31 October 2025 that have materially impacted the reported results or the financial position.

ii) The following IFRIC interpretations, amendments to existing standards and new standards were adopted in the year ended 31 October 2025 but have not materially impacted the reported results or the financial position:

- Classification of Liabilities as Current or Non-current (Amendment to IAS 1);
- Non-current Liabilities with Covenants (Amendment to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendment to IFRS 16); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

iii) At the date of authorisation of this announcement, the following standards and interpretations that are potentially relevant to the Group and which have not yet been applied in these reported results were in issue but not yet effective (and in some cases had not yet been adopted by the UK Endorsement Board):

Effective for periods beginning on or after 1 January 2024

- General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1); and Climate-related Disclosures (IFRS S2).

Effective for periods beginning on or after 1 January 2025

- Lack of Exchangeability (Amendments to IAS 21).

Effective for periods beginning on or after 1 January 2026

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9);
- Annual Improvements to IFRS Standards; and
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7).

Effective for periods beginning on or after 1 January 2027

- IFRS for SMEs – Third Edition;
- IFRS 18 *Presentation and Disclosure in Financial Statements*; and
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures.*

The directors do not expect the adoption of these standards and interpretations will have a material impact on the results of the Group in future periods.

3. Group accounting policies

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted international accounting standards ("UK-adopted IFRS") in conformity with the requirements of the Companies Act 2006.

The financial statements are prepared under the historical cost convention, except as described below under the heading of "Derivative financial instruments".

The accounting policies adopted have been applied consistently throughout the current and previous year.

Basis of consolidation

The Group financial statements consolidate those of the Company and all of its subsidiaries. Subsidiaries are entities controlled by the Group. The Group "controls" an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The Company considers that it has the power to govern the financial and operating policies of the US entities falling within the Special Security Agreement and these entities have therefore been consolidated in these financial statements.

The Company and all of its subsidiaries make up their financial statements to the same date. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interest

The Group recognises non-controlling interest in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For non-controlling interests that the Group holds, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets.

Q6 Holdings Limited, a wholly owned subsidiary of Chemring Group PLC, owns 80% of the issued shares of Vigil AI Limited. Disclosure of the minority interest on the face of the primary statements has not been included as this is considered immaterial to the Group. As at 31 October 2025, profit after tax, total comprehensive income and equity attributable to minority interests were less than £0.1m.

3. Group accounting policies continued

Revenue recognition

Chemring is organised into two sectors, Countermeasures & Energetics and Sensors & Information.

From a revenue recognition perspective, whilst Chemring operates across the whole lifecycle of its products and services, these are generally awarded by its customers as individual contracts for the different stages rather than being large, complex, long-term framework agreements requiring extensive consideration of price allocation and performance obligations. As a result we are less susceptible to judgements over revenue recognition regarding contract performance, modifications and cancellations.

Whilst as a Group we aim to develop products which can be sold on to multiple end users and markets, in some instances the nature of products and services are unique to a customer and may not have an alternative use at the point of production. In such cases, where an enforceable right to payment exists, revenue will be recognised over time.

From time to time we enter into contracts for "customer-funded R&D" where Chemring provides a service towards the development of a technology for a customer resulting in revenue. In certain instances, Chemring partly funds the development effort and this can result in the recognition of a controlled asset recognised in line with the Group's policy on development costs.

Contracts

The majority of the Group's revenue arises from the manufacture and shipment of goods.

Sales contracts are reviewed for performance obligations but the principal driver for timing of revenue recognition is delivery obligations, typically based on Incoterms. Certain contracts may also require customer acceptance testing. Once the relevant delivery obligation has been met and, as applicable, customer acceptance received, revenue can be recognised.

The timing of payment from customers is generally aligned to revenue recognition, though on certain contracts contract liabilities are recognised as disclosed in note 21. This also applies to sales where there are no goods shipped but a deliverable is completed at a certain point in time, such as the issue of a report where there is no enforceable right to payment for work in progress.

In a smaller number of cases, revenue also arises from milestone contracts that contain multiple performance obligations. Often these contracts are already divided into milestones for payment purposes, but judgement is required when assessing the way the contract is divided up to ensure that each element is a separate and valid performance obligation. If they are not, the relevant revenue amount is allocated across the other obligations as appropriate. In some cases milestones are achieved in one period but not billed until the next period, leading to a timing difference with the recognition of revenue in advance of customer billing. In this instance accrued income is recognised as described in note 16. There are no contracts with a significant financing component.

At the start of the contract, the total transaction price is estimated as the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to the customer, excluding sales taxes. This is based on the agreed contract price, with no material claims and incentive payment terms, and therefore significant judgement to determine the transaction price is not required. Typically our contracts do not have any material variable consideration and no significant judgement has been required around the extent to which this ought to be recognised. The total transaction price is allocated to the performance obligations identified in the contract in proportion to their relative stand-alone selling prices, where stand-alone selling prices are typically estimated based on expected costs plus contract margin.

The Group provides warranties to its customers to give them assurance that its products and services will function in line with agreed-upon specifications. Warranties are not provided separately and, therefore, do not represent separate performance obligations.

A number of sales contracts allow for bill and hold arrangements, where the customer has bought the goods but has not yet taken physical possession. This usually arises when the customer has limited storage space or there have been delays in their own production schedule. For such revenue to be recognised the bill and hold arrangement must be substantive and the relevant goods must be clearly identified as belonging to the customer and ready for immediate shipment at the customer's request. These categories of sales are common across all segments.

In its ordinary business the Group enters into contracts with government defence agencies where, from time to time, judgement is required in order to determine if the arrangement is that of a supply of goods and services to be accounted for under IFRS 15 or a government grant to be accounted for under IAS 20. Such arrangements require a consideration of the wider economics of the contractual arrangement as well as critical evaluation against the scope criteria of each of the above accounting standards.

Where a contract includes transactions that should be accounted for other than as revenue or expenses based on their nature, these transactions are presented in accordance with the applicable accounting standard. In the instance that this results in the acquisition of assets on receipt of a government grant, the transactions will be accounted for following our government grants accounting policy.

