

Another year of progress and delivery

2021 Full year results summary

Innovating today for a safer tomorrow

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Ultra's strategy and transformation ahead of expectations...

ULTRA



Strong progress



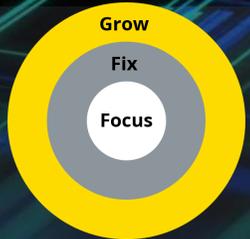
Transformation delivering



Growth ahead of markets



Technology driving record order book



Good momentum

...delivering for all stakeholders



1

Strong progress



Key awards on new and existing programmes...

ULTRA.



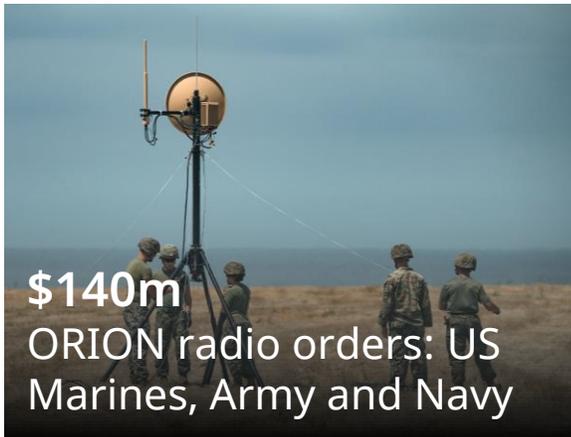
\$118m
Sonobuoy orders under
ERAPSCO IDIQ



£65m
Cyber award from UK
MoD



£60m
Indian Navy Integrated
ASW defence system (IADS)



\$140m
ORION radio orders: US
Marines, Army and Navy



\$24m
Forensic Technology
contract across Brazil



\$30m
Production award on
NGSSR programme

...driving record £1.3bn order book

2021 results highlights

ULTRA

| £'m | 2021 | 2020* | Organic growth ⁽³⁾ |
|---------------------------------------|---------|---------|-------------------------------|
| Order book ⁽⁸⁾ | 1,300.9 | 1,066.7 | +22.0% |
| Order cover ⁽⁷⁾ | 78% | 71% | |
| Revenue | 850.7 | 816.5 | +4.2% |
| Operating profit ⁽¹⁾ | 129.6 | 120.0 | +8.0% |
| Operating margin ⁽¹⁾ | 15.2% | 14.7% | |
| | 2021 | 2020 | Growth |
| Profit before tax ⁽²⁾ | 116.6 | 114.5 | +1.8% |
| Earnings per share (p) ⁽²⁾ | 135.7 | 130.6 | +3.9% |
| Cash conversion | 86% | 92% | |
| ROIC ⁽⁴⁾ | 21.2% | 20.0% | |
| Statutory profit before tax | 82.7 | 103.7 | -20.3% |

Excellent visibility

Revenue robust despite pandemic challenges

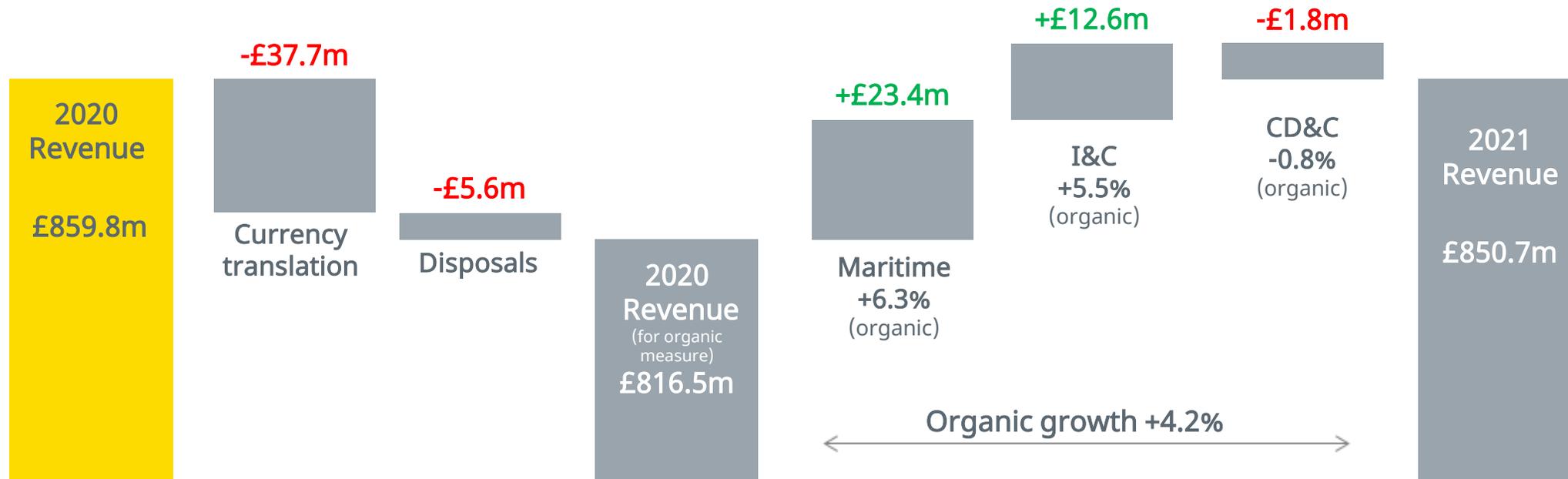
Margin benefiting from transformation / CI

Solid cash conversion

* Comparative period presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership.
1,2,3,4,7,8 see schedule 1.

