



# Interim Results

for the six month period to 31<sup>st</sup> March 2021

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# Key Points of H1 FY21

Sales of £1.8m in line with expectations – same as H2 FY20 but down by 41% compared to H1 FY20.

Airbus approval of additional components  
Long term supply agreement being finalised

Exciting Alternative Energy applications in EV  
battery development

## **Compared to H1 FY20:**

Aerospace sales up >400%

Flow Control and Energy sales both down 50%

Precision Engineering sales up 56%

North American customers 50% of total sales

Top-up equity fundraise of £0.8m (gross)

CBILS funds of £250k received  
US PPP funds of \$149k received

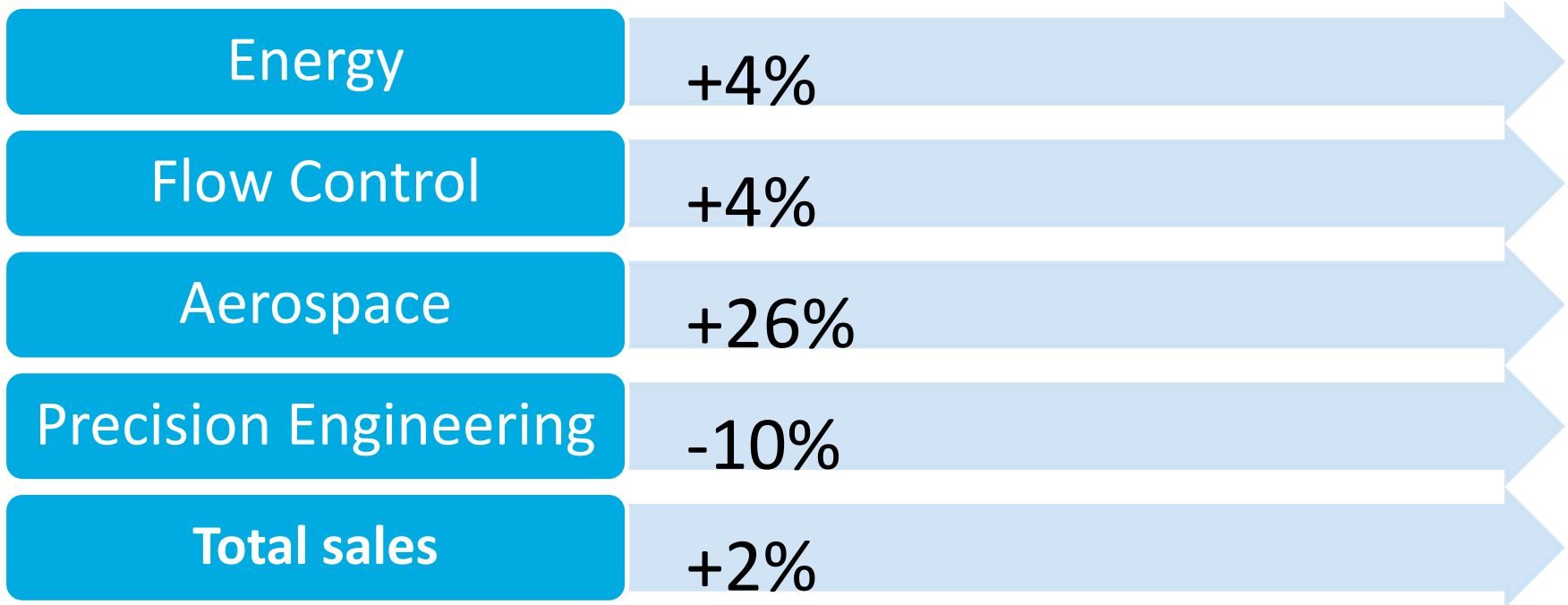
Cash at Bank £2.3m

Site relocation completed, Airbus approval due  
July 2021

Industrial gas turbine developments  
underway

# Sales comparison: H1 FY21 to H2 FY20

Better comparison is with H2 2020:



- H1 sales at similar levels to H2 FY20
- Increase in activity starting to be seen across all sectors

# Financial

## Gross Profit

**£0.7m**

(H1 FY20 £1.7m)