Qualifying costs to obtain a contract are not material across the Group.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has identified a sales contract with a customer;
- the performance obligations within this contract have been identified;
- the transaction price has been determined;
- this transaction price has been allocated to the performance obligations in the contract; and
- revenue is recognised as or when each performance obligation is satisfied.

Performance obligations are satisfied when the customer gains control of promised goods or services from the contract. Customers do not typically gain a right of return of goods.

Rendering of services

Revenue from a contract to provide services, including customer-funded research and development, is recognised by reference to the stage of completion of the contract. Stage of completion is typically estimated by either the proportion of contract costs incurred for work performed to date or completion of relevant milestones where this faithfully depicts the transfer of control of the goods and services to the customer and does not significantly differ from using the proportion of contract costs incurred basis.

Another significant source of Group revenue, especially within the Sensors & Information segment, arises from time and materials contracts, where revenue is typically accrued and billed in the following month based on work performed to date, following which payment is typically promptly received.

3. Group accounting policies continued

Revenue recognition continued

Principal versus agent assessment

The Group enters into certain arrangements which involve a consortium of service providers. The Group acts as a "prime" contractor in certain contracts with customers and utilises sub-contractors to undertake the work. Under these contracts the Group is considered to be primarily responsible for fulfilling the service to the customer. The Group performs a technical assessment of the work before it is delivered to the customer and is responsible for quality and performance of the sub-contractor. As such the Group is considered to be the principal to the arrangement with the customer and includes sub-contractor obligations within revenue. However, where the Group is merely acting as an agent of a sub-contractor then no revenue is recognised in respect of sub-contractor obligations.

All consortium arrangements are assessed by the Group to determine if it is the principal or agent considering who is responsible for fulfilling the performance obligation, who bears inventory risk and who has price discretion.

Accrued revenue, deferred revenue and contract liabilities

As described above, on some contracts there is a timing difference between the recognition of revenue and the customer billing. Where this is the case, accrued income or deferred revenue will be recognised in the financial statements.

Contract liabilities represent advanced receipts received from customers when an element of the transaction price is received in advance of delivery. When cash is received in advance of goods or services being delivered a contract liability is recognised. The Group's contracts are not considered to include significant financing components on the basis that they are received for non-financing purposes.

Acquisitions and disposals

On acquisition of a subsidiary, associate or jointly controlled entity, the cost is measured as the fair value of the consideration. The assets, liabilities and contingent liabilities of subsidiary undertakings that meet the IFRS 3 (Revised) *Business Combinations* recognition criteria are measured at the fair value at the date of acquisition, except that:

- deferred tax assets or liabilities, and liabilities or assets relating to employee benefit arrangements, are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 (Revised) *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 *Share-based Payments*; and
- assets (or disposal groups) that are classified as held for sale, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, are measured in accordance with that standard.

Where cost exceeds fair value of the net assets acquired, the difference is recorded as goodwill.

Where the fair value of the net assets exceeds the cost, the difference is recorded directly in the income statement. The accounting policies of subsidiary undertakings are changed where necessary to be consistent with those of the Group.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

The measurement period runs from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date, subject to a maximum period of one year.

In accordance with IFRS 3 (Revised) *Business Combinations*, acquisition and disposal-related items are recognised through the income statement. Acquisition and disposal-related items refer to credits and costs associated with the acquisition and disposal of businesses, together with the costs of aborted bids and the establishment of joint ventures.

Discontinued operations and assets held for sale

When the Group makes a decision to exit a significant business unit or separate major line of business, the associated operations and cash flows are classified as discontinued operations in the financial statements, in accordance with the provisions of IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

These discontinued operations may represent components of the Group that have already been disposed of or are classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sales transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify as a completed sale within one year from the date of classification.

Intangible assets – goodwill

The purchased goodwill of the Group is regarded as having an indefinite useful economic life and, in accordance with IAS 36 *Impairment of Assets*, is not amortised but is subject to annual tests for impairment. On disposal of a subsidiary, associate or jointly controlled entity, the amount attributable to goodwill is included in the determination of the profit or loss on disposal.

Acquired intangibles

The Group recognises, separately from goodwill, intangible assets that are separable or arise from contractual or other legal rights and whose fair value can be measured reliably. These intangible assets are amortised at rates calculated to write down their cost or valuation to their estimated residual values by equal instalments over their estimated useful economic lives, which are:

- technology – average of ten years
- customer relationships – average of ten years

Development costs

Development costs that qualify as intangible assets are capitalised as incurred and, once the relevant intangible asset is ready for use, are amortised on a straight-line basis over their estimated useful lives, averaging ten years (2024: ten years).

The carrying value of development assets is assessed for recoverability at least annually or when a trigger is identified.

Software costs

Software costs are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, averaging ten years (2024: ten years).

Patents and licences

Patents and licences are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives, averaging five years (2024: five years).

Property, plant and equipment

Land and buildings, property, plant and equipment are held at cost less accumulated depreciation and any recognised impairment loss. Borrowing costs on significant capital expenditure projects are capitalised and allocated to the cost of the project.

No depreciation is provided on freehold land. On other assets, depreciation is provided at rates calculated to write down their cost to their estimated residual values by equal instalments over their estimated useful economic lives, which are:

- freehold buildings – up to fifty years
- leasehold buildings – the period of the lease
- plant and equipment – up to ten years

3. Group accounting policies continued

Impairment of non-current assets
Assets that have indefinite lives are allocated to the Group's cash-generating units and tested for impairment at least annually. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever changes in circumstances indicate that the carrying value may not be recoverable. To the extent that the carrying value exceeds the recoverable amount, an impairment loss is recorded for the difference as an expense in the income statement. The recoverable amount used for impairment testing is the higher of the value in use and the asset's fair value less costs of disposal. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Inventories
Inventories are recorded at the lower of cost and net realisable value. Cost represents materials, direct labour, other direct costs and related overheads, and is determined using a weighted average cost basis. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for slow-moving, obsolete and defective items where appropriate.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are ready for their intended use. These costs are treated as investing activities in the cash flow statement. Once the assets are ready for their intended use, these capitalised borrowing costs are depreciated in line with the underlying asset.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants for staff retraining costs are recognised as deferred income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

The Group initially recognises government grants received relating to the construction or acquisition of assets as deferred income at fair value, if there is reasonable assurance that they will be received and the Group complies with the conditions associated with the grant. Grants related to the acquisition of assets are recognised in profit and loss as other income on a systematic basis over the useful life of the asset.

