Chemring
Innovating to protect

Interim results transcript – 2 June 2026 – Analyst presentation

1. Title slide – Growing positions in key markets

2. Michael Ord, Group CEO

Good morning and welcome to Chemring's interim results presentation for the six months to April 30th 2026.

I'm Mick Ord, the Group's Chief Executive and I'm joined this morning by our CFO, James Mortensen.

3. Agenda

I'll begin with the first half headlines, then James will take you through our financial and operational performance in more detail.

I'll then comment on the market environment and spend some time on our key growth drivers and why they give us confidence in Chemring's future growth.

We'll then take questions at the end.

4. H1 2026 headlines

Operational and trading performance in the first half was in line with our expectations.

Despite the headwinds in the UK market, order inflow in recent months has been encouraging, improving our near-term visibility and reinforcing our confidence in the full year. Approximately 91% of forecast 2026 revenue had either already been delivered or was in the order book at April 30th, and our full year expectations remain unchanged.

Market demand is strong, as growing geopolitical instability drives a shift to high-intensity deterrence and structurally higher defence and national security budgets.

Against this backdrop, we continue to invest in areas aligned with our customers' priorities, particularly in Countermeasures & Energetics, where we delivered first-half growth and where our capacity expansion projects continue at pace.

We continue to execute against our strategy and positioning the Group for strong future growth.

5. H1 2026 KPIs

James will take you through the financial performance in a moment, so I won't go into the detail here.

For me, I'd call out:

The increase in revenue, reflecting a strong performance in Countermeasures & Energetics.

The return to growth in Sensors & Information.

And the order book of £1.4bn, another record for the Group.

I would also highlight our safety performance, where we have reduced our total recordable injury frequency rate from 0.63 to 0.31, which reflects the progress we are making in our proactive safety culture and our zero-harm ambition. I want to acknowledge the focus and commitment of my colleagues across Chemring in keeping safety at the forefront of everything we do.

With that I'll now hand over to James.

6. Financial Review – James Mortensen - CFO

Thanks Mick.

Before I start, you'll notice a few images from the Artemis mission throughout the deck. We're proud of our growing role in the space industry, and Artemis is a great example of the critical programmes we're contributing to — there's more detail on that in the appendix.

Turning to the results: performance for the first half was in line with expectations, and our focus is now firmly on delivering the second half

7. Financial Highlights

The Order book reached a record £1.4bn, up 8%

Revenue was up 7% showing continued momentum

Operating profit and operating margin were lower year on year, and that flowed through to EPS

Cash conversion was lower, mainly due to working capital investment to support H2 deliveries

An interim dividend of 2.8p declared, up 4%

Next let me take you through our segmental performance

8. Group and Segmental Performance

Starting with Countermeasures and Energetics – another strong performance, with both revenue growth and margin expansion

Revenue grew 9%, as the businesses ramp in line with our plan, meeting our customers unprecedented demand

This led to operating profit up 32%, and margin increased to 18.4%

This improvement was driven by better commercial terms, and our rigorous focus on operational excellence

Turning to Sensors and Information, which performed as expected. Revenue growth and strong order intake, but margins impacted by product mix and maintaining operational capability

There were clear positives:

order inflow was up nearly 60% as we saw the Roke business stabilise, with strength in National Security we therefore returned to growth, with revenue up 3%

As expected, operating profit and margin were lower and there were three main drivers:

First, we deliberately maintained operational capability – and so had lower utilisation in Roke. This was to support improving National Security demand, and to position ourselves to take advantage of the significant UK MoD opportunity pipeline as it arrives

Second, revenue mix – early CORTEXA pre-production units carried lower margins, we expect to improve commercial terms going forwards as we enter full scale production

Third, pass through – the first work package on the £251m missile defence centre project increased the proportion of low-margin pass-through revenue

9. Group Net Debt Bridge

Turning to the cash flow, cash conversion was 44% in H1, mainly reflecting our decision to increase safety stocks and secure inventory for H2 expected revenues. We expect an improvement in H2 conversion, with full year guidance in the range of 80-85%.