## Gross Margin

**37%**

(H1 FY20 55%)

## Variable Gross Margin

**73%**

(H1 FY20 74%)

## Overheads

**£1.52m**

(H1 FY20 £1.63m)

## EBITDA

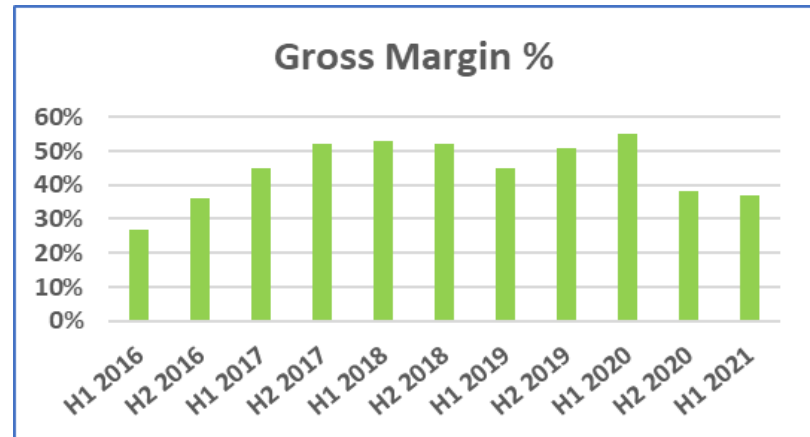
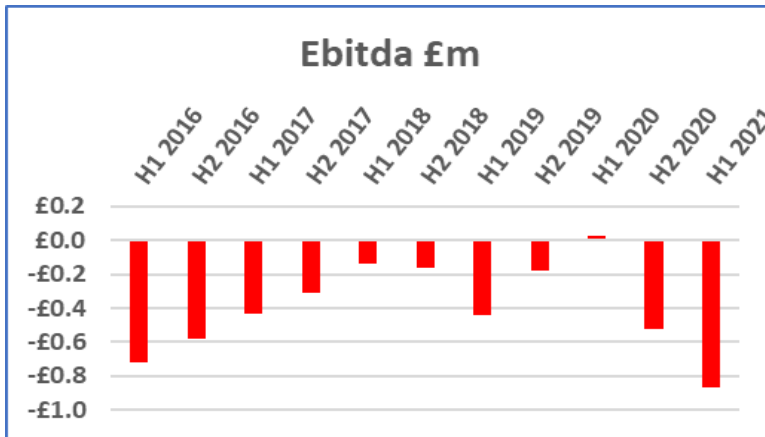
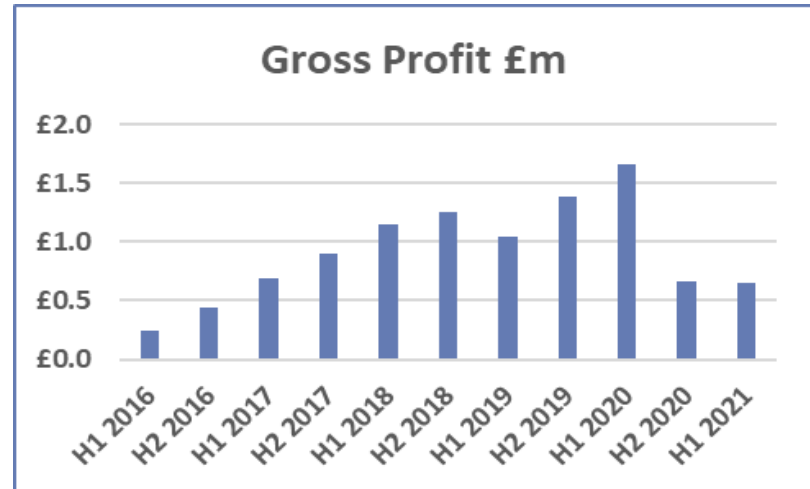
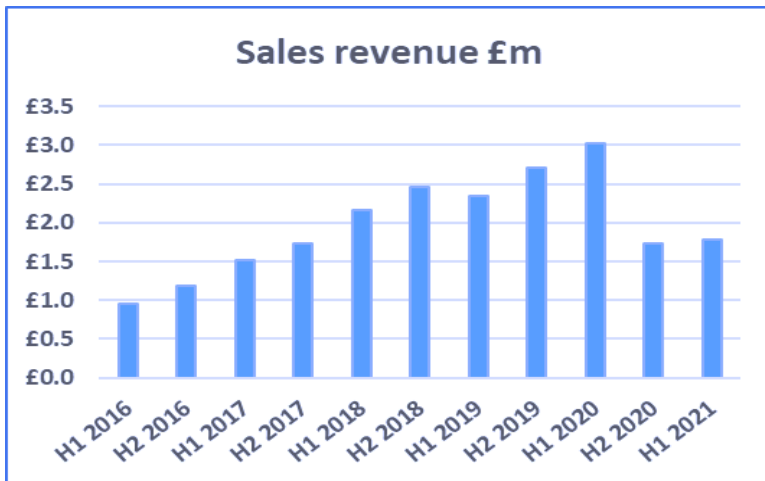
**£0.9m loss**