Tax
The tax expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it excludes items of income or expense that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax represents amounts expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable taxable profits will be available in the future against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxed by the same tax authority, and when the Group intends to settle its current tax assets and liabilities on a net basis.

Research & Development Expenditure Credits ("RDEC") is treated as taxable income and is recorded in the income statement as part of operating profit.

Special capital reserve
The special capital reserve was created as part of a capital reduction scheme involving the cancellation of the share premium account which was approved by the Court in 1986, in accordance with the requirements of the Companies Act 1985.

Any repurchase of the Company's ordinary shares as permitted under Companies Act 2006 is credited to this reserve.

Foreign currencies
The individual financial statements of each Group company are presented in its functional currency, being the currency of the primary economic environment in which it operates. For the purpose of these Group financial statements, the results and financial position of each Group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for these financial statements.

In preparing the financial statements of each Group company, transactions in foreign currencies, being currencies other than the entity's functional currency, are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are included in the income statement for the period.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward foreign exchange contracts which are accounted for as derivative financial instruments (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

For the purpose of presenting these financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Financial instruments
Financial assets and liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

3. Group accounting policies continued

Financial assets

Financial assets

Financial assets are classified according to the substance of the contractual arrangements entered into.

Trade receivables

Trade receivables do not carry any interest and are stated at their fair value and subsequently amortised cost as reduced by appropriate allowances for expected credit losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and derivative financial instruments

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption, and direct issue costs are accounted for on an accruals basis in the income statement using the effective interest method, and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are not interest bearing and are stated at their fair value and subsequently amortised cost.

Derivative financial instruments

The Group's activities expose it to the financial risks of foreign currency transactions, and it uses forward foreign exchange contracts to hedge its exposure to these transactional risks. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are recognised at fair value on the date the derivative contract is entered into and are revalued to fair value at each balance sheet date. The fair values of derivative financial instruments are calculated by external valuers.

The Group does not apply hedge accounting for derivative financial instruments, with changes in the fair value of derivatives being recognised in the income statement immediately.

Hedges of net investments in foreign operations

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the statement of comprehensive income and accumulated in the translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an administrative expense in the period to which they relate. For defined benefit schemes, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Remeasurement of the defined benefit pension scheme, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised in the statement of comprehensive income in full in the period in which they occur.

The Group determines the net interest income on the net defined benefit asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit asset, taking into account any changes in the net defined benefit asset during the year as a result of contributions and benefit payments. Net interest income and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Leased assets

At the lease commencement date (i.e. the date the underlying asset is available for use), the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The lease liability is initially measured at the present value of future lease payments, discounted using the Group's incremental borrowing rate. The right-of-use asset is initially measured at cost, comprising the initial value of the lease liability, any lease payments made before commencement of the lease, any initial direct costs and any restoration costs. The asset is recorded as property, plant and equipment, and is depreciated over the shorter of its estimated useful economic life and the lease term on a straight-line basis.

The finance cost is charged to the income statement over the lease term to produce a constant periodic rate of interest on the lease liability. The lease payment is allocated between repayment of the lease liability and finance cost.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the income statement on a straight-line basis over the lease term.

Share-based compensation

The Group operates equity-settled share-based compensation schemes.

For grants made under the Group's share-based compensation schemes, the fair value of an award is measured at the date of grant and reflects any market-based vesting conditions. Non-market-based vesting conditions are excluded from the fair value of the award. At the date of grant, the Company estimates the number of awards expected to vest as a result of non-market-based vesting conditions, and the fair value of this estimated number of awards is recognised as an expense in the income statement on a straight-line basis over the vesting period. At each balance sheet date, the impact of any revision to vesting estimates is recognised in the income statement over the vesting period. Proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium.

Provisions

Provisions are recognised when the Group has a present obligation, either legal or constructive, as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the estimated cash flows to settle the present obligation, its carrying amount is the present value of those cash flows. The Group uses the "expected value" or "most likely outcome" method on a case-by-case basis to estimate the value of provisions.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. Group accounting policies continued

Provisions continued

Environmental provisions

Where the Group is liable for decontamination work or the restoration of sites to their original condition, an estimate is made of the costs needed to complete these works, discounted back to present values, relying upon independent third party valuers where appropriate.

Restructuring provisions

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring and not those associated with the ongoing activities of the entity.

Warranty provisions

In the event of warranty obligations, provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, based upon the best estimate of the expenditure required to settle the Group's obligations.

Disposal provisions

Disposal provisions relate to estimated liabilities faced by the Group in respect of discontinued operations and other disposed entities under the terms of their respective sale agreements.

Contingent liabilities

The Group exercises judgement in recognising exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement may be necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and/or to quantify the possible range of the financial settlement.

Alternative Performance Measures ("APMs")

In the analysis of the Group's financial performance and position, operating results and cash flows, APMs are presented to provide readers with additional information. The principal APMs presented are underlying measures of earnings including underlying operating profit, underlying profit before tax, underlying profit after tax, underlying EBITDA, underlying earnings per share and underlying operating cash flow. In addition, EBITDA, net debt and constant currency metrics are presented which are also considered non-IFRS measures. These measures are consistent with information regularly reviewed by management to run the business, including planning, budgeting and reporting purposes and for its internal assessment of the operational performance of individual businesses.