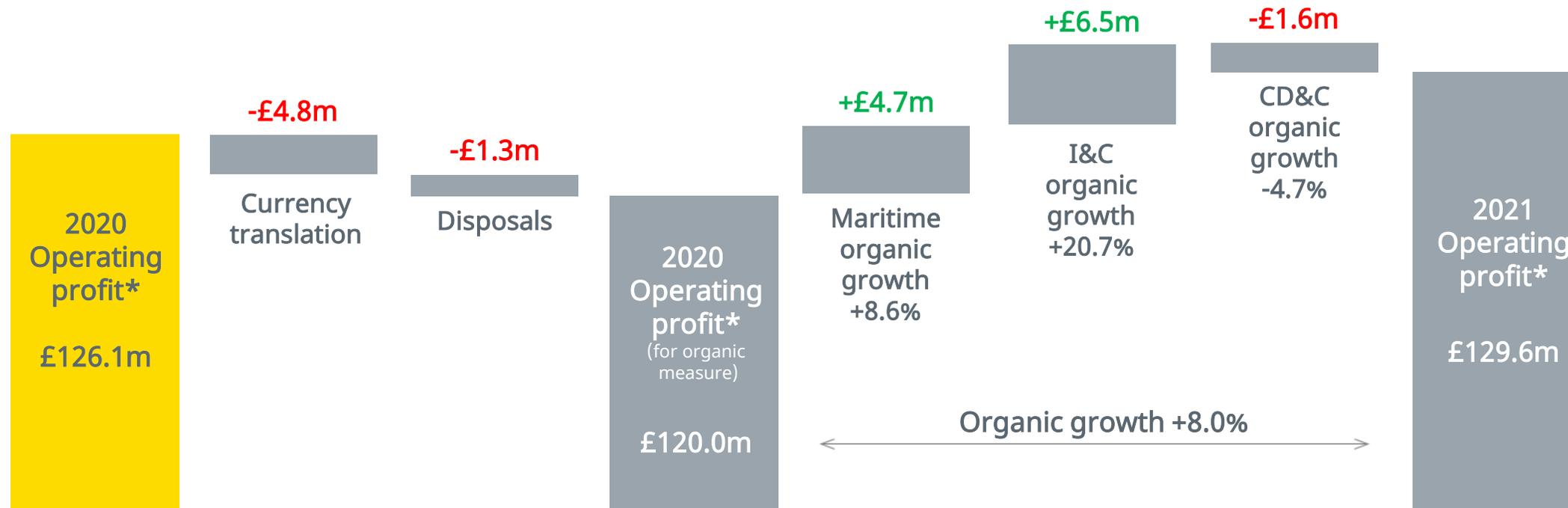
Strong performance

Another year of organic revenue growth...



...outperforming core markets

Operating profit also benefiting...



... from transformation and CI

| £'m | 2021 | 2020* | Organic Growth ⁽³⁾ |
|---------------------------------|-------|-------|-------------------------------|
| Order book ⁽⁸⁾ | 683.6 | 541.1 | +26.3% |
| Revenue | 395.4 | 372.0 | +6.3% |
| Operating profit ⁽¹⁾ | 59.4 | 54.7 | +8.6% |
| Operating margin ⁽¹⁾ | 15.0% | 14.7% | |

Extremely strong order intake on torpedo defence systems, sonar technology and Next Generation Surface Search Radar

Underlying profit impacted by H1 programme issues and supply chain challenges in Q4

* Comparative period presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership. ^{1,3,8} see schedule 1.

Solid growth despite pandemic challenges

| £'m | 2021 | 2020* | Organic Growth ⁽³⁾ |
|---------------------------------|-------|-------|-------------------------------|
| Order book ⁽⁸⁾ | 323.0 | 238.6 | +35.4% |
| Revenue | 241.3 | 228.7 | +5.5% |
| Operating profit ⁽¹⁾ | 37.9 | 31.4 | +20.7% |
| Operating margin ⁽¹⁾ | 15.7% | 13.7% | |

Driven by ORION radios and Cyber solutions

Favourable mix and operational gearing

* Comparative period presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership.
^{1,3,8} see schedule 1.

Excellent operational performance

Critical Detection & Control Businesses

(PCS, Forensic Technology & Energy)

ULTRA

| £'m | 2021 | 2020* | Organic Growth ⁽³⁾ |
|---------------------------------|-------|-------|-------------------------------|
| Order book ⁽⁸⁾ | 294.3 | 287.0 | +2.5% |
| Revenue | 214.0 | 215.8 | -0.8% |
| Operating profit ⁽¹⁾ | 32.3 | 33.9 | -4.7% |
| Operating margin ⁽¹⁾ | 15.1% | 15.7% | |

Strong military aerospace and forensic orders offsetting commercial aerospace decline

Adverse mix due to decline in commercial aerospace

* Comparative period presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership.
^{1,3,8} see schedule 1.

Resilient performance despite commercial aerospace weakness

Operating cash flow

ULTRA

| £'m | 2021 | 2020 |
|---|--------|--------|
| Underlying operating profit⁽¹⁾ | 129.6 | 126.1 |
| Depreciation and amortisation | 25.2 | 24.9 |
| EBITDA | 154.8 | 151.0 |
| Lease payments (IFRS 16) | (8.3) | (9.0) |
| Working capital and provisions | (5.1) | 4.4 |
| Capital expenditure* | (24.7) | (22.1) |
| Pension contributions | (11.2) | (11.0) |
| Other movements | 6.0 | 2.8 |
| Underlying operating cash flow⁽⁵⁾ | 111.5 | 116.1 |
| Operating cash conversion⁽⁶⁾ | 86% | 92% |

Working capital turns increased from x10.1 to x12.3

Strong advance payments and lower than originally expected capital expenditure

*Includes capitalised internal R&D

¹⁵⁶ see schedule 1.

Strong cash conversion

Strong liquidity and balance sheet...

| | 2021 | 2020 |
|---------------------------------------|--------|---------|
| Free cash flow | £90.7m | £99.4m |
| Net debt* | £74.8m | £158.8m |
| Net debt to EBITDA* | 0.48x | 1.05x |
| Committed facility headroom available | £280m | £280m |
| IAS 19 UK pension deficit | £35m | £70m |
| Total dividend | 16.2p | 56.9p |

Free cash flow impacted by take-over costs of £6.8m

Net cash (excluding leases) of £0.7m

Leverage for covenant purposes is x0.0

£36m of remaining pension payments under current schedule of contributions

No final dividend (Advent offer condition)

*net debt including IFRS 16 lease liabilities and pension liabilities.

...further enhanced by post year end disposal...

...a disciplined capital allocation policy...



...potential strategy acceleration

| | 2022 |
|---|--|
| Order book | Continued strong order book and sales pipeline |
| Revenue | Continued strong year-on-year organic revenue growth, driven by Maritime and I&C. Also expect CD&C to grow organically, led by Forensic Technology business. |
| Transformation investment | Continued investment into Focus; Fix; Grow transformation. OpEx £8m-£9m, CapEx to be broadly flat at £7m. |
| Operating Margin | No guidance provided due to Advent/Cobham offer period |
| Internal R&D | Expected IRAD between 3.5% and 4% of group revenue |
| Return on Invested Capital ⁽⁴⁾ | ROIC progression |
| Operating cash flow | Circa 75-85% cash conversion Capital Expenditure £25 - £30m |
| Tax rate | Underlying tax rate expected to be around 19-20% (with cash tax rate expected to be c.13%) |

Delivering for our stakeholders

2 Transformation delivering



Transformation delivering ahead of plan...