(H1 FY20 £0.0m)

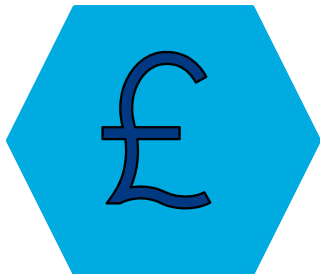
- High operational gearing has a detrimental effect on Gross Margin when revenue is reduced. Conversely, increasing revenue has a very positive effect on Gross Margin
- Overheads under control: 7% lower than H1 FY20
- EBITDA loss in line with H2 FY20 when one-off benefits of grant income and US Paycheck Protection Program received in H2 are excluded

# Financial Trends

Marked Covid-19 effect over last 12 months



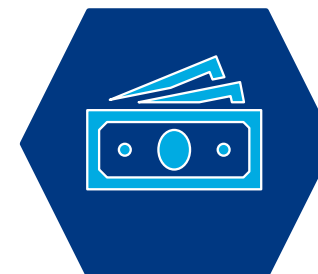
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## Cash balance at 31 March: £2.3m

- CBILS of £250k received
- Equity fundraise of £0.8m (before expenses) in February 2021
- 2<sup>nd</sup> US Paycheck Protection Program payment of \$149k received

02



## Post period events

- Further CBILS of £250k received in April 2021

Forecast cash reserves sufficient for foreseeable future

# Operations

Site re-location completed –  
Wedgwood Road production  
ceases end June

Final Airbus approval of  
processes at Longlands Rd  
site due July

New, larger-size components  
being coated due to  
increased reactor size

No significant COVID-19  
problems with employees in  
UK or US

State of the art  
environmental and emission  
controls in place at new site

Wedgwood Rd lease ends  
October 2021



Nadcap accreditation of  
Longlands Rd site planned  
for later in 2021





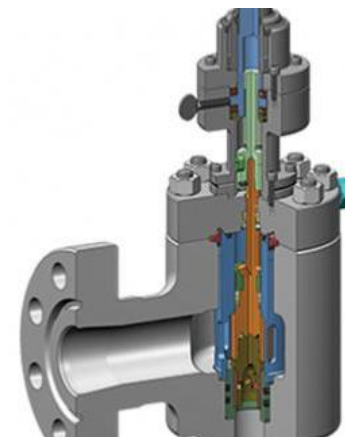
## Energy

- Encouraging statements from **Schlumberger** predicting accelerated O&G recovery in 2<sup>nd</sup> half 2021
- Coating of sand filtration screens continuing
- Working with major US-based electric vehicle manufacturer
- Increasing demand from Solar energy sector
- Working on new Alternative Energy developments



## Flow Control

- Demand from main US industrial pump manufacturer slow in early H1, but picked up late H1 and forecast to remain high throughout H2
- Valve market still slow, but positive signs of picking up



## Aerospace

- See separate slide....

