AVON PROTECTION

Half Year Results 2022

Addressing challenges, opportunities ahead

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Agenda

Headlines

Financial review

Addressing challenges, opportunities ahead

Questions

Headlines

Paul McDonald
Chief Executive Officer

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6 months of challenges and successes

- Revenue in line but with a different mix than normal
- Profitability impacted by identified and addressable issues
  - Product mix and process issues
  - Higher inventory (not converted into revenue)
  - Improvement expected through H2
- Further success in our helmets portfolio
  - Pleasing progress with IHPS NG first article testing
  - Award of the ACH GEN II for the U.S. DOD
- Realising commercial synergies across our global portfolio
- Increased threat environment driving future demand but timing uncertain

Confident in continued growth in the medium and long-term

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Threat environment changing

- U.S. buys highest threat level protection (c. 3.5% GDP)
- Europe has had low levels of investment in military equipment based on a relatively low threat level (c. 1.5% GDP)
- Events in Ukraine have changed both the threat and funding environment
- Sophisticated enemy with a track record of using CBRN weapons and rifle combat threat
- Greater risk of nuclear threat/disaster
- Likely higher levels of personnel deployment
- Troops will require high-specification protective equipment to meet the new threat levels in Europe (potentially budgets of between 2 – 3% GDP)

How war in Ukraine convinced Germany to rebuild its army

eaking point, the government
tary spending spree — will it be

Sweden and Finland
Nato applications 'agreed'

Sweden and Finland have agreed to submit simultaneous membership applicati

'Help is on the way': US Senate approves $40bn Ukraine package

Biden to sign mix of military and economic aid for Ukraine and its allies after 86-11 vote in Senate on Thursday

Var in Ukraine + Add to myFT

Nato steps up defence against chemical and nuclear attacks in response to Russian threats

How does this impact us?

Immediate impact	1 – 2 years	2 – 4 years
• NATO supporting Ukraine from current stocks. • We sold all available stock in March	• Ukraine requirements identified • Increased funding (Aid & Defence) • Additional procurement underway	• Increased quality and quantity of stocks at the country level • Increased use due to militarisation of eastern border of NATO

We are very well placed with long-term NATO and U.S. framework contracts

- allows swift ordering under standard pre-negotiated terms

Financial Review

Rich Cashin
Chief Financial Officer

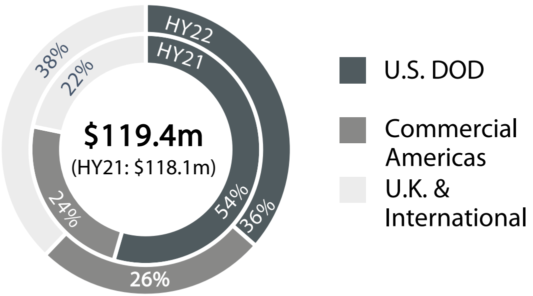
Financial performance in HY22

Continuing operations excluding armor	HY22	HY21[1]
Orders received	**$113.6m**	$167.9m
Closing order book	**$110.7m**	$131.5m
Revenue	**$119.4m**	$118.1m
Adjusted EBITDA	**$12.5m**	$22.5m
Adjusted EBITDA margin	**10.5%**	19.1%
Adjusted operating profit	**$5.1m**	$16.8m
Adjusted basic earnings per share	**9.1c**	40.1c
Dividend per share	**14.3c**	14.3c
Cash conversion	**83.9%**	68.5%
Net debt excluding lease liabilities	**$56.6m**	$12.9m

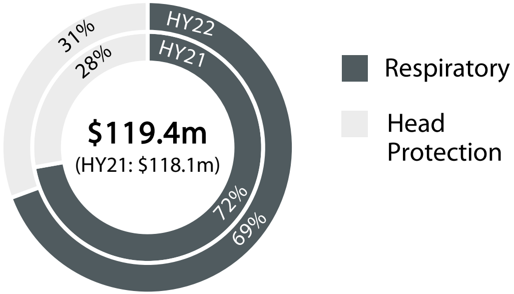
[1] HY21 restated. See slide 33 for details

Lower orders due to reduction from U.S. DOD and lapping strong prior-year comparable figures from Europe