Site Excellence

- Consolidating two US sites and two UK sites
- I&C UK facility consolidation plan
- Forensic Technology site move complete



Operating Model

- OBU structure successfully implemented
- IT centralized



Technology Enablement

- Roll-out of 'uNet': secure and efficient networking
- New innovation management platform
- New portfolio management solution



Procurement

- Global Category Managers appointed
- New supplier code of conduct
- Cost savings and avoidance targets exceeded



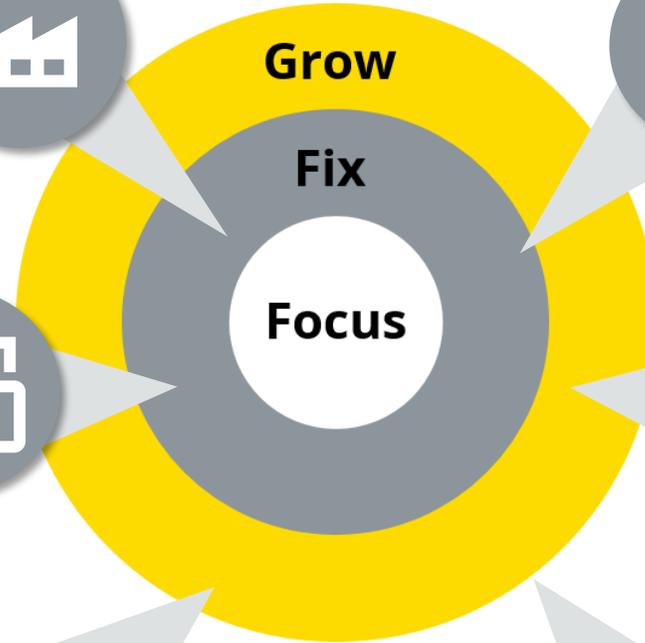
ONE Ultra Culture

- Recognising our values - 900+ ASPIRE peer recommendations
- Increased investment in development – leadership and diversity
- CI embedded with hundreds of regular sprints



Operational & Functional Excellence

- ONE Ultra sales/bid processes launched
- Global CRM rollout begins
- Go-live of new Chart of Accounts, finance reporting and HRIS systems



...continuous improvement driving additional benefits

Delivering for our stakeholders despite challenges...

ULTRA

Employees

68% employee engagement score

Open roles filled by internal candidates up 104%

16.6% group voluntary turnover

Customers

Average Net Promoter Score: 52

Group market share: 14%

On time delivery: 85.2%

Solution Vitality: Index 15.0%

Labour productivity improved in 8 out of 11 OBUs

Suppliers

First year of procurement savings

Total cost of procurement reduced

Communities

Reduced carbon emissions/£m revenue by 24%

Community fund > £500k in 2 years

>2,000 hours of community giving

Reduced single-use plastics by >75,000 items

Investors

ROIC: 21.2%

Organic order book growth: 22.0%

Organic revenue growth: 4.2%

Average working capital turn: 12.3x

...through operational and cultural improvements

3 Growth ahead of markets



Outperforming robust core markets...

| SBU | 2021 market growth | 2021 Ultra organic revenue growth | Commentary |
|-------------------------------|-------------------------------------|-----------------------------------|---|
| Maritime | +3% <i>(5 year CAGR 2-4%)</i> | +6.3% | Substantial recapitalization to counter near-peer adversaries and threat perception Increased connectivity, interoperability, interchangeability Expanding unmanned capability and SWaP |
| Intelligence & Communications | +4% <i>(5 year CAGR 3-5%)</i> | +5.5% | Increasing focus on intelligent networking and AI/ML Multi-domain cognitive decision making (JADC2) Heightened awareness of cyber threats |
| Critical Detection & Control | +0.75% <i>(5 year CAGR 2-4%)</i> | -0.8% | Order backlog supported commercial aerospace sales in H1 2020 providing a tough comparison for 2021. Overall, sales from PCS were resilient. Increasing adoption of forensic gun-crime analytics and broadening customer solutions |

Source: Company estimates, Roland Berger

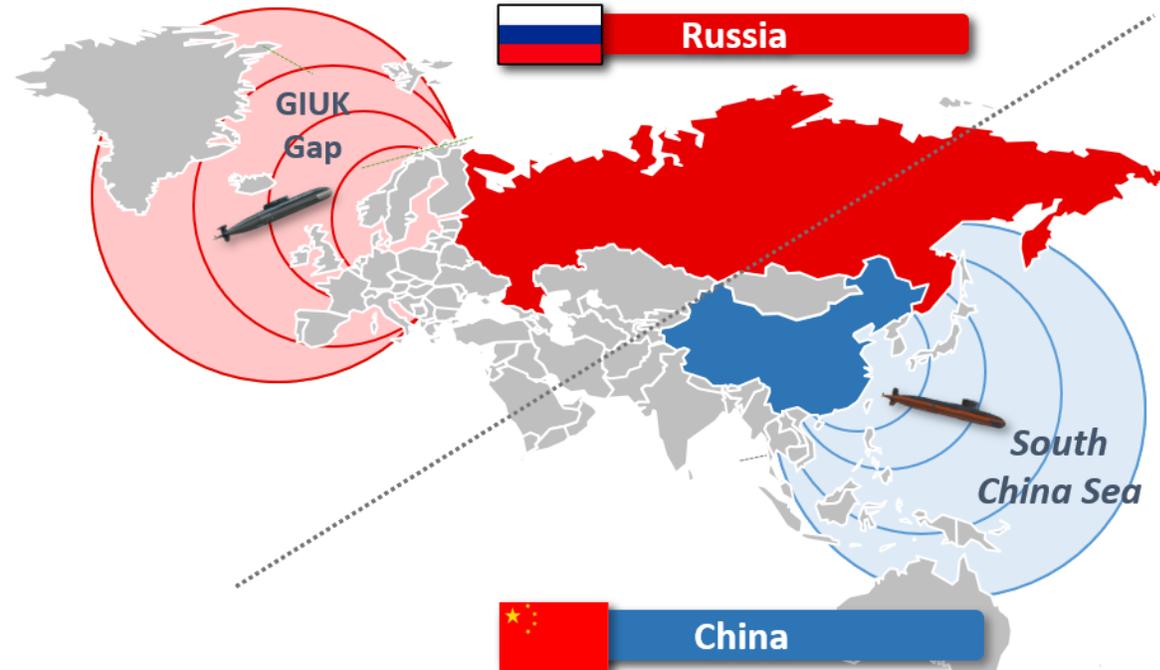
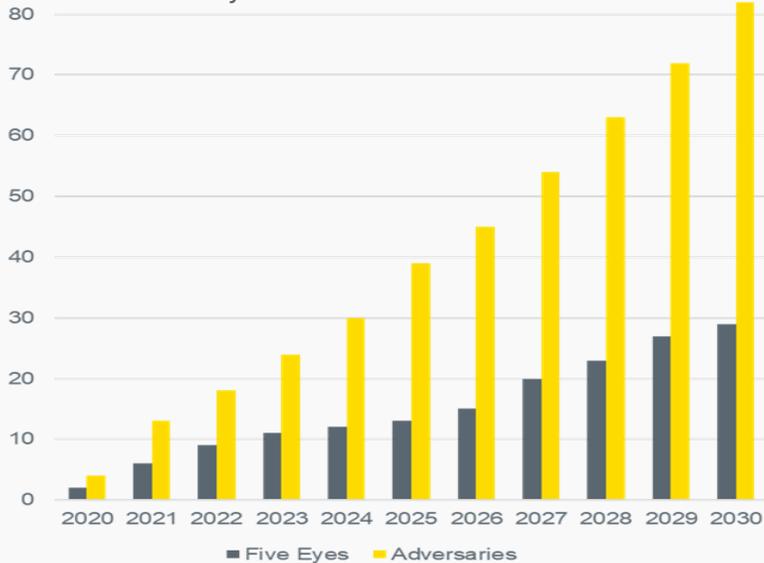
...good underlying growth

Near peer threats now a reality...