## Power Generation and Precision Engineering

- EDF testing further delayed by COVID restrictions
- Major European steam & gas turbine manufacturer approved coating for blades – plans to install blades into new industrial gas turbine early in 2022
- Consistent demand for X-ray machine components



# Aerospace

**Airbus:** Long-term supply agreement being finalised with Tier 1 supplier for coating A320 & A330 wing components

**Airbus:** orders expected shortly for A330 wing compression pads



**Leonardo Helicopters:** final approval delayed due to unavailability of test rig - testing now due completion August 2021

**BAE Eurofighter Typhoon:** demand for canopy locking components 5x higher than H1 2020



**Airbus:** Regular orders for A300 Beluga Super-Transporter components

Global aerospace market activity recovering



# Outlook

Positive market forecasts for aircraft and energy activity in H2 2021

Industrial gas turbine blade developments well advanced with major European turbine manufacturer

Production orders for Airbus A320, A330 and A380 components commencing late 2021.  
Full site approval due July 2021

Exciting developments in Alternative Energy sector, especially in EV battery production

Maintaining confidence that demand will increase in H2

Balance sheet being carefully managed and cash sufficient for foreseeable future



# Financials

# Consolidated Income Statement

£m	2017/18		2018/19		2019/20		2020/21
	H1	H2	H1	H2	H1	H2	H1
Sales	2.16	2.45	2.35	2.70	3.02	1.74	1.78
Variable Gross Margin %	75%	71%	68%	72%	74%	72%	73%
Fixed costs of sales	0.46	0.51	0.55	0.57	0.59	0.58	0.54
Gross Profit %	53%	51%	45%	51%	55%	38%	37%
Overheads	1.29	1.42	1.48	1.56	1.63	1.23	1.52
EBITDA	(0.14)	(0.16)	(0.44)	(0.18)	0.03	(0.57)	(0.86)

# Balance Sheet

£m	2017/18		2018/19		2019/20		2020/21
	H1	H2	H1	H2	H1	H2	H1
Assets*	1.87	2.39	2.41	3.12	8.65	8.92	8.27
Cash	3.23	3.30	5.35	4.81	4.88	2.72	2.33
Net working capital	0.34	(0.30)	0.59	0.34	(0.60)	0.21	0.60
Liabilities & provisions*	(0.07)	(0.31)	(0.43)	(0.58)	(3.20)	(3.00)	(3.17)
Capital Employed	5.38	5.08	7.92	7.70	9.74	8.84	8.03
Equity	16.02	16.08	19.53	19.67	22.01	22.03	22.80
Losses	(10.38)	(10.93)	(11.58)	(11.96)	(12.31)	(13.21)	(14.46)
Other reserves	(0.26)	(0.08)	(0.03)	0.00	0.04	0.02	(0.31)
Shareholders' funds	5.38	5.08	7.92	7.70	9.74	8.84	8.03

\*Right of use assets created of under IFRS 16 (modified transitional approach)

# Cash Flow

£m	2017/18		2018/19		2019/20		2020/21
	H1	H2	H1	H2	H1	H2	H1
Net Operating Cash	(0.14)	0.53	(1.20)	0.13	0.84	(1.14)	(1.19)
Net Investing Cash	(0.36)	(0.53)	(0.32)	(0.79)	(3.34)	(0.83)	(0.15)
<i>Share Issues</i>	<i>2.47</i>	<i>0.06</i>	<i>3.45</i>	<i>0.13</i>	<i>2.35</i>	<i>0.02</i>	<i>0.76</i>
<i>Finance Lease</i>	-	-	-	-	<i>0.40</i>	-	-
<i>Lease Principal</i>	-	-	-	-	<i>(0.07)</i>	<i>(0.15)</i>	<i>(0.08)</i>
<i>Loan Changes</i>	<i>0.05</i>	-	<i>0.12</i>	-	<i>(0.02)</i>	<i>(0.06)</i>	<i>0.32</i>
<i>Grant repaid</i>	-	-	-	-	<i>(0.09)</i>	-	<i>(0.05)</i>
Net Financing Cash	2.52	0.07	3.57	0.12	2.56	(0.19)	0.95
Net Cash At Start	1.21	3.23	3.30	5.35	4.81	4.88	2.72
Net Cash At End	3.23	3.30	5.35	4.81	4.88	2.72	2.33