

A collage of three circular images is set against a background of overlapping red, white, and dark blue curved shapes. The largest circle on the left shows a man in a dark jacket and safety glasses working with a large, complex industrial machine with copper-colored components. The top-right circle shows a man in a dark shirt working with several vertical metal cylinders in a laboratory or industrial setting. The bottom-right circle shows a man in a dark shirt and glasses sitting at a desk, looking at a computer monitor displaying a grid of red and green data points.

# FY21 Preliminary Results

for the ending 30<sup>th</sup> September 2021

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# Operational Highlights: FY21

**Full year revenue £3.6m: 24% lower than FY20 due to COVID-19**

**✓ Trading in Q1 FY22 has improved significantly**



Overall demand reduced due to COVID-19 pandemic

Fundraise of £0.8m (gross)  
Two CBILS loans totalling £0.5m



Aerospace and Precision Engineering strong

New Bicester site fully operational.  
Old site vacated



North America sales 60% of total

Airbus first orders



Strong order intake post period end

First order for power generation turbine blades



## Results dominated by reduced Oil & Gas demand due to COVID-19

Oil & Gas down 46%

Aerospace up 46%  
(from a low base)

Precision Engineering  
up 38%

Gross margin: 36%  
(FY20 49%)

Gross profit: £1.3m  
(FY20 £2.3m)

Variable margin: 72%  
(FY20 73%)

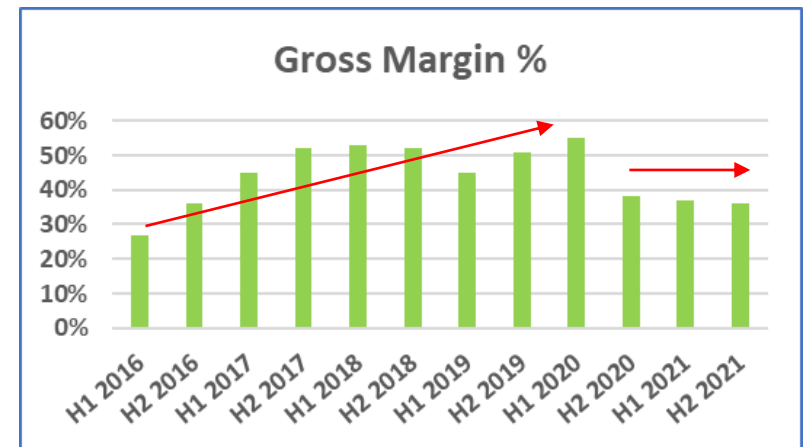
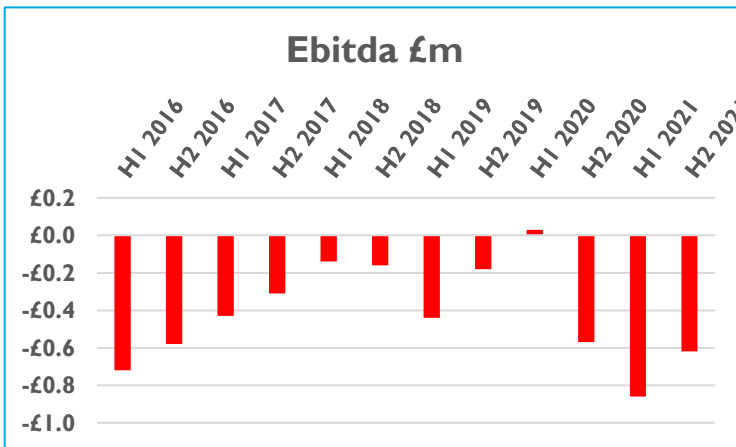
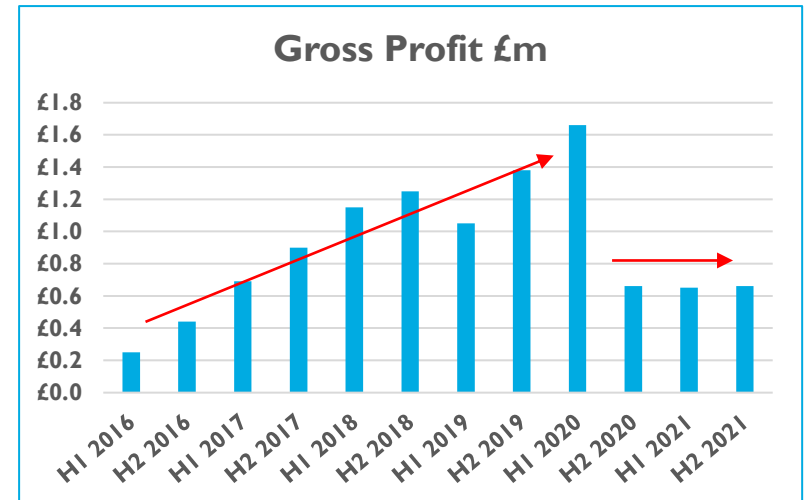
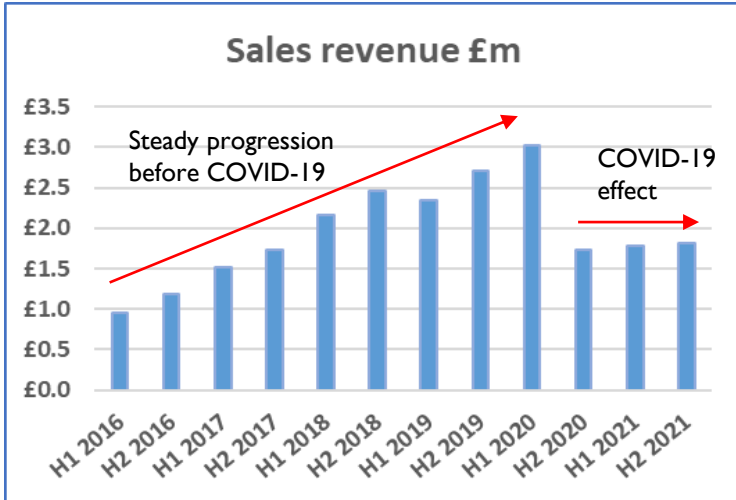
Ebitda loss\* : £1.5m  
(FY20 £0.5m loss)