Size and sophistication of near-peer capabilities evident – concerning activity

- + Near-peer submarine activity levels increasing
- + China and Russia both growing fleets – new, more capable submarines
- + Emerging capabilities (e.g. hypersonics) require dramatically faster response times to counteract.

Five-eyes vs adversarial submarine fleets



The Guardian

Russia invades Ukraine as Putin declares war to 'demilitarise' neighbour

THE TIMES

Admiral Sir Tony Radakin warns of Russian threat at sea

'Phenomenal' increase in submarine activity, says new defence chief

The New York Times

China's Weapon Tests Close to a 'Sputnik Moment,' U.S. General Says

Gen. Mark A. Milley said China's testing of a hypersonic missile "has all of our attention."

...accelerating Five Eyes response...

Focus on greater intelligence, cooperation and alignment...

Next generation Anti Submarine Warfare (ASW):

- + ASW growth **>5% p.a.** over 5 years
- + Focused on major submarine hunter platforms:



Type 26

(UK, CAN, AUS, NZ)

- Next-generation ASW ship
- Globally deployable
- Fully modular design enabling through-life upgrades



P-8

(US, UK, Germany, Japan, Aus, NZ)

- + 90% average flying hours (vs P3)
- + 54% capacity per flight (vs P3)
- Driving ability for far greater sonobuoy deployment

Connected battlespace:

- + Multi-domain connectivity **growth >7% p.a.** over 5 years
- + Connecting sensors to generate actionable information



JADC2 (US DoD)

Joint All-Domain Command & Control

MDI (UK MoD)

Multi Domain Integration

- + Focused on informational advantage
- + Effective way of modernising existing platforms

...Ultra well positioned

Maritime radar

Passive + active sonar

SWaP solutions for USVs/UUVs*

Sonobuoys

...Ultra well positioned

Upper tier radio connectivity

Battlefield management systems

Military grade crypto

Tactical data links

...defence budgets aligned with Ultra capabilities

4

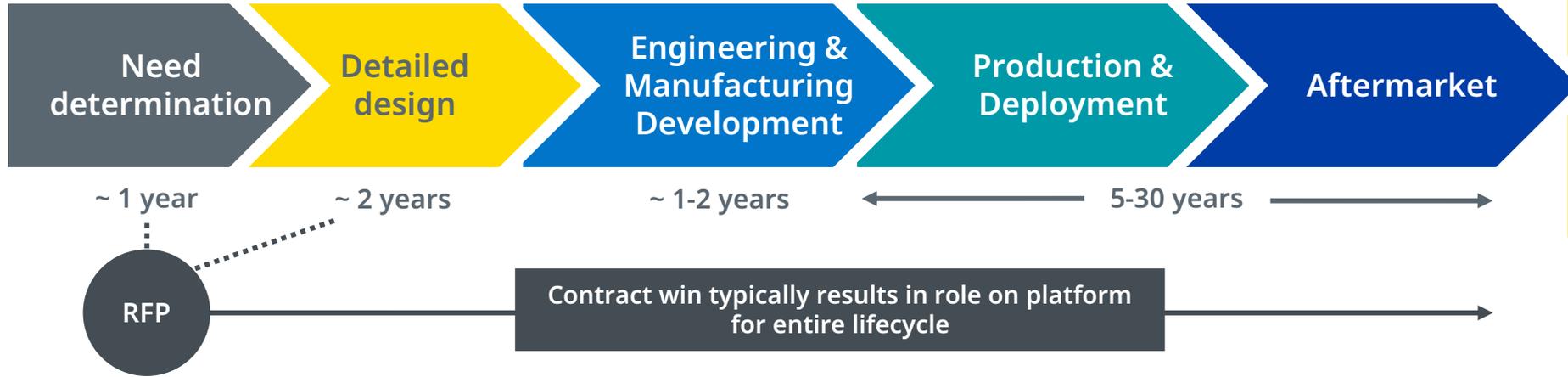
Technology driving record order book



Excellent long-term visibility...

ULTRA

Defence and aerospace platform lifecycles are long and stable



Ultra technology solutions deployed on 300+ programmes serving five-eyes governments, primes & critical infrastructure providers

Sole source positions on long term programmes...

...and exposure to high-value next generation platforms



...through custom solutions and reputation for excellence

ONE Ultra increasing growth opportunities...

Intimate customer knowledge...

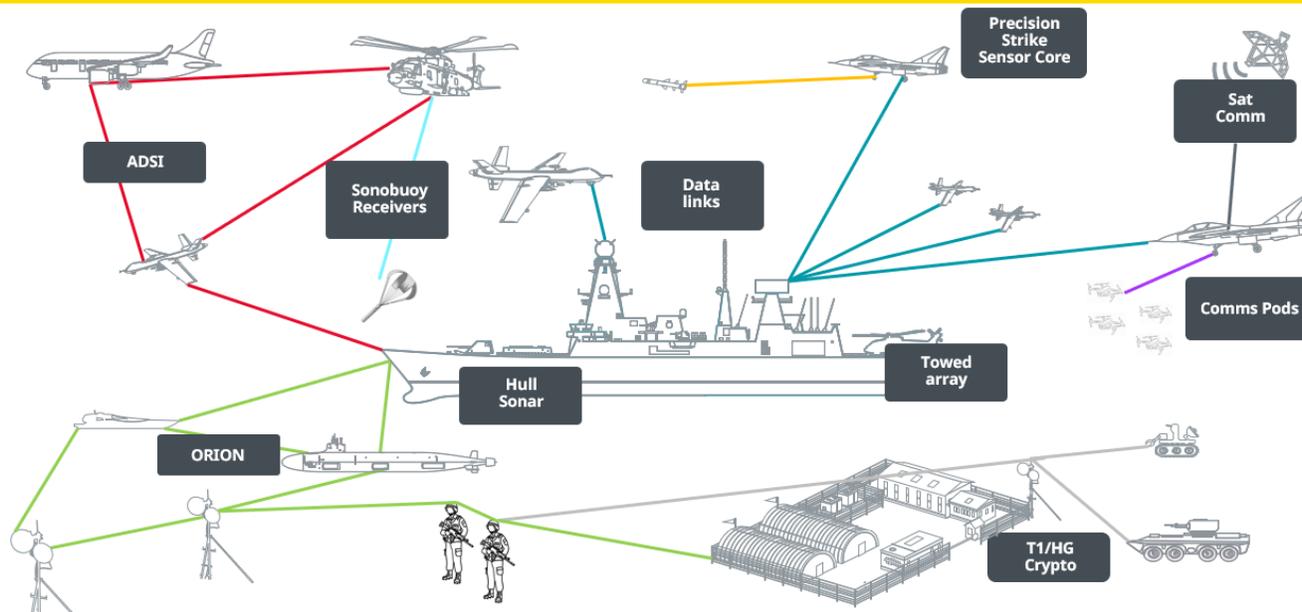
- + A trusted, long term and strategic partner
- + Provide solutions that underpin modernisation:



- + Work with customers to define future need specs
- + Increasing engagement with advanced research customers:



...market leading capabilities...