Revenue split by business



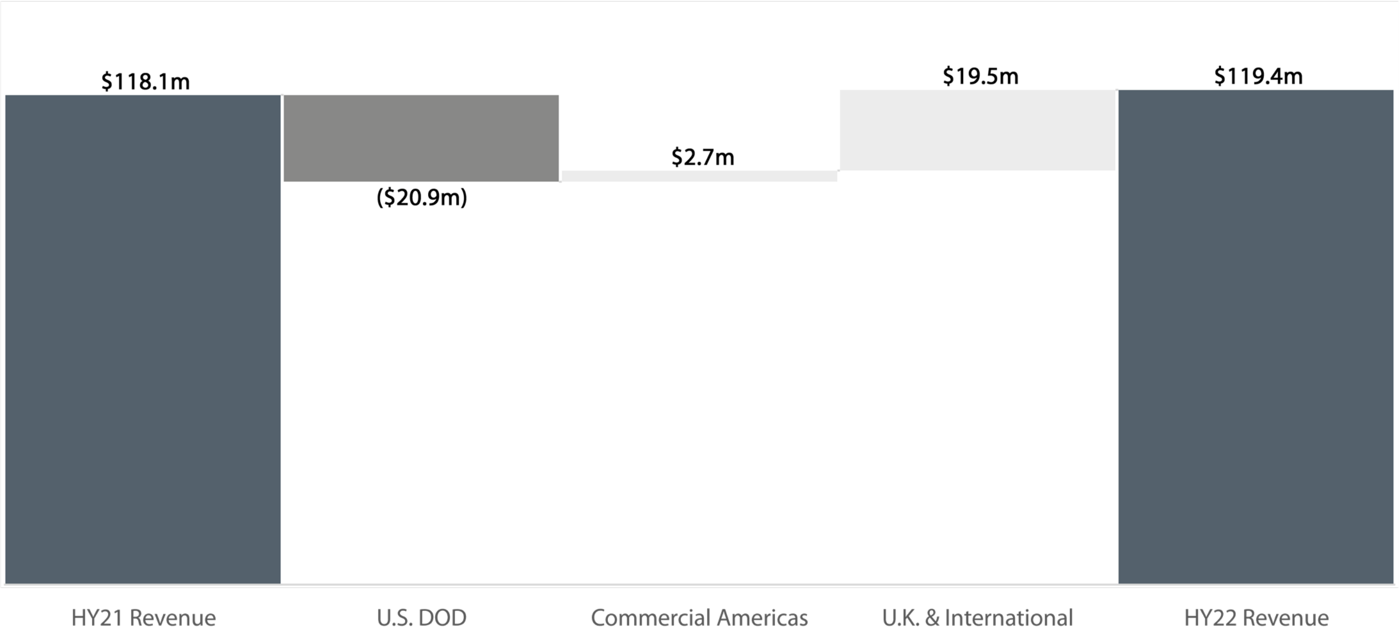
Revenue split by product category



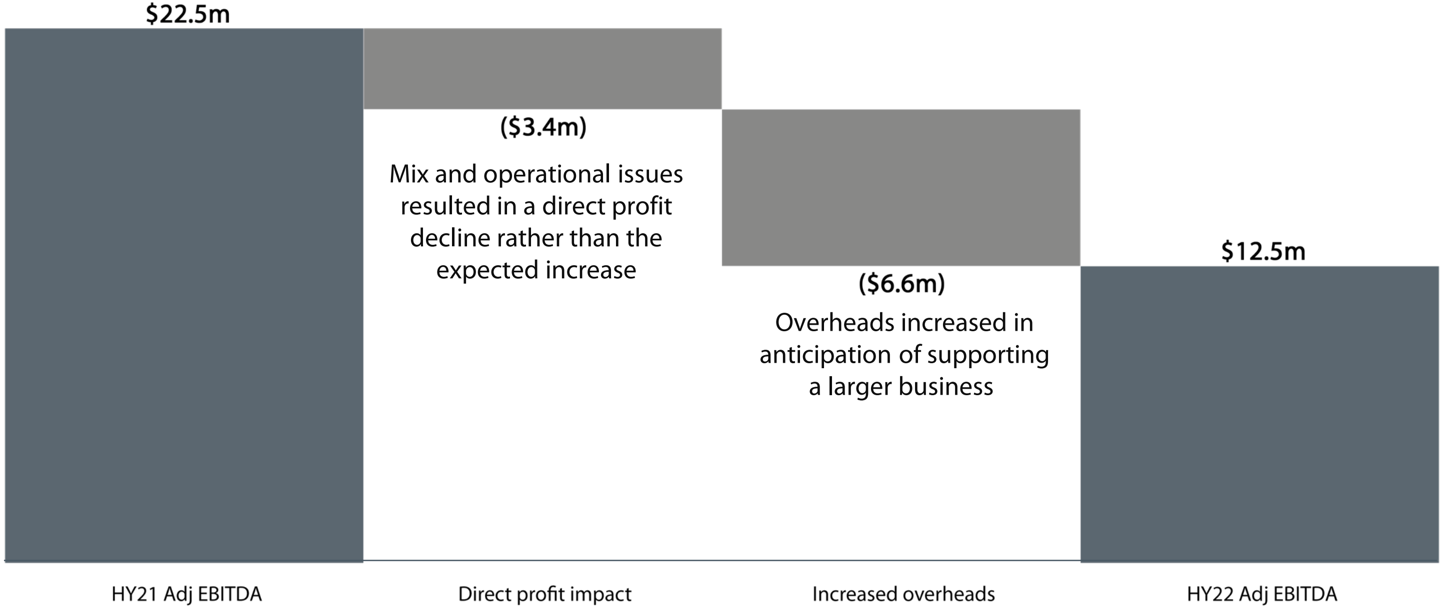
Income statement

	Armor $m	Respiratory & Head Protection $m	HY22 Total $m	HY21 $m (restated)
Revenue	2.5	119.4	121.9	122.0
Adjusted EBITDA	(6.3)	12.5	6.2	19.1
Adjusted depreciation and amortisation	-	(7.4)	(7.4)	(6.6)
Adjusted operating (loss)/profit	(6.3)	5.1	(1.2)	12.5
Adjusted net finance costs	(0.1)	(1.5)	(1.6)	(1.5)
Adjusted (loss)/profit before taxation	(6.4)	3.6	(2.8)	11.0
Adjusted taxation	1.4	(0.8)	0.6	(2.3)
Adjusted (loss)/profit for the period	(5.0)	2.8	(2.2)	8.7
Adjusted basic earnings per share	(16.3c)	9.1c	(7.2c)	28.4c
Dividend per share			14.3c	14.3c