Net assets: £6.9m  
(FY20 £8.8m)

Cash £1.5m  
(FY20 £2.7m)

\*before exceptional items

# Financial Trends





- Full Airbus approval of new site
- First large order for turbine blades:
  - Only possible because of new large 1.5m high coating reactor

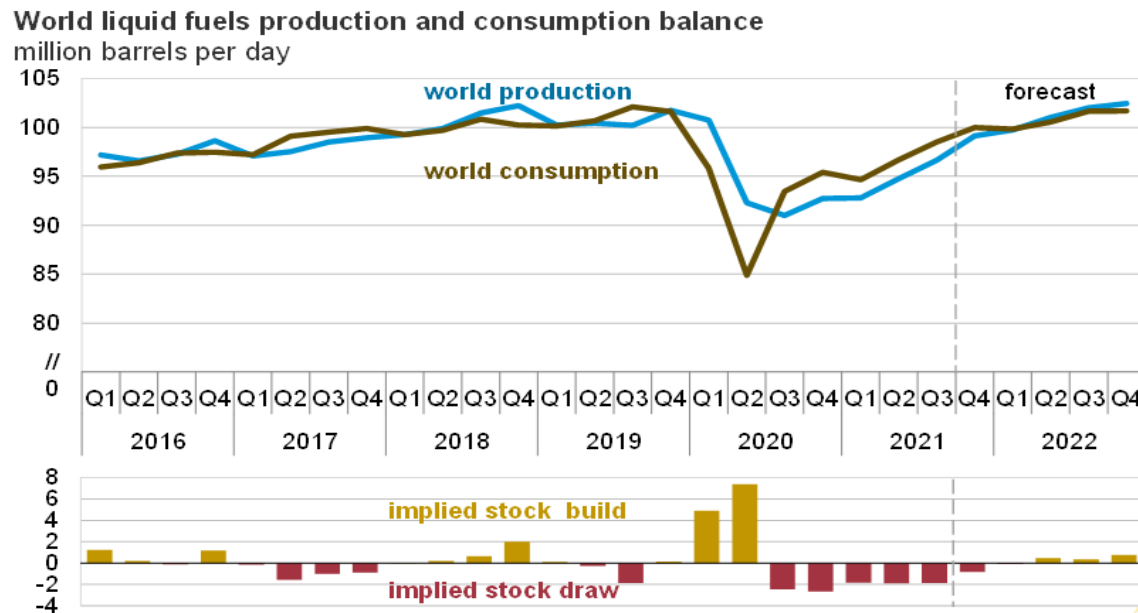
plus....