Capex was £44m, with good progress across our expansion projects

Net debt increased, as expected, through the peak investment phase

We returned £19m to shareholders, £14m through the dividend and £5m through the buyback; we also purchased some shares to satisfy acquisition consideration and employee share options.

We signed an additional £80m UKEF facility which will replace the current UKEF facility as it expires. Together with the RCF and US overdraft we now have £342m of available facilities.

We closed the period with net debt of £145m, or 1.5x leverage. We do expect net debt to rise further, but in line with market expectations.

10. Energetics expansion projects continue at pace

Next, let me update you on the energetics expansion projects, which continue at pace.

Chicago, complete — on budget and on schedule. Fit-out is done, production is ramping, and we are now focused on lean practices to maximise output. The additional capacity positions us well for future demand and gives us optionality should needs increase following the conflict in the Middle East

Scotland remains on track, also on budget and on schedule. Construction is complete, machinery installed, and commissioning underway. We remain on track to deliver revenue in 27.

Norway phase one is complete and on budget. Phase two is progressing well: groundworks are nearly complete, concrete foundations for all the buildings laid. As you can see, the first building is nearing completion, with the second approaching halfway.

Across all the sites we remain on track to deliver £100m in revenue and £30m operating profit by 28.

We are also making good progress on the potential second site in Norway – the Greenfield. As a reminder this is for a facility at least as big as our enlarged facility, and a location has been identified about 25km southwest of the current site. We are now in the concept selection phase, fully funded by the Norwegian Government with around £16m, and expected to report out in early 27.

11. Group order cover for 2026 is now 91%

Next, lets look at order cover and the book and bill for the rest of the year - what gives us confidence in our full year guidance?

Our record order book provides 91% cover for the rest of the year, that's up 600bps on prior year.

In Countermeasures and Energetics that order cover is strong, nearly fully covered this year, and 81% and 68% in the following two years.

In Sensors and Information order cover is now 84%, up from 64% last year – a significant improvement.

If we break down the book and bill:

The majority relates to expected orders in Countermeasures and Energetics and high confidence renewals in National Security

Those EW product sales are to a number of international customers where tenders are in process

And lastly, there are a couple of orders to the UK MOD. These are largely for programs we have been delivering on, but procurement delays have pushed timing

And so to guidance.

12. Guidance and financial outlook

FY26 guidance remains unchanged from the year end, so I won't go through it in detail.

It's supported 91% order cover and an improving performance in the second quarter, with 70% operating profit expected in H2

Cash conversion is expected to be 80-85% for the full year, reflecting a much stronger H2

As always, there are external factors to monitor. I'd just flag: while we have seen no supply chain issues, and energy is well hedged this year, we continue to monitor the impact of the Middle East situation closely.

And so we will continue to balance near-term performance with longer-term growth and value creation. And with that I'll hand back to Mick for the strategy section.

13. Michael Ord, Group CEO

Thanks James.

I'll now turn to the market environment, where geopolitical tensions are at increasingly elevated levels. This is driving a re-armament cycle which we expect to last at least a decade, and probably longer, and it is these fundamental market changes which underpin our confidence in the longer-term outlook.

14. Rising defence and security budgets

This slide summarises why we believe defence spending is on a structurally higher trajectory, irrespective of whether we see peace deals in Ukraine or the Middle East.

There are several factors behind this, but I want to focus on two.

Firstly, defence planning assumptions have changed. NATO has shifted from expeditionary operations to persistent territorial defence and peer-conflict readiness. To deliver these changes will require more durable and growing defence budgets.

Two per cent of GDP is now a floor, not a ceiling. Defence spending is becoming more politically embedded across Europe, with multiple NATO members moving towards the Alliance's ambition of 5% by 2035. That shift also supports multi-year procurement visibility rather than sporadic demand.

Secondly, the significant materiel demand arising from the conflicts in Ukraine and the Middle East has drawn down inventories and exposed vulnerabilities in the defence industrial base after years of under-investment. Rebuilding those inventories requires sustained production at scale, not one-off orders. Defence industrial capacity is now being treated as strategic infrastructure, with governments prioritising sovereign and allied supply chains, and supporting long-term framework contracts and capacity expansion, particularly in energetics.