Revenue growth from Europe offsetting U.S. weakness



EBITDA bridge



Adjusted EBITDA – before adjusting items and excluding armor

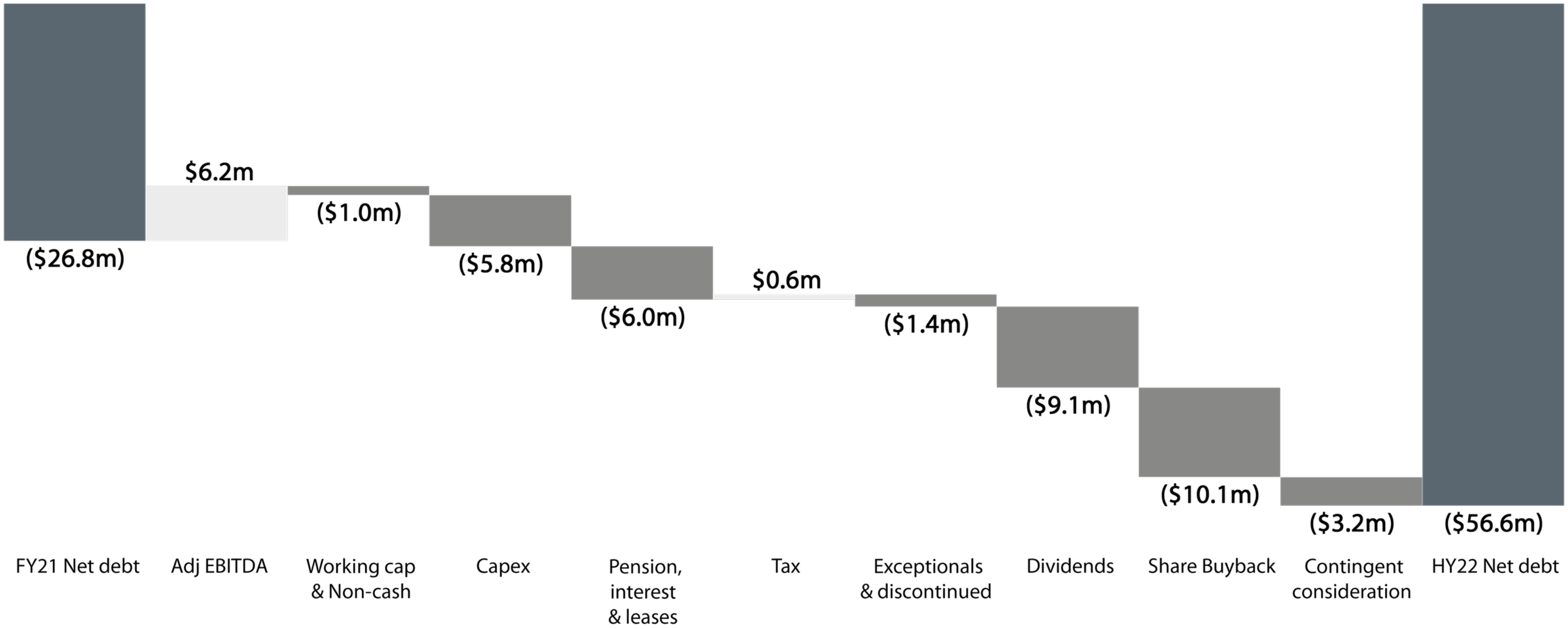
Actions for H2

H1 Issue	Solutions
Mix – both between business segments and within segments	Mix improvement dependent on orders expected in Q3 – we are in active dialogue, but volatile funding and ordering environment creates risk
Operational issues – lumpy sourcing of raw-materials has contributed to inefficient manufacturing patterns	Changed our procurement processes to facilitate stocking hard-to-source components in anticipation of orders. Change possible due to higher demand
Operational issues – capacity under-utilised, particularly in helmets	Existing $15m cost saving programme • c. $8m ongoing business, remainder armor • H2 $3-4m benefit to ongoing business Additional $6m cost saving programme announced today • Benefit principally in FY23 Both programmes will be implemented by year end

Cash flow

	HY22 $m	HY21 $m (Restated)
Cash flows from continuing operations before exceptional items	5.2	13.1
Cash impact of discontinued operations and exceptional items	(1.4)	(6.0)
Cash flows from operations	3.8	7.1
Finance costs	(1.3)	(0.5)
Repayment of lease liability	(2.1)	(2.0)
Payments to pension plan	(2.6)	-
Tax	0.6	(2.0)
Capital Expenditure	(5.8)	(14.7)
Acquisitions	(3.2)	(130.9)
Divestments	-	(6.2)
Purchase of own shares – Long term incentive plan	-	(4.3)
Purchase of own shares – Share Buyback Programme	(10.1)	-
Dividends to shareholders	(9.1)	(7.7)
Foreign exchange	-	0.6
Change in net debt, excluding lease liabilities	(29.8)	(160.6)
% Cash conversion from adjusted EBITDA	83.9%	68.5%