- new large nickel-strike line
- New, sophisticated processing techniques had to be developed



# Energy and Flow Control

- O&G market – FY21 revenue down by 46%
- Demand forecasts positive for FY22 – Q1 is buoyant – ‘exceptional multi-year growth cycle’ predicted by Schlumberger and Halliburton
- Increased demand predicted from solar cell sector
- Strong demand from large US pump customer has been maintained and predicted to continue throughout FY22

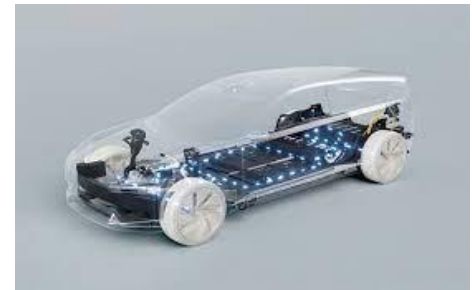


Source: U.S. Energy Information Administration, Short-Term Energy Outlook, October 2021

# Alternative Energy

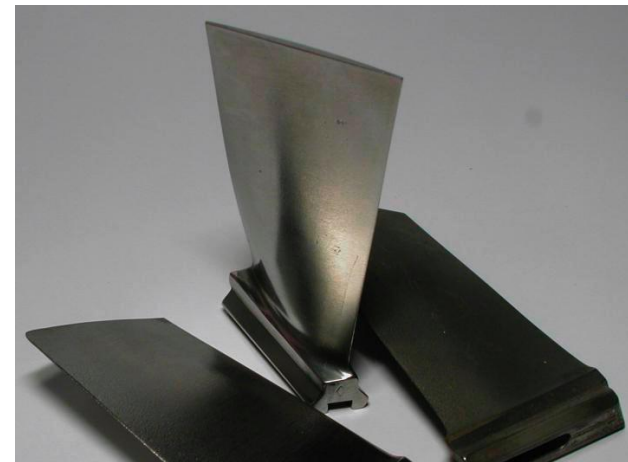
Live opportunities in Alternative Energy industries include:

- **Hydrogen –**  
Coating especially useful due to being non-permeable
- **Solar cells –**  
Current customer expanding production
- **Wind –**  
Low friction/wear & corrosion resistance on moving parts
- **EV batteries –**  
Coating not detrimental to electrical properties
  - New opportunity with large US-based EV manufacturer





- First large turbine blade order received from major European manufacturer – delivery Q1 FY22
- EDF trials planned for 2021 delayed due to COVID-19 – now expected 2022/2023
- X-ray machine component demand constant throughout year



## Demand depressed during the year, but now in slow recovery

- Timing of Supply Agreement with Airbus Tier 1 supplier affected
- Test programs delayed, aircraft build rates reduced
- Demand for BAE Systems Typhoon remained strong