Against this backdrop, demand and investment is concentrated in areas where Chemring's capabilities are highly relevant. These include, but are not limited to, long-range strike missiles, integrated air and missile defence systems, space capabilities, cyber and electronic warfare, and counter-drone technologies.

Our differentiated capabilities are therefore well matched to where our customers are prioritising spend, supporting sustained growth across both our home markets.

15. Our critical role in NATO's supply chain

I now want to spend a few minutes on some of the Group's key growth areas:

Starting with missiles and munitions, where Chemring is a major merchant supplier of high-grade military explosives and energetically actuated devices that are essential to missiles and advanced munition systems.

We have called out on this slide some of the key missile and munitions programmes on which we are key suppliers.

We supply highly engineered, designed-in products and materials, that are not easily substituted, require significant regulatory clearance and involve long qualification cycles. As our prime contractor customers seek to increase missile and munitions output, demand for these materials and devices rises, yet the pool of capable suppliers remains limited.

Across the NATO defence industrial base, the supply of high-grade military explosives, such as HMX and RDX, and insensitive munition compositions, is recognised as an area of significant under-capacity.

Chemring has licensed infrastructure and capacity, and deep expertise in the formulation, production and handling of these materials, which positions us strongly as governments and prime contractors prioritise supply-chain resilience and domestic sourcing.

While some European companies have announced their intention to expand supply of lower-grade explosives such as TNT, there are no mature plans for large-scale HMX production, which provides us with a first-mover opportunity in the market.
It is these market dynamics which continue to reinforce our decision to invest in additional capacity through a combination of customer-funded and self-funded projects.

16. Enduring demand set to continue

I'm often asked whether demand across Countermeasures & Energetics would ease if there were peace in Ukraine and the Middle East, so I thought I would talk to that for a moment.

Operation Epic Fury and ongoing operations in the Middle East have to date cost approximately $25 billion and have materially depleted US inventories of multiple missile systems.

In addition, even before Epic Fury, many analysts and commentators judged stockpiles to be insufficient for a peer-conflict scenario.

So, there is now a very significant imperative for the US Department of War to ramp-up production to replenish stocks of existing systems and to move new programmes into production phases.

As a result, the Trump administration has announced several multi-year agreements with industry prime contractors to increase output and place missile production on a 'wartime footing', and as a merchant supplier into many of these programmes Chemring is well placed to benefit from this increased demand.

In Europe demand is being shaped by a combination of current battlefield consumption, structural stockpile gaps, and long-term rearmament decisions.

While on both sides of the Atlantic, Governments increasingly see defence industrial capacity itself as a core element of deterrence, not just a supporting function.

The bottom line is that missile and munitions demand is being shaped less by short-term crisis and more by a structural shift towards sustained rearmament, with higher stockpile and usage assumptions.

17. Air and naval platform protection demand remains resilient

The next area I want to touch on is air and naval platform protection.

Given missile threats relentlessly increase in both number and sophistication, platform survivability remains paramount and mission-critical across air and maritime domains, and we see a growth trajectory for countermeasures extending well into the 2030s.

As the leading global supplier of countermeasures, Chemring is uniquely positioned to benefit. With more than 65% market share, our products protect approximately 85% of NATO air fleets and 60% of NATO naval fleets. Our leading incumbency gives us a real advantage as customers expand stockpiles and plan for higher usage rates.

In the first half, we secured £123 million of countermeasures orders, up 486% year on year, with demand primarily coming from European customers.

Innovation also matters in this market, and we have several development programmes underway, on both sides of the Atlantic, including protection for uncrewed platforms and threat-agnostic countermeasures designed to address both current and emerging threats.

We do have market leadership, deep customer relationships and growing demand, and therefore the Group's position in air and naval platform protection continues to strengthen as the market expands.