Net debt reconciliation



Excludes IFRS16 lease liabilities

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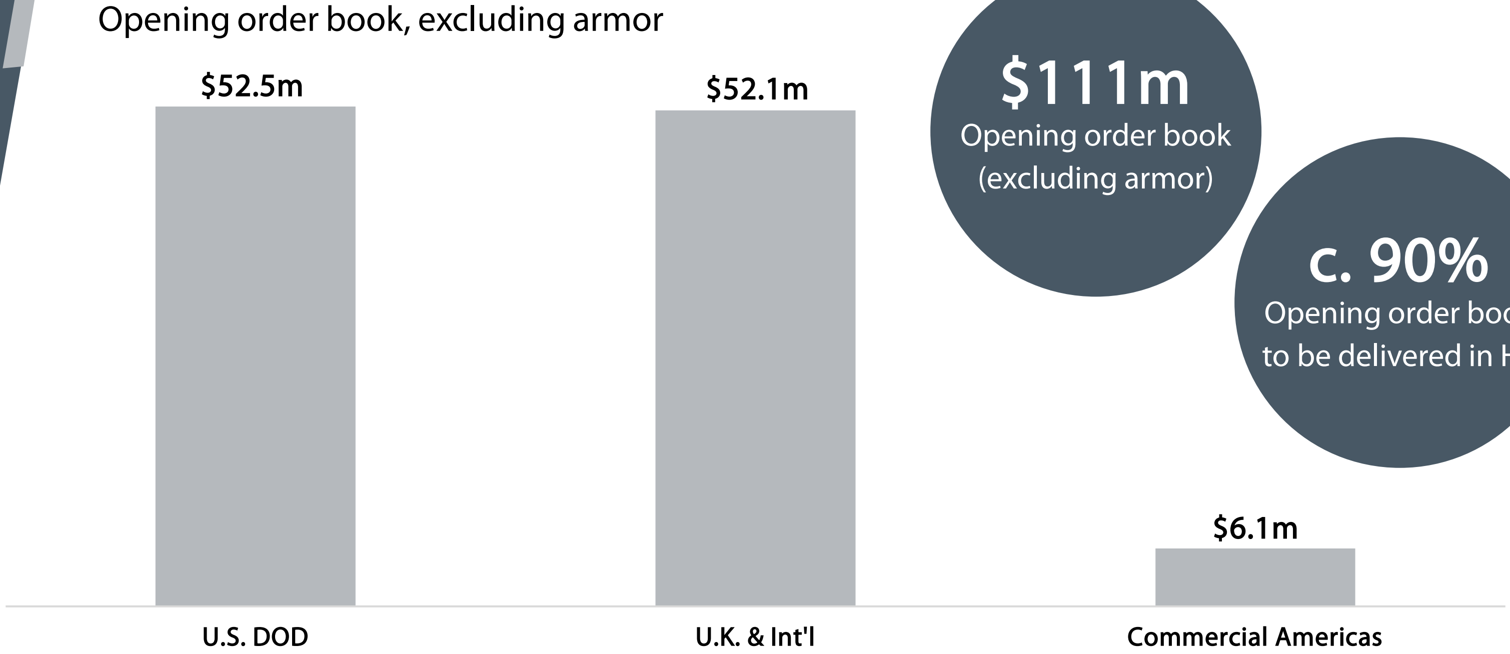
Balance sheet

	HY22 $m	FY21 $m
Intangible assets	175.9	181.0
Property, plant and equipment	43.7	48.6
Current assets	117.5	114.8
Current liabilities	(44.0)	(43.5)
Net other non-current assets	21.2	28.7
Net (debt)/cash (including lease liabilities)	(83.3)	(55.9)
Retirement benefit scheme	(28.7)	(68.3)
Net assets	202.3	205.4

Range of possible outcomes for FY22



$111m
Opening order book (excluding armor)

c. 90%
Opening order book to be delivered in H2

We are working closely to convert interest into firm, funded orders

Expectations for FY22

Order book	Revenue	Margin
• Opening order book of \$111m provides good visibility into H2	• Volatility of funding and timing of customer orders gives rise to risk to the H2 revenue mix outlook despite a very strong macro demand environment • Work in the last 2-3 months to protect ourselves against supply chain lead times leaves us in good stead to capitalise on the revenue opportunities as orders flow	• Margin should improve in H2 • \$3 – 4m savings delivered in H2 from \$15m saving programme • Inflation is expected to present a headwind • Mix improvement dependent on orders expected in Q3, yet to be received

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First observations...

- Outstanding team and culture
- World class products and capabilities
- Developing strategy
- Recent challenges weighing on sentiment
- Opportunity to improve financial analysis
- Focus shifting to delivering growth/improving efficiency

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Addressing challenges, opportunities ahead

Paul McDonald
Chief Executive Officer

Building a world-leading helmet business

- Progress this year
  - IHPS NG FAT in progress, with expected approvals in the summer for production from FY23
  - ACH GEN II approval will be submitted in the summer, for approval in Q2 FY23
  - In-sourced shell production into legacy Team Wendy production complete