The directors believe that the use of these APMs assists in providing additional information on the underlying trends, performance and position of the Group. APMs are used to assist with the comparability of information between reporting periods by adjusting for items that are non-recurring or otherwise non-underlying. Management considers non-underlying items to be:

- amortisation of acquired intangibles;
- material exceptional items, for example relating to a business restructuring costs, legal costs and other non-reoccurring items;
- Acquisition and disposal costs;
- gains or losses on the movement in the fair value of derivative financial instruments;
- pension buy-in and buy-out transactions; and
- the tax impact of all of the above.

As adjusted results include the benefits of significant restructuring programmes but exclude significant costs (such as significant legal, major restructuring and transaction items), they should not be regarded as a complete picture of the Group's financial performance, which is presented in statutory earnings. The exclusion of adjusting items may result in adjusted earnings being materially higher or lower than statutory earnings. In particular, when significant impairments, restructuring charges and legal costs are excluded, adjusted earnings will be higher than statutory earnings.

It should also be noted that adjusted earnings may not be comparable to similarly titled measures in other companies, and where amortisation of intangibles acquired in business combinations is excluded, the related revenue is not also excluded.

The Group's use of APMs is consistent and we provide comparatives alongside all current period figures.

Further detail on the APMs presented within these financial statements, including a reconciliation to the IFRS equivalent, is presented in note 3.

Exceptional items

Exceptional items are excluded from management's assessment of profit because by their size or nature they need to be separately disclosed to properly understand the Group's underlying quality of earnings. They are typically gains or losses arising from events that are not considered part of the core operations of the business. These items are excluded to reflect performance in a consistent manner and are in line with how the business is managed and measured on a day-to-day basis.

Post-balance sheet events

In accordance with IAS 10 *Events after the Reporting Period*, the Group continues to disclose events that it considers material, non-disclosure of which can influence the economic decisions of users of the financial statements.

4. Chemring Group PLC – parent company accounting policies

FRS 101 *Reduced Disclosure Framework*

The financial statements have been prepared in accordance with UK accounting standards and applicable law, including FRS 101 *Reduced Disclosure Framework*.

The Company operates a defined benefit scheme including employees of other Group companies (a Group plan). Following FRS 101, the scheme assets and liabilities have been allocated across the Group companies using a method that management considers to be the most appropriate, based on scheme membership, in accordance with the Group's internal policy.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- share-based payments;
- financial instruments;
- fair value measurements;
- IFRS 16 *Leases* (paragraphs 52 and 58);
- presentation of comparative information in respect of certain assets;
- IFRSs issued but not yet effective;
- related party transactions;
- assumptions and sensitivities for impairment review;
- cash flow; and
- tax related disclosures.

Investment in Group undertakings

Investments are stated at cost less any provision for impairment in value.

Critical accounting judgements and sources of estimation uncertainty

There are no critical accounting judgements for the Company. The other non-significant areas that include a degree of estimation uncertainty are below.

5. Accounting judgements and sources of estimation uncertainty

When applying the Group's accounting policies, management must make judgements, assumptions and estimates concerning the future that affect the carrying amounts of assets and liabilities at the balance sheet date and the amounts of revenue and expenses recognised during the period. Such judgements, assumptions and estimates are based upon factors including historical experience, the observance of trends in the industries in which the Group operates, and information available from the Group's customers and other external sources.

5. Accounting judgements and sources of estimation continued

Accounting judgements

Revenue recognition

Following IFRS 15 *Revenue from Contracts with Customers*, the Group recognises revenue on the basis of the satisfaction of performance obligations.

Management has to consider whether performance obligations should be recognised at a single point in time, which is generally the case for the sale of products by the Group, or over a period of time, which is more common for certain service contracts.

In making its judgement about obligations that are satisfied at a point in time, management has to consider at what point control has passed to the customer, allowing revenue to be recognised. This is typically determined through a consideration of customer acceptance testing, stage of completion, contract terms and delivery arrangements.

Key sources of estimation uncertainty

Goodwill impairment - Kilgore Flares Company, LLC ("Kilgore")

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit, and to determine a suitable discount rate in order to calculate present value (see note 11). The cashflows are based on the five-year board plan which makes various assumptions around the anticipated conditions in the defence industry, future orders and operational execution.

The key assumption in determining the value-in-use for Kilgore is revenue (see note 11). Given the wide range of plausible outcomes, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the CGU.

There are no other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Other non-significant areas that include a degree of estimation uncertainty or judgements

While these areas do not present a significant risk resulting in a material adjustment, they are areas of focus for management and include:

Provisions

The Group holds provisions where appropriate in respect of future economic outflows which arise due to past events. These are subject to uncertainty in respect of the outcome of future events. Estimates, judgements and assumptions are based on factors including historical experience, the observance of trends in the industries in which the Group operates, and information available from the Group's customers and other external sources. Actual outflows of economic benefit may not occur as anticipated, and estimates may prove to be incorrect, leading to further charges or releases of provisions as circumstances change. The provisions held by the Group as at 31 October 2025 are set out in note 25.

Capitalised development costs impairment

IAS 38 *Intangible Assets* requires that development costs, arising from the application of research findings or other technical knowledge to a plan or design of a new substantially improved product, are capitalised, subject to certain criteria being met. Determining the future cash flows generated by the products in development requires estimates which may differ from the actual outcome. In particular, this can depend on the estimation applied to future milestone events to secure long-term positions on production contracts, for example Programs of Record for the US DoD. The total capitalised development intangible asset is set out in note 12, which shows a carrying value of £20.2m at 31 October 2025. Included in this balance are individually material balances relating to Joint Biological Tactical Detection System (£8.7m) and Perceive (£4.3m).

Taxation

The Group operates in a number of countries around the world. Uncertainties exist in relation to the interpretation of complex tax legislation, changes in tax laws and the amount and timing of future taxable income. In some jurisdictions agreeing tax liabilities with local tax authorities can take several years. This could necessitate future adjustments to taxable income and expense already recorded. At the year-end date, tax liabilities and assets are based on management's best judgements around the application of the tax regulations and management's estimate of the future amounts that will be settled.