18. Roke is a critical sovereign UK defence technology leader

Finally, let me turn to Roke and the critical role its technologies play in the defence of the UK and increasingly international customers.

On this slide I called out the areas of cyber, electronic warfare, resilient navigation and counter-drone, and indeed there are many more technologies and capabilities I could have highlighted.

And whilst there is great focus on defence related opportunities, we must always remember that National Security and Law Enforcement remain at the very core of Roke, continuing to provide a stable underpin to the business, as evidenced by the approximately £40m of programme renewals secured to date. In addition, National Security provides a technology and innovation catalyst which benefits the entire business.

To help mitigate the near-term headwinds resulting from the delayed publication of the UK's Defence Investment Plan, the Roke team continue to take action to protect and reposition the business and are seeking to broaden their international customer base.

Roke's Defence Products business has a five-year international sales pipeline of more than £300 million and continues to invest in expanding its product portfolio. Of note, their counter-drone system CORTEXA Guardian, which is a radar and electric optics system, which was officially launched to the market in April 2026, already has multiple opportunities now in conversion. Sales have already been made in Sweden and the UK as counter-UAS becomes increasingly mission-critical. Radar and electric optics

In summary, with strong positions across multiple critical technologies, deep customer relationships and a growing international footprint, Roke is well positioned to benefit from the expected UK defence upturn and opportunities overseas.

19. Summary and Outlook

So, to summarise:

Operational and trading performance in the first half was in line with our expectations.

Despite the headwinds in the UK market, we have seen encouraging order inflow in recent months, improving our near-term visibility and reinforcing confidence in the full year. With 91% of expected 2026 revenue either delivered or in the order book at April 30th, our full year expectations remain unchanged.

With growing geopolitical instability driving a shift to high-intensity deterrence and higher baseline defence and national security budgets, and with a record order book of £1.4 billion, the outlook is increasingly compelling.

Our differentiated capabilities, together with the investments that we are making to expand capacity across our three Energetics businesses, means we are well aligned with where our customers are prioritising spend. That supports sustained growth across our major markets and I remain confident that Chemring is well positioned for strong future growth.

That concludes this morning's presentation. We would now be happy to take your questions. Could I please ask you to state your name and organisation before asking your question.

20. Questions

Ben Bourne, Investec

Mick, can you just talk a little bit more about your confidence in Alloy Surfaces, please, and the potential for a positive outcome?

Mick Ord

That's an interesting question. So, we've been on quite a journey with Alloy Surfaces. So I'm sure as people in the room will know, Alloy Surfaces based in Philadelphia is NATO's, well, was NATO's only production capability for pyrophoric decoys. So these are airborne countermeasure decoys. We manufacture pyrotechnic decoys, which are the ones that you see coming out, which generate a lot of heat and light. Pyrophoric decoys are a different type of technology, but utilised as air protection.

And Alloy Surfaces in Philadelphia was, up until last year, the only producer of those types of air pyrotechnics for the whole of NATO. Unfortunately, there was an interruption in the ordering pattern from the US DOD last year, and we had to shut the business because we had insufficient demand.

In recent weeks and months, we've been in increasing conversations with the US Department of War about reactivating and reopening that business to supply pyrophoric decoys primarily into the US Department of War, but more broadly across NATO into a number of air forces that utilise those technologies.

We're in discussion with the Department of War at the moment to do that and we're highly confident that we should have a positive result to these negotiations.

Sash Tusa, Agency Partners

Perhaps if I could just follow on, first of all, on your answer on Alloy Surfaces. So when you're talking about highly confident of a good resolution, would that potentially include reversing the costs and charges that you incurred in previous years to shut the business? And/or is there any way that rather than this sort of on off of ordering that has clearly occurred recently, you could actually get the Department of War / Department of Defence to commit to a take or pay situation? Because otherwise it's not clear that it's an unmitigated success just to open it for another batch of decoys followed by the same closure process a couple of years down the line.

Mick Ord

Yeah, that's a good question.