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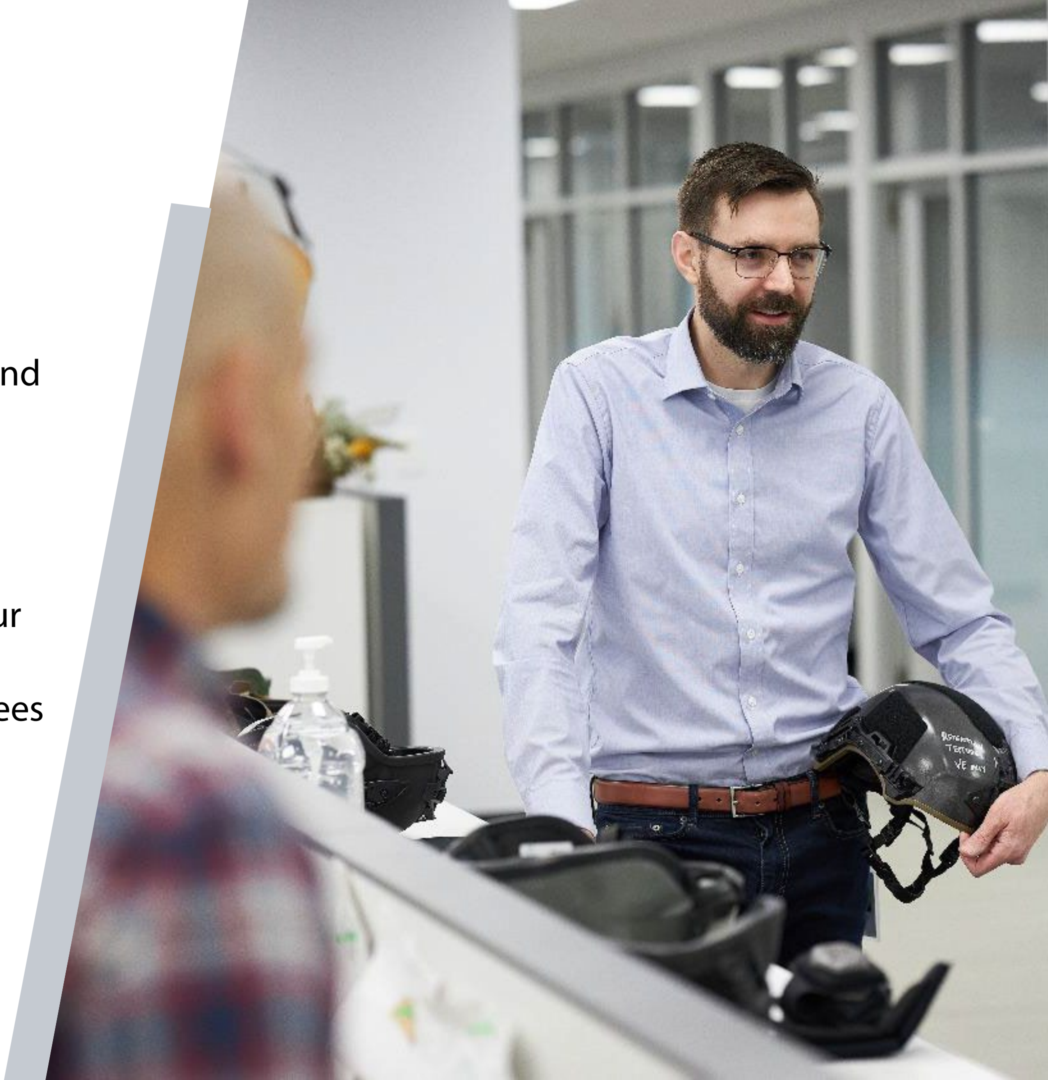
Addressing the challenges

- Working with our people
  - Our people are at the heart of our capability and decision-making
  - Integrated organisation with one global structure
  - Rolled out U.S. COVID vaccine mandate
  - Increased employee turnover and direct labour shortages due to market conditions
  - We have increased engagement with employees and are using "pulse" employee surveys



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Addressing the challenges

- Product lead times stabilised
  - Global supply lead times now stabilised
  - We are taking a more agile approach to component procurement
  - Customers willing to use air freight to speed up delivery
- Armor
  - At final stages of DLA ESAPI product approval
  - Product delivery will begin immediately on receipt of approval

Strong, established business

- Global market leader in advanced respiratory and head protection systems
- Structurally growing defence and security end markets
- Deeply embedded customer relationships with proven technology and long-term product life cycle expectations
- Design, develop & manufacture in-house
- Strong margin and cash returns
- Consistent investment in product development
- Growth opportunities through geographic expansion and product range

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Deeply embedded customer relationships

Confident in the medium-term outlook

- In the medium-term, Avon Protection has a significant opportunity given the expansion of demand for our products.
- We are carefully considering how to manage that demand in a disciplined way, to support our customers while optimising returns.
- Our world-leading products and solutions have a key role to play in protecting service personnel in an increasingly unstable environment, and we have confidence in delivering growth in the medium and long term.