The Group's operating model involves the cross-border supply of goods into end markets. There is a risk that different tax authorities could seek to assess higher profits (or lower costs) to activities being undertaken in their jurisdiction, potentially leading to higher total tax payable by the Group.

At 31 October 2025 there was a provision of £1.1m in respect of uncertain tax positions. Due to the uncertainties noted above, there is a risk that the Group's judgements are challenged, resulting in a different tax payable or recoverable from the amounts provided. Management estimates that the reasonably possible range of outcomes is between £nil and £1.1m.

Deferred tax assets on tax losses and US interest deductions

The category of deferred tax asset which contains significant estimation uncertainty and which requires management judgement in assessing its recoverability relates to US interest limitations and tax losses carried forward (see note 26).

Applicable accounting standards permit the recognition of deferred tax assets only to the extent that it is probable that future taxable profits will be available, or to the extent that the existing taxable temporary differences, of an appropriate type, reverse in an appropriate period to utilise the tax losses carried forward. The assessment of future taxable profits involves significant estimation uncertainty, principally relating to an assessment of management's projections of future taxable income based on business plans and ongoing tax planning strategies. These projections include assumptions about the future strategy of the Group, the economic and regulatory environment in which the Group operates, future tax legislation and customer behaviour, amongst other variables.

Defined benefit pension scheme

There is inherent uncertainty associated with the timing of the anticipated buy-out and the final settlement of liabilities. Should the buy-out not proceed as expected, there may be a need to adjust the accounting treatment in a future period.

Investments in subsidiaries impairment (parent company only)

The parent company tests investments at least annually for impairment, in addition to when there is an indicator of impairment. Determining whether investments in subsidiaries are impaired requires an estimation of the value in use of the legal entities to which the investments relate. Where the investment value relates to an intermediate holding company, the subsidiaries of that holding company are used to support the carrying value. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the legal entity, and to determine a suitable discount rate in order to calculate present value (see note 11 of the Group financial statements). In reviewing the carrying value of investments in subsidiaries, the Board has considered the separate plans and cash flows of these businesses consistent with the requirements of IAS 36 *Impairment of Assets.* The plans and cash flows of these businesses reflect current and anticipated conditions in the defence industry. The total investments in subsidiaries are set out in note 3 of the parent company financial statements, which shows a carrying value of £823.6m at 31 October 2025.

Climate change

In preparing the financial statements, we have considered the impact of both physical and transitional climate change risks, which have helped develop the Group's internal transitional plan to ensure we achieve our climate-related targets, through the monitoring and assessment of our environmental metrics (discussed earlier in the annual report). The key element to achieving our climate-related target in our transitional plan is the electrification, energy efficiency and renewable energy sourcing for our operations; this approach requires upgrading and improvement of current facilities and equipment to be more efficient and is dependent on future capital expenditure. Therefore, the main areas affected from a financial perspective have been our impairment and going concern and viability assessments where we have ensured that these potential risks have been appropriately considered in forecast cash flows used.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHEMRING GROUP PLC

1. Our opinion is unmodified

We have audited the financial statements of Chemring Group PLC ("the Company") for the year ended 31 October 2025 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement, parent company balance sheet, parent company statement of comprehensive income, parent company statement of changes in equity, and the related notes, including the accounting policies in notes 3 and 4 of the "Accounting Policies" section of the financial statements.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 October 2025 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as auditor by the directors on 23 March 2018. The period of total uninterrupted engagement is for the eight financial years ended 31 October 2025. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£3.4m (2024:£3.5m) 5.2 (2024: 5.3%) of profit before tax, normalised to add back and exclude certain non-underlying items

Key audit matters (KAM)		vs 2024
Recurring KAM	Recoverability of goodwill and other assets associated with Kilgore Flares	▲
	Revenue recognition for sale of goods throughout the period	◀▶
	Recoverability of parent company's investments in subsidiaries	◀▶

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters (unchanged from 2024), in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

RECOVERABILITY OF GOODWILL AND OTHER ASSETS ASSOCIATED WITH KILGORE FLARES

(Goodwill: £5.8 million; 2024: £5.8 million) and other assets associated with Kilgore Flares.

Refer to page 66 (Audit Committee Report), page 141 (accounting policies) and page 109 (financial disclosures).

THE RISK

Forecast-based assessment

The Kilgore Flares ('KFL') cash generating unit ('CGU') has significant goodwill and other assets. There has been an increase in the assessed risk for this key audit matter because, whilst KFL has a number of dual supply contracts with a small number of defence customers, the recoverability of the goodwill and other assets in respect of the KFL CGU is at risk if orders are not awarded to KFL above certain volume levels. Estimating the level of orders to be awarded in the future is subjective due to the inherent uncertainty involved in forecasting future cashflows.

The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the KFL CGU has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements (note 11) disclose the sensitivity estimated by the Group.

Our response

We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- **Historical comparisons:** We challenged the cash flow forecasts by comparing historical projections to actual results to assess the Group's ability to forecast accurately;
- **Benchmarking assumptions:** We benchmarked key assumptions around volume to publicly available US Department of Defence budget information;
- **Sensitivity analysis:** We performed sensitivity analysis by reviewing the impact of reasonable downward changes to revenue and volume assumptions; and
- **Assessing transparency:** We assessed whether the Group's disclosures about the estimation uncertainty related to the impairment assessment reflect the risks inherent in the recoverable amount of goodwill and other assets in respect of the KFL CGU.

Our results

We found the Group's conclusion that there is no impairment in the goodwill and other assets in respect of the KFL CGU to be acceptable (2024 result: acceptable).

REVENUE RECOGNITION FOR SALE OF GOODS THROUGHOUT THE PERIOD

(£356.2 million; 2024: £339.4 million)

Refer to page 66 (Audit Committee Report), page 136 (accounting policies) and page 100 (financial disclosures).

THE RISK

Accounting application:

Based on our cumulative audit experience, we have concluded that there is not a material judgement or estimation in sale of goods revenue recognition, nor do we consider there to be a significant risk of material misstatement.