Clearly I can't go into specific details around what we're negotiating at the moment, but the key thrust of the question of if we do reactivate and reopen the facility, it will be for a long run as opposed to just another batch. So I think what, without going into specifics, Operation Epic Fury has identified the essential role in platform and protection that pyrophoric decoys plays and therefore the Department of War.

And this goes to the broader question around defence industrial base, recognising that the defence industrial base is an integral part of the war fighting capability, not just of the US, but of across all NATO allies.

And therefore the discussion that we're having with the Department of War is for a long run period, so three to five years, as opposed to just a single batch.

Sash Tusa, Agency Partners

Great, thank you. And then just questions on just two of your other big contracts and relations relationships.

The Storm BMD program, it's quite hard to reconcile the rate of order of interflow at the moment with the total scale of the program because, otherwise it's going to be a six, seven, eight-year programme at current rates.

I fully accept that you can't see into what passes through the mind of MOD, but do you get any indications of whether they are changing the time scale for the programme or indeed changing the overall scale of the programme? Because otherwise at some stage, just mathematically, you're going to get this enormous slug of business coming in and it's quite hard to work out how you will scale your own business to cope with that.

Mick Ord

So Storm was about £250 million as an overall framework contract. And to date, we about 22 million today is our first initial call off. So I think it's really difficult, Sash, to, like you say, to look into the MOD's mind and understand how they're going to profile that program. And no doubt, as with everything associated with defence procurement here in the UK, it's caught up in the inevitable discussions around the defence investment plan.

I think the one thing I would say about Storm is that integrated air and missile defence of the UK homeland remains right at the top of the priority list from a UK defence planning assumptions perspective. And indeed, integrated air and missile defence is one area that we're seeing significant growth across the whole of the group on both sides of the Atlantic.

Jamie Murray, Bank of America

Can you just provide a little bit more colour on potential new energetics CapEx programs? I know previously you've mentioned Germany and the UK government. Obviously, the balance sheet is a little bit constrained, so how are you kind of balancing that?

James Mortensen

Yeah, I think essentially it's too early to say at the moment exactly what they could be given we don't know exactly what the scale of them could be. If you think about what's going on at the moment, the facility in Germany that we're building, the blending facility, that's fully funded by the German government.

We've just signed an agreement with the UK MOD here to start the next phase of the feasibility study for a potential new site, both up in Scotland and capacity addition to our site in Salisbury as well.

But I think at the moment, because we're not sure exactly of the scale of them, I couldn't give a guidance on CapEx. What I would say is in all of these conversations, the conversations that we're having is around, supported by grant funding from the governments that we're in discussions with. So, it wouldn't be us fully funding these facilities. That's not the intention.

Richard Paige, Deutsche Numis

Just a couple for me please.

Thank you for the bridge on the second half. Just the bigger chunk is obviously national security, which you said you've seen a recovery. So do you have decent visibility on that order?

James Mortensen

Yeah, I think we're finding it's very much a customer that seems to have a healthy budget. We're seeing growth in that area, certainly a stabilisation and growth in the second half. And so, we talk about that £40 million of renewals already this year. We're pretty confident that the rest of them will come through. Remember, these are always work packages that we're currently working on. And so it's extending work that we're currently doing rather than kind of new bodies of work.

Richard Paige, Deutsche Numis

And again, obviously the second largest chunk is the product sales. Can you just remind us the sort of typical size of those?

James Mortensen

This is a number of different international countries. Interestingly, the majority of them begin with the letter S. And the size is 3 to kind of 5 million. It's not more than that. So it's certainly not one big one. It's a number of smaller ones. And this is for, there's a small amount of CORTEXA in there, but it's mainly Resolve and Perceive to these international customers.

Richard Paige, Deutsche Numis

And the final one, just you're obviously making fantastic progress on the new capacity that you've already spoken about. Chicago in place, you're getting Scotland up and running and signing off. Price environment, demand environment has changed quite positively, I would imagine over that period. How are we feeling about the 100 million and 30 million figures that?