## Market now in recovery:

- Airbus increasing production rates and forecasting back to pre-pandemic levels by 2023- expect A320, A330 and A380 components this year
- Leonardo Helicopters transmission test program completed - first orders expected in 2022
- MRO activity increasing



## FY21: a Baseline year for calculating CO<sub>2</sub> and waste emissions

- UK and US sites accredited to environmental standard *ISO14001*
- Natural gas not used at new UK site
- All UK electricity from renewable sources
- Almost all process waste recycled – minor amount to landfill
- New site and equipment was designed with energy efficiency measures in mind





## Recovery in demand well underway

- Strong orders and sales in Q1 FY22
- Demand increasing across all sectors, including O&G
- Airbus demand expected to start shortly
- Development/testing underway with large EV company
- Many delayed developments and test programmes now back on track
- First large turbine blade order currently being coated with further orders expected during FY22
- Positive outlook for rest of FY22 – back on an upwards trajectory







# Financials

# Consolidated Income Statement



£m	2018/19		2019/20		2020/21	
	H1	H2	H1	H2	H1	H2
Sales	2.35	2.70	3.02	1.73	1.78	1.82
Variable Gross Margin %	68%	72%	74%	72%	73%	71%
Fixed costs of sales	0.55	0.57	0.59	0.58	0.54	0.54
Gross Profit %	45%	51%	55%	38%	37%	36%
Overheads	1.48	1.56	1.63	1.15	1.52	1.27
EBITDA	(0.44)	(0.18)	0.03	(0.49)	(0.86)	(0.62)

# Balance Sheet

£m	2018/19		2019/20		2020/21	
	H1	H2	H1	H2	H1	H2
Assets	2.41	3.12	8.65	8.92	8.27	9.21
Cash	5.35	4.81	4.88	2.72	2.33	1.54
Net working capital	0.59	0.34	(0.60)	0.21	0.60	(0.70)
Liabilities & provisions	(0.43)	(0.58)	(3.2)	(3.0)	(3.17)	(3.14)
Capital Employed	7.92	7.70	9.74	8.84	8.03	6.91
Equity	19.53	19.67	22.01	22.03	22.80	22.80
Losses	(11.58)	(11.96)	(12.31)	(13.21)	(14.46)	(16.01)
Other reserves	(0.03)	0.00	0.04	0.02	(0.31)	0.12
Shareholders' funds	7.92	7.70	9.74	8.84	8.03	6.91

# Cash Flow

£m	2018/19		2019/20		2020/21	
	H1	H2	H1	H2	H1	H2
Net Operating Cash	(1.20)	0.13	0.84	(1.14)	(1.08)	(0.63)
Net Investing Cash	(0.32)	(0.79)	(3.34)	(0.83)	(0.15)	(0.15)
<i>Share Issues</i>	<i>3.45</i>	<i>0.13</i>	<i>2.35</i>	<i>0.02</i>	<i>0.76</i>	<i>-</i>
<i>Finance Lease</i>	<i>-</i>	<i>-</i>	<i>0.40</i>	<i>-</i>	<i>-</i>	<i>0.05</i>
<i>Lease Principal</i>	<i>-</i>	<i>-</i>	<i>(0.07)</i>	<i>(0.15)</i>	<i>(0.08)</i>	<i>(0.19)</i>
<i>Loan Changes</i>	<i>0.12</i>	<i>-</i>	<i>(0.02)</i>	<i>(0.06)</i>	<i>0.21</i>	<i>0.19</i>
<i>Grant repaid</i>	<i>-</i>	<i>-</i>	<i>(0.09)</i>	<i>-</i>	<i>(0.05)</i>	<i>(0.06)</i>
Net Financing Cash	3.57	0.12	2.56	(0.19)	0.84	(0.01)
Net Cash At Start	3.30	5.35	4.81	4.88	2.72	2.33
Net Cash At End	5.35	4.81	4.88	2.72	2.33	1.54