...providing more integrated solutions

Integrated Air Defence System (IADS)

Indian Navy

| | |
|-----------------|-------------------------|
| Active sonar | Passive sonar |
| Torpedo defence | Torpedo countermeasures |

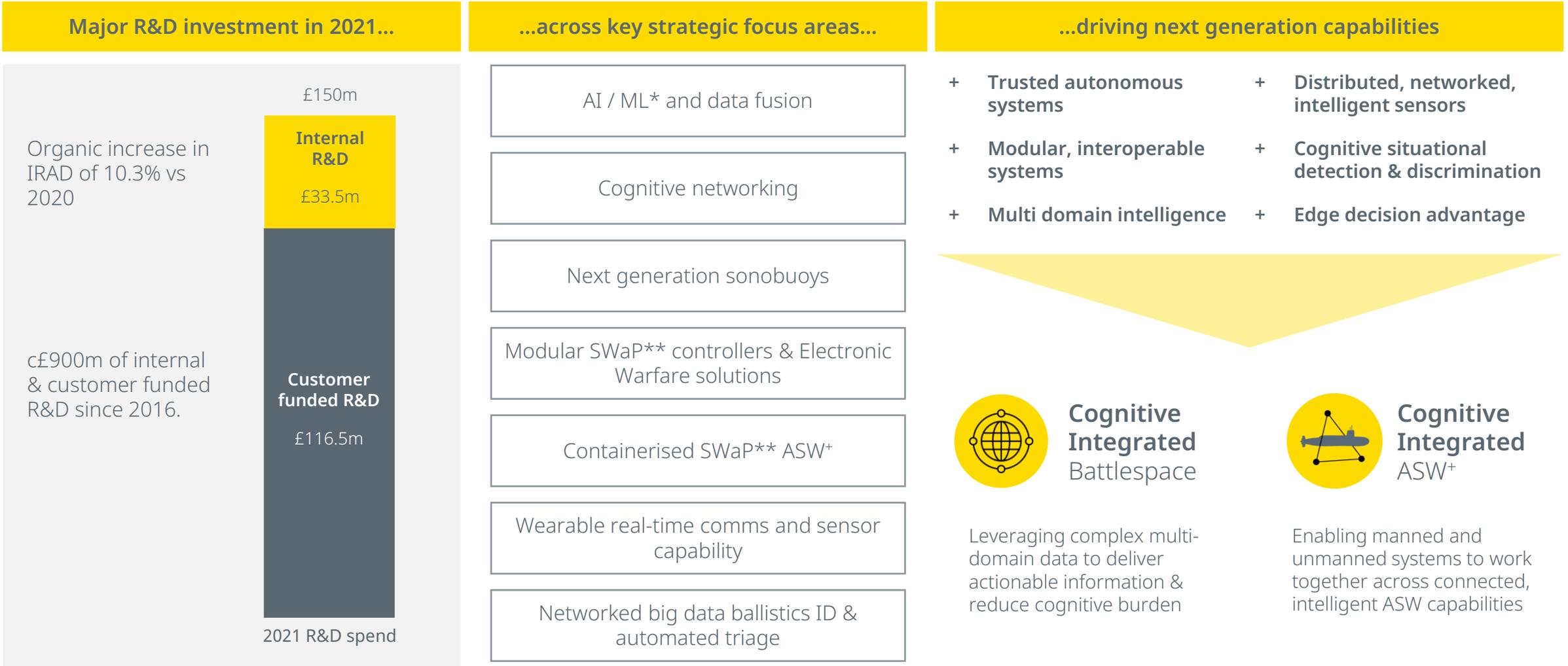
Integrated Command & Control

Tunisia, Romania

| |
|--|
| Situational Awareness Management Software (SAMS) |
| Air Defence System Integrator (ADSI) |

...combined capabilities core to customer modernisation

Optimised R&D strategy...



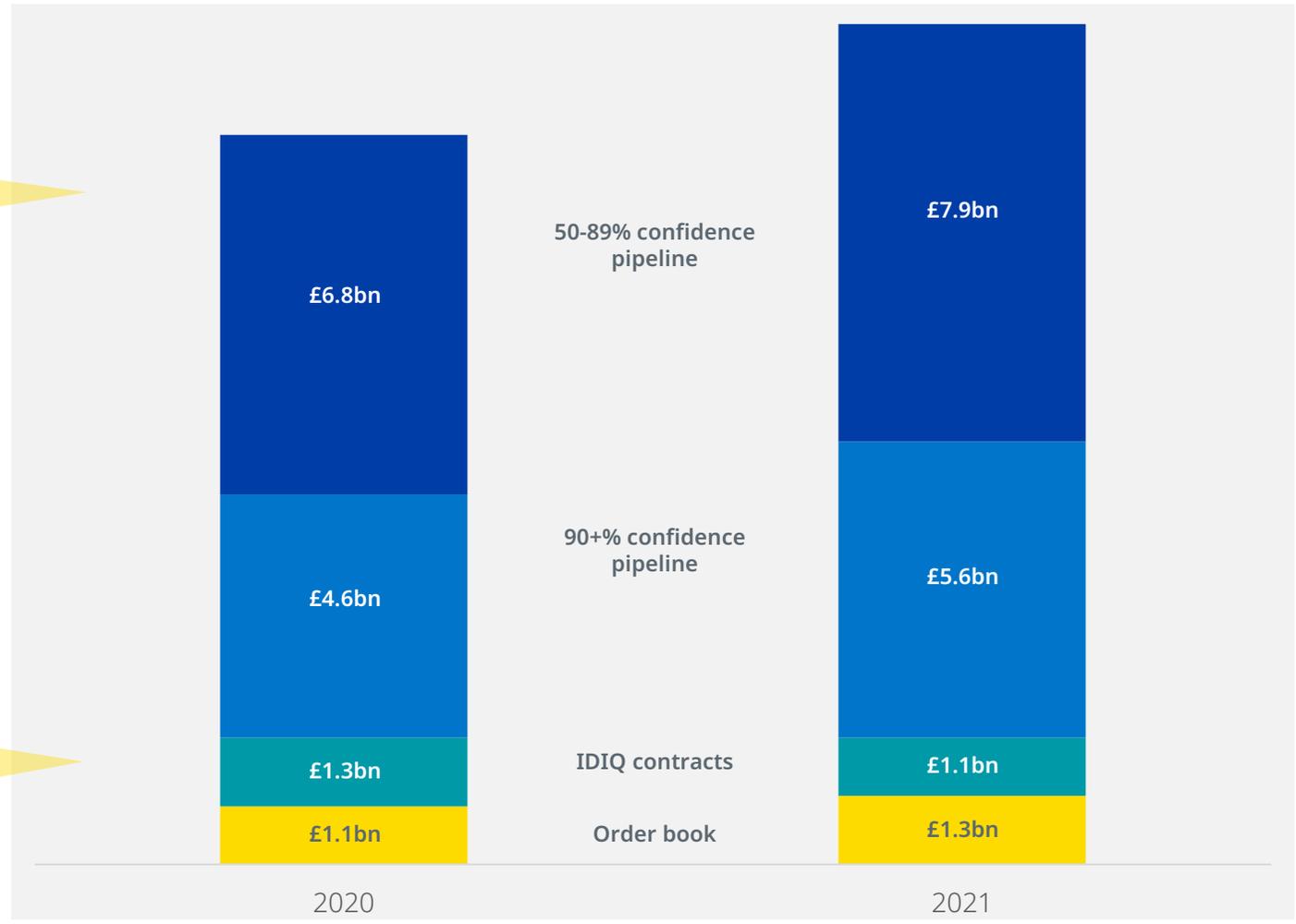
*AI/ML – Artificial Intelligence / Machine Learning
 ** SWAP – Size, Weight and Power
 + Anti Submarine Warfare