James Mortensen

Still pretty good. I mean, I think we're certainly on track for them. Like we say, Chicago made really good progress. They're delivering against that. The same in Scotland. We're just in the commissioning phase. We expect to complete that in 2027. And then we're looking to bring the new capacity online in Norway in 2028. And yeah, you're right, the commercial terms that we're getting are certainly improving as we look forward. And the demand is certainly there. So we're pretty confident.

Mick Ord

The market demand for energetics, whether that's materials or whether it's devices, is incredibly strong.

So a couple of stats, I don't think they're in the presentation, but if you look at the business in Chicago, for instance, I think year to date we've submitted 160 proposals to customers on back of customer requests, and we've got another 69 in work. So that gives you a feel. I mean, these are hugely elevated levels to what we've seen previously.

And I think the team up in Scotland year to date, they've submitted 60 proposals to customers. Again, these are funded programs where customers are seeking the key materials and devices that we produce.

James Mortensen

And I think in Norway, we've often said, haven't we, could sell out that capacity that we're building in FY30 many times over. So we're very confident that there's the demand there for that material.

Ben Pfannes-Varrow, RBC

Just building on that, obviously there are clear demand, demand pictures clearly improved for Energetics, but order intake was £52 million in the first half. So how should we think about timing for those, also all the proposals that you've submitted and how that feeds through?

James Mortensen

Yeah, I mean, you just look at the order book in that side of the business, right? I mean, it's 95% nearly fully covered this year, over 81% next year and nearly 70% the year after that. I think what we saw last year, we saw some very large order intake in that business. And so I think it's just timing of further orders. And you can see from our order book, and we're pretty well covered out into the future anyway. And lots of that cover is in that energetics business. So I wouldn't read anything into the lower order intake in the first half this year on that side.

Ben Pfannes-Varrow, RBC

And then Sensors and Information, the margin obviously big step down in the first half that you mentioned it's sort of tracking better in Q2. So can you give us, shed some light on the exit rates in the expected margin then in the second half?

James Mortensen

Yeah, so in the second half. So overall in that business, we expect it to get back to a kind of similar margin to last year in the second half. And yeah, I think what we've seen in the second quarter is running towards that kind of run rate.

Ben Pfannes-Varrow, RBC

Last one on that bridge as well for H2, there's still some MOD orders within that. I mean, is there still an aspect in terms of the DIP needing to come out for you to hit the numbers or are you relatively comfortable?

Mick Ord

I think the, well, certainly in the second half there are orders from the UK MOD since they are an important customer for us.

And we fully expect to see that those orders will flow, whether they flow as part of the DIP itself or whether, as you see, the MOD are placing orders irrespective of whether the DIP's coming out or not, but clearly it's taken a lot longer and it's far more difficult to get those orders through their approvals process.

But we still see that those orders will come through. And the vast majority of those orders are for extensions of programs and frameworks that were already contracted on, as opposed to having to go out and win new programs.

David Farrell, Jefferies

Couple of questions from me.

Just firstly on space, obviously a kind of clear growth area for you, a couple of questions there.

Chicago, I think when you announced the expansion, it was probably doing kind £30 odd million of revenue. You're adding £10 million, but you doubled manufacturing footprint. Could that not scale up to £30 million of incremental revenue over time, therefore?

James Mortensen

I mean, what we said in that business is we've added that new capacity and that gives us the space to expand further should more demand come through.

And we talk about the Middle East and the number of systems that have been utilised there and the increase in the kind of space market. So yeah, certainly it gives us the capacity to do that.

Mick Ord

And when we expanded, when we purchased a new facility in Chicago, I think it was about 41,000 square foot of productive capacity. I would say that we're probably using about two-thirds of that at the moment. We purposely purchased a facility of that size because we saw that the demand would continue to increase.

So in fact, I was in Chicago not last week, the week before. And the team are fully in that new facility. It's all laid out, lean production, modern manufacturing flow techniques as well. And there is great expansion capability further.

David Farrell, Jefferies

As a percentage of revenue, how much is space?

James Mortensen

We don't break down and give the individual components like that, but it's a small but growing percentage of the overall group.