However, we consider revenue recognition for sale of goods to be a key audit matter as it is a key driver of the Group's results. Its size, the fact it is earned over the majority of components and the manual nature of our approach are reflected in the allocation of our resources in planning and executing the audit across the Group.

2. Key audit matters: our assessment of risks of material misstatement continued

Our response

We performed the tests below rather than seeking to rely on any of the Group's controls because for certain components the low volume of high value transactions meant that detailed testing is inherently the most effective means of obtaining audit evidence and for other components our knowledge of the design of these controls indicated that we would be unlikely to obtain the required evidence to support reliance on controls.

Our procedures included:

- **Tests of detail:** Analysis of revenue throughout the period using data and analytical techniques to identify unexpected transactions based upon expected account pairings, and agreeing unexpected transactions to supporting documentation;
- **Tests of detail:** Reconciling revenue recognised with cash receipts, adjusting for reconciling items including sales taxes, to assess the existence and accuracy of total revenue recorded; and
- **Tests of detail:** Selecting revenue transactions throughout the period using statistical sampling methods and agreeing each selected sample to supporting documentation to assess the existence and accuracy of the transactions recorded.

Our results

We considered the amount of sale of goods revenue throughout the period to be acceptable (2024: acceptable).

RECOVERABILITY OF PARENT COMPANY'S INVESTMENTS IN SUBSIDIARIES

(£823.6 million; 2024: £786.0 million)

Refer to page 66 (Audit Committee report), page 141 (accounting policies) and page 131 (financial disclosures).

THE RISK

Low risk, high value

The carrying amount of the parent company's investments in subsidiaries represents 96% (2024: 96%) of the parent company's total assets.

Their recoverability is neither at a high risk of material misstatement nor subject to significant judgement. However, due to their materiality in the context of the parent company financial statements, this is considered to be the area that had the greatest effect on our parent company audit.

Our response

We performed the tests below rather than seeking to rely on any of the parent company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our procedures included:

- **Historical comparisons:** We challenged the cash flow forecasts supporting the company's assessment that there are no impairment indicators for the carrying value of each investment by comparing historical projections to actual results to assess the company's ability to accurately forecast;
- **Sensitivity analysis:** We performed sensitivity analysis by performing a reverse stress test to calculate how much cashflows would have to reduce such that an impairment would occur;
- **Our sector experience:** We evaluated whether the reduction in cashflows calculated from our reverse stress was realistic when compared with our business understanding and historical comparisons; and
- **Comparing valuations:** We compared the carrying amount of the investments with the expected value of the business based on the company's market capitalisation and the fair value of the net debt.

Our results

We found the parent company's conclusion that there is no impairment of its investments in subsidiaries to be acceptable (2024 result: acceptable).

3. Our application of materiality and an overview of the scope of our audit

Our application of materiality

Materiality for the Group financial statements as a whole was set at £3.4m (2024: £3.5m), determined with reference to a benchmark of Group profit before tax from continuing operations, normalised to add back business restructuring costs, certain business acquisition costs and other non-underlying expenses totalling £4.9m and exclude gains on the movement in the fair value of derivatives of £7.3m as disclosed in note 3 (2024: non-underlying expenses of £11.0m and losses on the movement in the fair value of derivatives of £2.0m), of which it represents 5.2% (2024: 5.3%). We adjusted for these items because they do not represent the normal, continuing operations of the Group.

Materiality for the parent company financial statements as a whole was set at £3.2m (2024: £3.2m) determined with reference to a benchmark of parent company total assets, limited to be lower than materiality for the group financial statements as a whole. It represents 0.4% (2024: 0.4%) of the stated benchmark.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2024: 75%) of materiality for the financial statements as a whole, which equates to £2.6m (2024: £2.6m) for the Group and £2.4m (2024: £2.4m) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £170k (2024: £175k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Overview of the scope of our audit

This year, we applied the revised group auditing standard in our audit of the consolidated financial statements. The revised standard changes how an auditor approaches the identification of components, and how the audit procedures are planned and executed across components.

In particular, the definition of a component has changed, shifting the focus from how the entity prepares financial information to how we, as the group auditor, plan to perform audit procedures to address group risks of material misstatement. Similarly, the group auditor has an increased role in designing the audit procedures as well as making decisions on where these procedures are performed (centrally and/or at component level) and how these procedures are executed and supervised. As a result, we assess scoping and coverage in a different way and comparisons to prior period coverage figures are not meaningful. In this report we provide an indication of scope coverage on the new basis.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified 18 components, having considered the Group's legal structure, geographical locations, the presence of key audit matters and our ability to perform audit procedures centrally.

Of those, we identified seven quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Accordingly, we performed audit procedures on these components. We involved component auditors on six components. We performed audit procedures on the items added back and excluded from the normalised Group profit before tax used as the benchmark for our materiality. We set the component materialities, ranging from £1.4m to £2.0m, having regard to size and risk profile.

3. Our application of materiality and an overview of the scope of our audit continued

Overview of the scope of our audit continued

Our audit procedures covered 94% of Group revenue. We performed audit procedures in relation to components that accounted for 88% of Group total assets. We performed audit procedures in relation to components that accounted for 72% of total profits and losses that made up the Group profit before tax, and the parent Company which accounted for a further 20% of total profits and losses that made up the Group profit before tax.

The Group auditor performed the audit of the parent Company.

Impact of controls on our group audit

The Group has a decentralised IT environment and component operations across the Group utilise a diverse range of IT systems which underpin the financial reporting process relevant to our audit. With the assistance of our IT auditors, we obtained an understanding of the IT environment at a Group level and for components where we performed audit procedures. IT auditors in our component audit teams obtained an understanding of the IT environment, and IT systems relevant to financial reporting in their components, reporting details to us to establish a full understanding of IT across the Group.

We identified control deficiencies linked to the IT environment at certain components however, following incremental risk assessment, these did not lead to significant changes to our planned audit approach or in the identification of additional fraud risks as the planned audit response was already largely substantive in nature.