...enhancing technology advantage

All driving a strong and growing sales pipeline...

Total sales pipeline: £13.5bn
(2020: £11.4bn)

IDIQ contract value
decreased due to significant
2021 orders



50-89% confidence pipeline*:
New programmes Ultra anticipates bidding on where we do not have an incumbent position today

90+% confidence pipeline*:
Orders on existing programmes where Ultra has a sole-source position today (90% to account for order volume uncertainty on 2030+ platforms)

IDIQ contracts:
Internal measure of the expected call off and exercise of existing IDIQ contracts

Order book:
Firm contracted orders we have from existing contracts and programmes

*FY21 data now also includes Energy pipeline

...increased confidence in Ultra's exciting future

5 Good momentum

We deliver solutions
that help warfighters
integrate, share
and act on time
critical information

Increased confidence in Ultra's exciting future



Strong progress



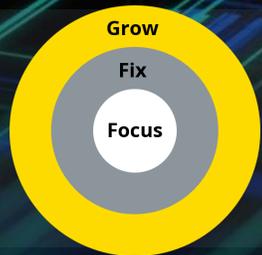
Transformation delivering



Growth ahead of markets



Another record order book



Good momentum

...delivering for all stakeholders

6 Appendices



Our strategic business units

ULTRA



Maritime

(46% of Group revenue)

A strategic partner in the maritime defence domain, primarily across the five-eyes* nations

Our Operating Business Units:

- + Sonobuoy Systems
- + Sonar Systems
- + Naval Systems & Sensors
- + Signature Management & Power



Intelligence & Communications

(28% of Group revenue)

Delivering information advantage to the war fighter through the intelligent application of technology

Our Operating Business Units:

- + Command, Control & Intelligence
- + Tactical Communications
- + Advanced Cyber Security
- + Specialized Radio-Frequency System



Critical Detection & Control

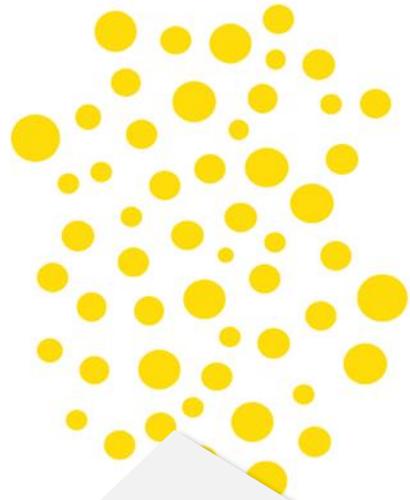
(26% of Group revenue)

Developing and delivering control systems, data analytics and sensors to solve complex problems for customers

Our Operating Business Units:

- + Precision Control Systems
- + Forensic technologies
- + Energy and industrial sensors and systems

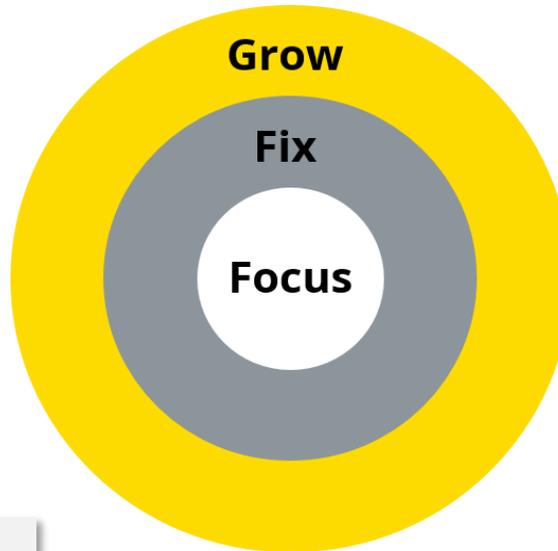
Historical state



An aggregation of SME's, with limited integration

- Confused, no strategy
- Internally and externally difficult to work with, inwardly focused
- Tactical and short-term
- Maturing technology/capability, limited/uncoordinated investment
- Inconsistent processes/poor execution/poor decision-making/weak delivery

Change agenda



Future state



One organisation, with a common purpose and shared values

- Focused, consistent strategy
- Aligned, collaborating, sharing for best stakeholder outcomes
- Strategic, relevant, innovative problem solvers, targeted relevant investment
- Process and improvement focused, cost efficient
- Agile, turbo-charged, quality decision making
- Rigorous execution and delivery

ONE Ultra will deliver an organisation with...

A Common Purpose

Innovating today for a safer tomorrow.