David Farrell, Jefferies

Mick, you sounded a bit more positive around the kind of profile for countermeasures. And obviously, the order intake was very strong. I think if I look at your kind of medium-term guidance, the expected growth rate is maybe kind of 2 to 3%. Do you think that gets revised higher? Do you think that market can actually grow at kind of mid-single digits?

Mick Ord

It might do. Absolutely. Let's see.

So we've had an incredibly strong first half with regards to order intake and there's some interesting trends that we're seeing in air countermeasures and naval countermeasures.

Firstly, naval countermeasures, so soft kill prediction capability on warships is an area that the team here in the UK are seeing significant growth. So let's see how that develops.

And from an airborne prediction perspective, clearly what you're seeing in Operation Epic Fury and the discussion that we had earlier around Alloy Surfaces, I think is bringing back to the fore actually the essentiality of airborne countermeasures capabilities.

And the thing that you have to always bear in mind is how sophisticated the missile systems are. You've seen platforms of incredible complexity that have been defeated and brought down in Operation Epic Fury, and that just reinforces in defence planners' minds the essentiality of protecting what are increasingly expensive platforms.

And even when you see that shift into unmanned platforms and some very expensive high capability and high technology capabilities, those themselves require protection as well.

David Farrell, Jefferies

And sorry, James, you rushed through relatively quickly kind of what's going on in Norway. Can you maybe give us a bit more detail in terms of the progress made on the various facilities, revised cost estimates, etc?

Mick Ord

So, there's so much going on, there is a lot going on, and that's a really exciting time. I mean, we have so many growth opportunities ahead of us that we have to kind of try and work our way around them.

So, in Norway, the team are making great progress out there. So, the first phase, which was the bottlenecking the existing HMX plant, so that's gone incredibly well. I think it's extensively finished. And we're already seeing those benefits flow through there.

The second phase is around the NTO facility and that is the one that we talked to you last time around. We had seen some cost increases on that baseline and that was driven not by the facility itself but by all of the enabling infrastructure and utilities that go around that. But that's executing well. In fact, there's a couple of photographs in the deck around that, and the buildings are now starting to be completed and then we'll soon move into installing the plant and equipment and then we'll get into commissioning. So that's going well.

And then the third phase, which is a further expansion of HMX production, wherein finalising the detailed design of those facilities and the plant and equipment so that before we start that final construction phase, we have a very de-risk baseline that we'll be able to execute against.

And then obviously from a Norway perspective, that's the existing site. And as James mentioned, we've been funded a further, £16 million pound by the Norwegian government to go into this concept selection and do far more detailed engineering associated with a second facility, which the Norwegian government are incredibly positive about.

So Norway sees high-grade military explosives as one of the key contributions that it is a nation wants to make into the European and NATO alliances with regards to their defence industrial base and therefore identifying the second site was a major step forward into realising that ambition.

And if you look at that market for high-grade military explosives, so I'm talking about HMX and RDX, not TNT. There's a lot of TNT sites being built. But for high-grade HMX and RDX, on this side of the Atlantic, you're looking at one plant, which is Surges. I think that's southeast France, owned by Urenco.

And then you have to go across to Holston Ammunition Plant in Tennessee, which again is a US government-owned GOCO operated by BAE Systems. So there is a very, very constrained industrial base for high-grade military explosives.

And indeed, if you look at what's happening from a warfare and deterrence perspective, utilising high-grade materials is becoming ever more important, especially when you're looking at what we talked about earlier from a missiles perspective of strike missiles. So, you've seen everything that's happened in Operation Epic Fury. The vast majority of those ordnance utilised materials that we, or the types of materials that we manufacture in Norway, and also in air defence, so integrated air and missile defence, things like NASAMS.

We supply the energetic material from Norway into 100% of those systems. So I actually think that the whole area, that there has been a realisation in defence planning on both sides of the Atlantic that real constraints in the supply chain, especially around these types of materials, is the structural weak link in so much of the defence planning. And therefore, that's why you're seeing very, very significant governmental support for us to expand capacity.

Well, thanks very much for joining us today, and we look forward to presenting our FY26 results in December.