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Questions

Appendix

FY22 technical guidance

$ million	Group
Adjusted depreciation and amortisation	$17m
Amortisation of acquired intangibles	$7m
Capex	$12-15m
Adjusted interest	$4m
Cash pension contribution	$4.5m
Adjusted tax rate	21%
1 cent increase/decrease in £:$ FX rate increases/decreases revenue by	~$0.2m
1 cent increase/decrease in £:$ FX rate decreases/increases operating profit by	~$0.2m

Income statement by line of business

HY22	Armor	Respiratory & Head Protection	Total
	$m	$m	$m
Orders received	0.3	113.6	113.9
Closing order book	24.4	110.7	135.1
Revenue	2.5	119.4	121.9
Adjusted EBITDA	(6.3)	12.5	6.2
Adjusted EBITDA margin	(252%)	10.4%	5.1%
Adjusted operating profit/(loss)	(6.3)	5.1	(1.2)

Reported to adjusted reconciliation

	HY22 $m	HY21 $m (restated)
Operating (loss)/profit	**(10.7)**	**3.4**
Amortisation of acquired intangibles	**3.5**	7.0
Restructuring costs	**1.4**	-
Transaction costs	**0.8**	-
Impairment of non-current assets	**3.8**	-
Release of contingent consideration	**-**	(2.2)
Acquisition related costs	**-**	1.9
Inventory fair value adjustments	**-**	2.4
Adjusted operating (loss)/profit	**(1.2)**	**12.5**

Revenue by line of business

	HY22 Respiratory $m	HY22 Head Protection $m	HY22 Total $m	HY21 Respiratory $m	HY21 Head Protection $m	HY21 Total $m
U.S. DOD	**24.0**	**19.5**	**43.5**	48.4	16.0	64.4
Commercial Americas	**17.7**	**13.0**	**30.7**	18.7	9.3	28.0
U.K. & International	**41.1**	**4.1**	**45.2**	18.2	7.5	25.7
Total	**82.8**	**36.6**	**119.4**	85.3	32.8	118.1

Prior period restatement – no change to FY21

HY21 Income statement	Previously reported	Phasing adjustments	Classification adjustments[3]	Restated
	$m	$m	$m	$m
Revenue	122.0	-	-	122.0
Cost of sales	(81.1)	(4.0)[1]	(0.9)	(86.0)
Gross profit	40.9	(4.0)	(0.9)	36.0
Selling and distribution costs	(10.7)	-	-	(10.7)
General and administrative expenses	(24.0)	(1.0)[2]	3.1	(21.9)
Operating profit	6.2	(5.0)	2.2	3.4
Finance costs	(0.8)	-	(2.2)	(3.0)
Profit before taxation	5.4	(5.0)	-	0.4
Taxation	(1.0)	1.1	-	0.1
Profit for the period from continuing operations	4.4	(3.9)	-	0.5

(1) $4.0m one-off non-cash inventory adjustment as announced at the time of the FY21 trading update
(2) $1.0m charged to G&A, previously incorrectly capitalised in HY21 (corrected at the time of FY21)
(3) Re-classifications between cost lines

Foreign exchange and sensitivities

	Average rate HY22	Closing rate HY22	Average rate HY21	Closing rate HY21	Closing rate FY21
Sterling - £1 = $	**0.7438**	**0.7614**	0.7423	0.7253	0.7384

	1 cent increase $m
Revenue	**0.2**
Operating profit	**(0.2)**
Net assets	**(0.6)**

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Abbreviations

- **50 Series** - A range of masks based on the proven technology of the M50 mask system
- **CBRN** - Chemical, Biological, Radiological, Nuclear
- **CE** - CE markings indicate conformity to health and safety standards sold within the European Economic area
- **DLA** - Defense Logistics Agency
- **DOD** - Department of Defense
- **ESAPI** - Enhanced small arms protective inserts
- **FX** - Foreign exchange
- **FY** - Financial year
- **GSR** - General Service Respirator
- **H1/H2** - First half of the financial year (October – March) / Second half of financial year (April – September)
- **IHPS** - Integrated Head Protection System
- **MOD** - Ministry of Defence
- **NATO** - North Atlantic Treaty Organization
- **NSPA** - NATO Support and Procurement Agency
- **PAPR** - Powered Air Purifying Respirator
- **SCBA** - Self-contained breathing apparatus
- **VTP** - Vital Torso Protection