For one component, IT auditors assisted our component auditors in testing the design and operating effectiveness of general IT controls, as well as certain automated controls and system generated reports relied upon by management in financial reporting, within processes where a controls reliance approach was planned. Following our testing for this component we relied on general IT controls in determining the audit work to be performed in these areas and we were able to rely on automated controls in relation to service revenue which reduced the extent of our substantive work in this area.

For the remaining components where we performed audit procedures and at the Group level, given the diverse range of IT systems and control deficiencies identified, as well as having considered the efficiency and effectiveness of approaches to gain the appropriate audit evidence, we planned and executed a predominantly substantive audit approach.

To respond to the significant risk of management override of controls we assessed the design of certain automated and manual journal entry controls across all quantitatively significant components. For two components we were not able to rely on manual nor automated controls in this area, however following incremental risk assessment, we assessed that no significant changes were required to our planned audit approach.

Group auditor oversight

As part of establishing the overall Group audit strategy and plan, we conducted risk assessment and planning discussion meetings with component auditors to discuss Group audit risks relevant to the components, including the key audit matter in respect of revenue.

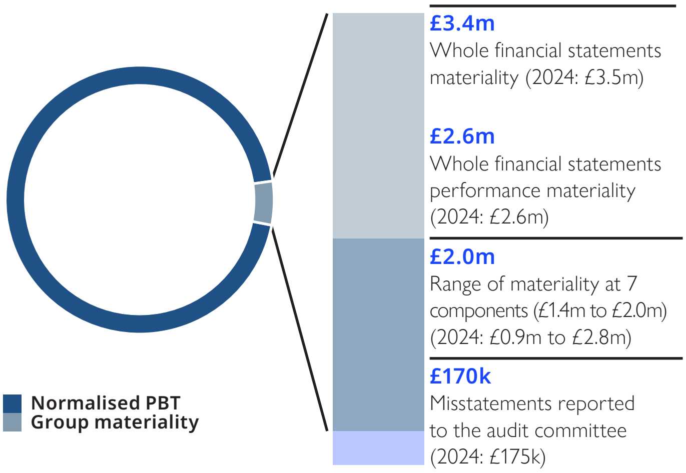
We hosted virtual conferences with all component auditors in August and September to emphasise key parts of the Group audit instructions, share risk assessment considerations, including brainstorming fraud risk assessment, and group developments. This allowed us to enhance our understanding of the component auditors' perspective on the overall audit approach and any local developments that were relevant to our Group audit.

We also visited five component auditors in the UK, the US and Norway to assess the audit risk and strategy. Regular video and telephone conference meetings were also held with these component auditors and others that were not physically visited. At these visits and meetings, the results of planning procedures and further audit procedures communicated to us were discussed in more detail, and any further work required was then performed by the component auditors.

We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed, with a particular focus on revenue and management override of controls.

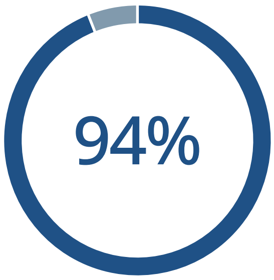
Normalised Group profit before tax
£65.3m (2024: £66.3m)

Group materiality
£3.4m (2024: £3.5m)



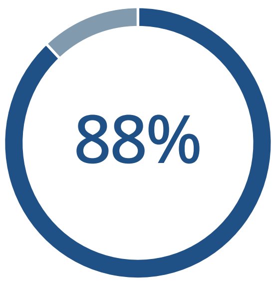
Our audit procedures covered the following percentage of Group revenue:

Group revenue

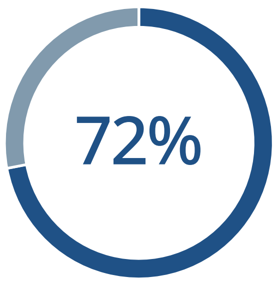


We performed audit procedures in relation to components that accounted for the following percentages of Group total assets and Total profits and losses that made up Group profit before tax:

Group total assets



Total profits and losses that made up Group profit before tax



4. The impact of climate change on our audit

In planning our audit, we considered the potential impacts of climate change on the Group's business and its financial statements, based on our knowledge of the Group's operations and their stated strategy with respect to climate change.

The context of climate change for the group

Climate change impacts the Group in a variety of ways including the impact of climate risk on manufacturing and procurement, potential reputational risk associated with the Group's delivery of its climate-related initiatives, and greater emphasis on climate-related narrative and disclosure in the annual report.

The Group's exposure to climate change is primarily through environmental factors impacting the safety of the sites across the Group, including wildfires in Australia and hurricanes in the US. As part of our audit, we have made enquiries of the Group to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this.

The Group emits greenhouse gases directly from energy used in its production operations. As explained on page 18 of the Group's annual report, the Group is working towards targets to reduce scope 1 and 2 carbon emissions to become net zero (scope 1 and scope 2 market-based) by 2035 and then working towards being a scope 3 net zero organisation by 2050.

The Group's assessment of accounting consequences

IFRS requires the Group's financial reporting to be based, amongst other things, on the Group's best estimate of assumptions that are reasonable and supportable as at the date of reporting. Those assumptions may not align with the ways in which the global economy, society and government policies will need to change in the future to meet the relevant targets.

The Group has set carbon emission targets and estimated the incremental capital and operational expenditure required to deliver those targets. The Group has considered the potential for asset obsolescence or shortened economic lives of its existing property, plant and equipment, and this does not result in any material changes to accounting estimates.

The Group has provided more detail on how it has considered climate change in its financial reporting on page 141 of the Group's financial statements.

Our audit response

Risk assessment procedures

As part of our risk assessment procedures, we made enquiries, with key members of management. Our enquiries focused on understanding the Group's climate-related strategy and identifying those areas where climate change could have a potential material impact on the financial statements. We did not identify the impact of climate risk as a separate Key Audit Matter in our audit given the nature of the Group's operations and knowledge gained of its impact on significant accounting estimates and judgements during our risk assessment procedures and testing.