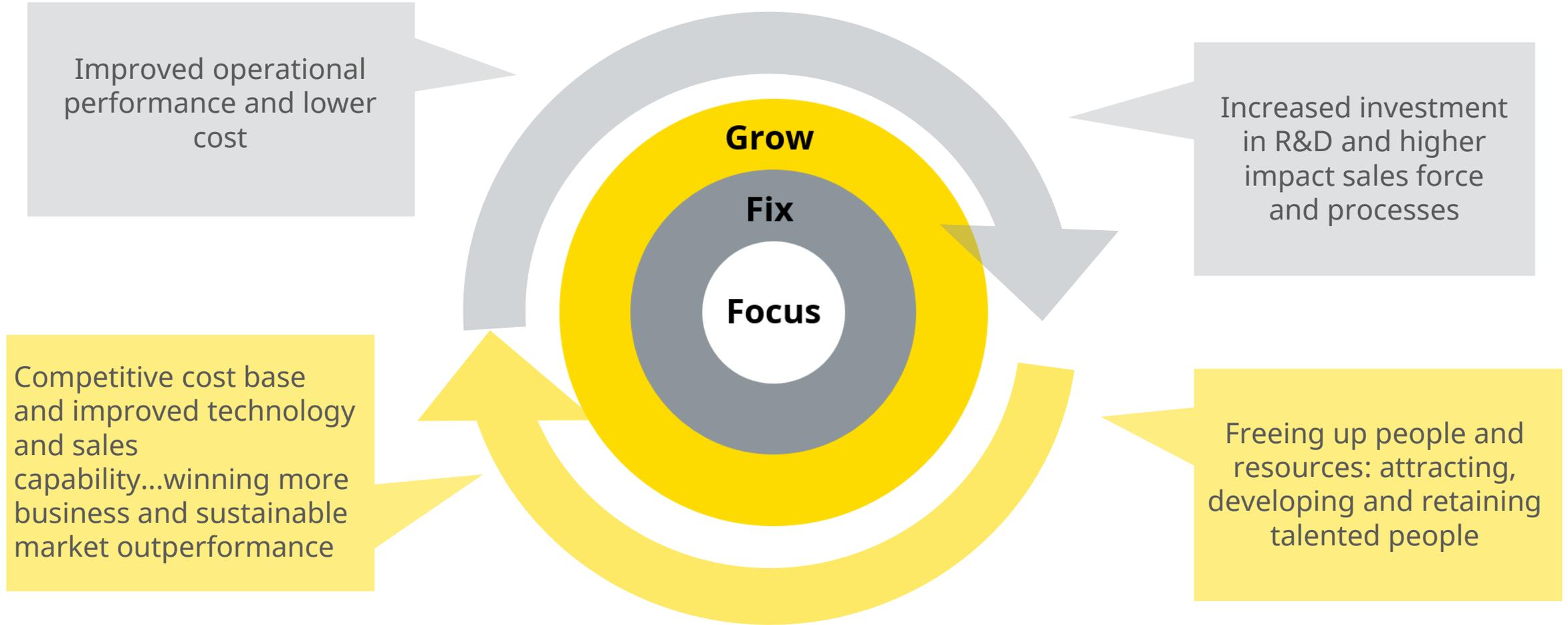
Shared Values

-  Agile
-  Sharing
-  Performing
-  Innovating
-  Rewarding
-  Empowering

An over-arching Vision

To make Ultra
A leading partner
delivering outstanding
solutions to customers'
most complex problems
in defence, security,
critical detection &
control.

Our Focus; Fix; Grow transformation...



... growth & value creation underpinned by transformation benefits

Supporting ESG, which is at the heart of ONE Ultra...

Ultra's core purpose is to support a safer tomorrow:

- Protect societies from invasion and loss of freedom;
- Preserve democracy, tolerance and peace;
- Create, sustain and protect critical infrastructures;
- Create and systems that support societies and protect culture;
- Secure space and protect national borders for people and places to evolve; and
- Protect society by finding and prosecuting perpetrators of gun crime.

For more information, read our 2021 Sustainability report



Protecting our planet

- Protecting our societies from increasing near peer threats
- Global alignment to ISO 14001 and ISO 50001
- Began journey to UN 'Race to Zero'
- Strong progress on waste and plastic reduction

Supporting our people

- UK Armed Forces Covenant Gold Award
- Established veteran's committee
- Uniquely Ultra community well embedded
- Strong focus on wellness across business

Giving back

- 2,000 hours contributed to community activities across Group
- > £500,000 donated to charitable causes in past 2 years
- Creation of ONE Ultra STEM framework

Doing the right thing

- Group wide Anti-Bribery and Corruption & data privacy training & bi-annual code of conduct training
- Launched Supplier Code of Conduct

...delivering value for all stakeholders

Defined exceptional outcomes & set 2024 targets

ULTRA

Create a dynamic, inclusive and inspiring work environment that attracts, develops and retains the best diverse talent pool

Partner with customers, delivering innovative solutions that create “win-win” outcomes for all parties

Develop group-wide partners with like-minded values that provide best-value solutions, technical innovation and support mutual success, fairness and respect

Conduct business in an ethical, safe and sustainable way, acting as a positive force and making an active contribution to our communities

Deliver outstanding through-cycle value for shareholders, through effective execution of Ultra’s strategy

Top quartile engagement
Voluntary turnover <10%
75% critical roles filled internally
Diverse leadership
100% succession plans

#1 or #2 in strategic markets
Top quartile NPS
OTD: 100% production, 99% development
20% orders from new Ultra tech - with positive ROI

Full compliance with Ultra standards
Full compliance with supplier terms
No unmitigated sole source supply risk
Total supplier cost reduced

In top half of ESG indices
Meet / exceed impact reduction targets
Zero lost time H&S
>1% of Group operating profit to community/charity

Growth ahead of market
Efficiency benefits
Sustainable cash return on invested capital