Audit procedures in relation to Key Audit Matters

We did not consider the impact of climate change to be significant to our audit response for the Key Audit Matters relating to recoverability of goodwill and other assets of the KFL CGU and the parent company's investments in subsidiaries, or to revenue recognition for sale of goods throughout the period. On the basis of our risk assessment, we determined that while climate change poses a risk to the determination of future cash flows, the risk to this year's financial statements from climate change alone is not significant taking into account the extent of headroom available on the carrying value of the cash-generating units. As such, there was no impact on our Key Audit Matters.

Other audit procedures

During the course of our audit, we carried out the following additional audit procedures: we considered the Group's processes around climate change-related disclosures in the annual report and read the disclosures in the strategic report and directors' report and considered their consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and parent company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and parent company's available financial resources, EBITDA and net debt metrics relevant to debt covenants over this period were:

- temporary site shutdown and/or temporary business interruption;
- delays in production and/or sales extending working capital cycles and restricting cash flow;
- the potential outcome of the provisions related to environmental remediation claims; and
- lower defence spending by major customers.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

We considered whether the going concern disclosure on page 46 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and related sensitivities.

We also assessed completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in note 1 of the "Accounting Policies" section of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure on page 46 to be acceptable; and
- the related statement under the UK Listing Rules set out on page 94 is materially consistent with the financial statements and our audit knowledge

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud;
- reading Board, Audit Committee, Executive Committee, Remuneration Committee and Risk Committee meeting minutes;
- considering remuneration incentive schemes and performance targets for management and directors including the EPS target for management remuneration; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risk factors throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to the component auditors of relevant fraud risk factors identified at the Group level and a request for the component auditors to report to the Group auditor any instances of fraud that could give rise to a material misstatement at Group level.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries, and the risk of bias in accounting estimates and judgements including recoverability of goodwill and other assets of the KFL CGU and recoverability of the parent company's investments in subsidiaries as detailed in section 2 of this report. On this audit, we do not believe there is a fraud risk related to revenue recognition because there are no complexities or significant areas of estimation within the revenue recognition.

We did not identify any additional fraud risks.

We performed procedures including:

- identifying journal entries and other adjustments to test for all significant components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts; and
- assessing whether the judgements made in making significant accounting estimates are indicative of potential bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors (as required by auditing standards) and from inspection of the Group's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

This included communication from the Group auditor to the component auditors of relevant laws and regulations identified at the Group level, and a request for component auditors to report to the Group team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related company legislation), distributable profits legislation, taxation legislation and pension legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, special security agreements, environmental protection legislation, and anti-bribery and corruption, recognising the financial and regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards.

For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of fraud, as this may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

7. We have nothing to report on the other information in the Annual Report continued

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 39 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal risks and uncertainties disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement, set out on page 46 under the UK Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the UK Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 94 the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Teal (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE
8 December 2025

FIVE-YEAR RECORD

For the year ended 31 October 2025

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Revenue	**497.5**	488.3	445.3	378.4	319.4
Underlying EBITDA	**98.6**	91.5	78.9	73.9	60.6
Underlying operating profit	**73.5**	69.6	59.5	56.6	42.7
Non-underlying items	**(0.1)**	(13.0)	(23.1)	(10.0)	(7.1)
Operating profit	**73.4**	56.6	36.4	46.6	35.6
Finance expense	**(5.7)**	(4.8)	(1.3)	(1.5)	(1.6)
Profit before taxation	**67.7**	51.8	35.1	45.1	34.0
Taxation	**(14.4)**	(10.3)	(4.4)	(2.8)	(3.9)
Profit for the year from continuing operations	**53.3**	41.5	30.7	42.3	30.1
(Loss)/profit after tax from discontinued operations	**(5.1)**	(2.0)	(25.3)	5.1	11.4
Profit attributable to equity shareholders	**48.2**	39.5	5.4	47.4	41.5
Cash generated from continuing underlying operations	**112.2**	93.9	66.1	86.4	62.3
Intangible assets and property, plant and equipment	**518.2**	414.9	369.9	395.4	351.5
Working capital	**73.7**	88.3	82.3	93.9	84.4
Provisions	**(21.6)**	(19.9)	(17.6)	(18.4)	(17.5)
Retirement benefit surplus	**(0.1)**	0.1	5.9	11.2	13.7
Net current and deferred tax liabilities	**(21.2)**	(19.1)	(15.1)	(20.8)	(24.5)
Net debt	**(89.0)**	(52.8)	(14.4)	(7.2)	(26.6)
Other	**(78.0)**	(55.2)	(32.5)	(36.0)	(28.2)
Net assets employed	**382.0**	356.3	378.5	418.1	352.8
Financed by:					
Ordinary share capital	**2.7**	2.7	2.8	2.8	2.8
Reserves attributable to equity shareholders	**379.3**	353.6	375.7	415.3	350.0
Total equity	**382.0**	356.3	378.5	418.1	352.8
Basic underlying earnings per ordinary share (continuing operations)	**19.8p**	19.3p	17.8p	18.2p	12.9p
Diluted underlying earnings per ordinary share (continuing operations)	**19.4p**	18.9p	17.4p	17.8p	12.6p
Basic earnings per ordinary share (continuing operations)	**19.7p**	15.2p	10.9p	15.1p	10.7p
Diluted earnings per ordinary share (continuing operations)	**19.3p**	14.9p	10.6p	14.7p	10.5p
Dividend per share	**8.0p**	7.8p	6.9p	5.7p	4.8p

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Find out more online
For more information about Chemring Group PLC, please visit www.chemring.com, where the latest shareholder information can be accessed, including:

- current share price;
- key financial information;
- financial calendar;
- shareholder services and notices;
- corporate governance;
- results and presentations;
- analysts' forecasts; and
- regulatory news.

Chemring Group PLC's 2025 annual report and accounts and the Notice of the Annual General Meeting can also be viewed and downloaded at www.chemring.com/investors.

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