36 employees

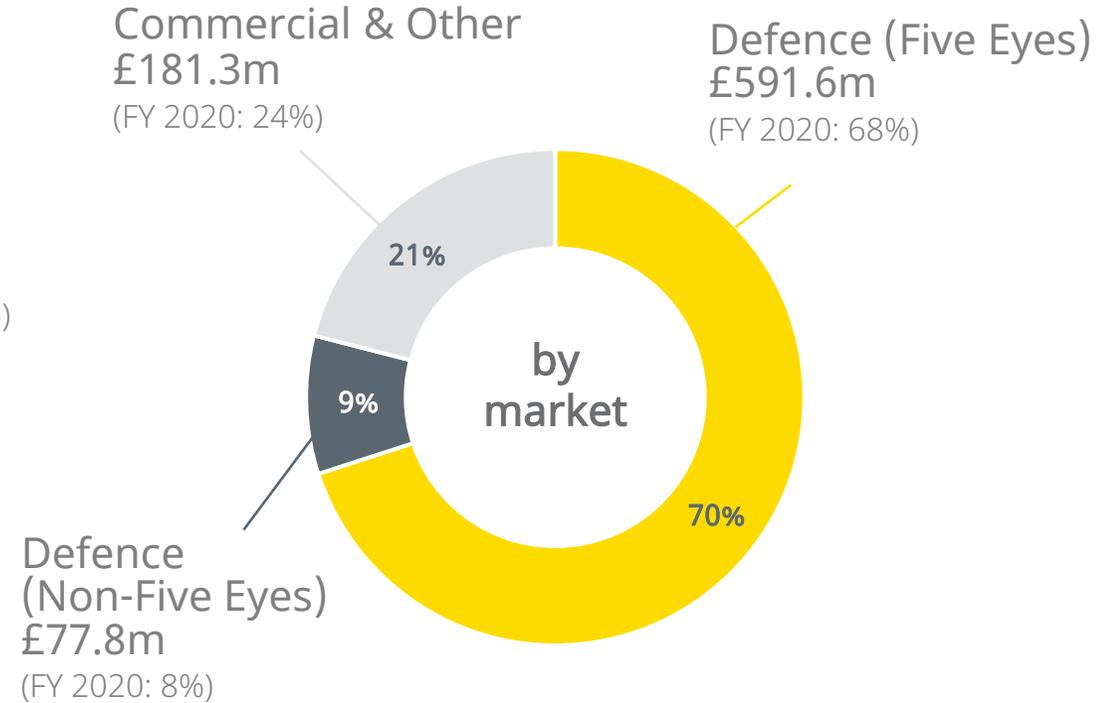
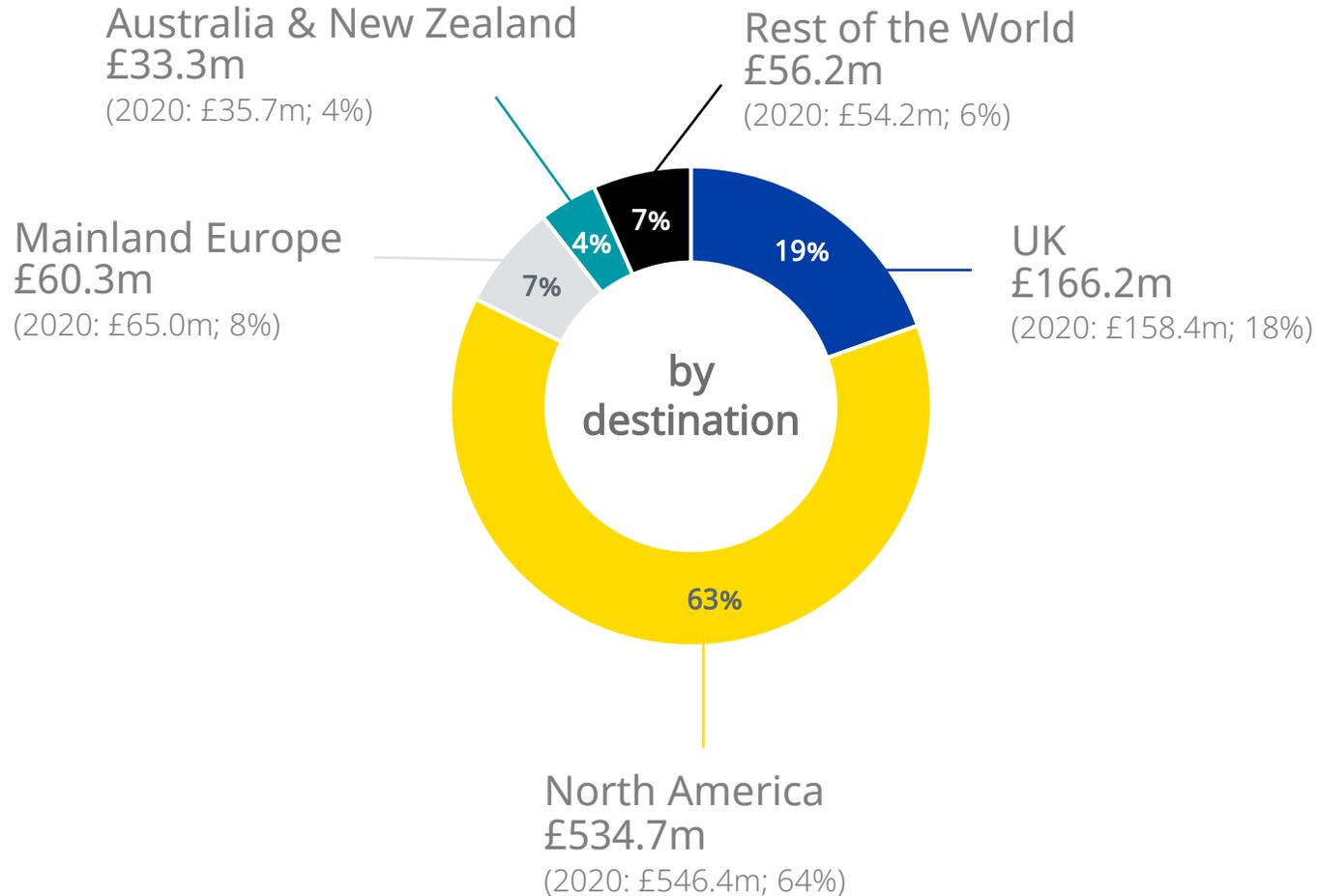
customers

suppliers

communities

investors

FY 2021 revenue breakdown



| £'m | 2021 | 2020 |
|---|-------------|--------------|
| Underlying profit before tax ⁽³⁾ | 116.6 | 114.5 |
| (Loss)/gain on derivatives mark to market | (7.8) | 3.4 |
| Amortisation of acquired intangibles | (9.8) | (12.6) |
| Acquisition and disposal related costs | (7.8) | (1.1) |
| (Loss)/gain on disposal and held for sale | (2.4) | 2.8 |
| Significant legal charges and expenses | (6.1) | (3.3) |
| Statutory profit before tax | 82.7 | 103.7 |

Reduction in amortisation due to historical acquired assets becoming fully amortised

³ see Schedule 1.

...reduced predominantly due to M&A costs

- (1) Underlying operating profit and margin are before amortisation of intangibles arising on acquisition, acquisition and disposal related costs, and significant legal charges and expenses.
- (2) Underlying profit before tax and earnings per share are before amortisation of intangibles arising on acquisition, fair value movements on derivatives, acquisition and disposal related costs, gain or loss on disposal, and significant legal charges and expenses.
- (3) Organic movements are the change in revenue, operating profit and order book at constant currency translation when compared to the prior period results and adjusted for acquisitions or disposals to reflect the comparable period of ownership.
- (4) ROIC is calculated as underlying operating profit for the twelve months preceding the period end expressed as a percentage of invested capital (average of opening and closing balance sheets). Invested capital is defined as net assets of the Group, excluding net debt and lease liability, pension obligations, tax and derivatives.
- (5) Underlying operating cash flow is cash generated by operations, after principal payments on leases, net expenditure on property, plant and equipment, outflows for capitalised product development and other intangibles, and adding back the operating cash impacts arising from M&A, disposals & closures, and significant legal charges & expenses.
- (6) Operating cash conversion is underlying operating cash flow as a percentage of underlying operating profit.
- (7) Order cover is the ratio of the 31 December 2021 closing order book due for execution in 2022, vs consensus revenue for 2022. All at constant currencies.
- (8) Order book is the value of partially satisfied and unsatisfied performance obligations from contractually committed customer orders.

The comparative period has been presented at constant currency translation and adjusted for disposals to reflect the comparable period of ownership