Autins Group plc
Interim Results for the six months ended 31 March 2021

30 June 2021

Autins Group plc
(the "Company" or the "Group")

Interim Results

Autins Group plc (AIM: AUTG), the UK and European based manufacturer of the patented Neptune melt-blown material and specialist in the design, manufacture and supply of acoustic and thermal insulation solutions, announces its results for the six months ended 31 March 2021.

Financial Summary

- Revenue increased by 3.7% to £13.71m (H1 20: £13.22m)
- Gross profit increased by 1.8% to £3.91m (H1 20: £3.84m)
- Gross margins decreased by 0.5% to 28.5% (H1 20: 29.0%)
- EBITDA including IFRS 16 adjustments increased by 66.2% to £1.18m (H1 20: £0.71m)
- Adjusted EBITDA[1] of £0.66m (H1 20: EBITDA of £0.27m)
- Profit after tax of £0.01m (H1 20: loss of £0.64m)
- Earnings per share of 0.025p (H1 20: loss of 1.62p)
- Operating cashflow increased to £0.87m (H1 20: £0.62m)
- Net debt[2] excluding IFRS16 lease liabilities improved to £1.84m (H1 20: £2.34m)

1: EBITDA adjusted for IFRS 16, is stated on a consistent basis to H1 20. The H1 20 measure is therefore stated before adding back £0.16m of non-recurring costs in respect of the change in CFO.
2. *Net debt is cash less bank overdrafts, loans, invoice discounting, hire purchase finance and right of use lease liabilities.*

Operational Highlights

- Neptune sales continue to progress well with sales growing by 33%.
- 29 new projects won during H1 21, with on-going expected annual value of £3.9m.
- 46% of new business (£1.8m) has been won in Europe, 20% of all wins are in non-automotive applications.
- Germany sales grew by 81% to £3.9m (H1 20: £2.1m) with significant growth in the flooring business.
- OEM car production in H1 21 impacted initially by Covid-19 and latterly by global shortage of semi-conductors.
- Strong cash and working capital management actions have been taken. Cash and cash equivalents improved to £2.9m at the period end (H1 20 £1.9m) and cash headroom significantly improved to £6.1m (H1 20 £1.5m).

Post Period End

- Semi-conductor shortages continue to significantly suppress auto OEM production levels during Q3, despite the underlying growth in demand for new cars so that we expect H2 automotive revenue to be lower than H1.
- Neptune production continues to grow steadily with further new projects with DAF, Scania and office pods due to commence towards the end of the calendar year.
- The Company has engaged in constructive discussions with its lenders regarding covenant and headroom assessments. This has resulted in the Company securing a 3-year CBILS invoice finance extension facility with its primary bankers HSBC (which supports up to £0.47m of additional cash drawdown) and a waiver of the EBITDA covenant for 30th September 2021.

Gareth Kaminski-Cook, Chief Executive, said:

"I am pleased to report that sales across the Group are up 3.7% compared to H1 20 and EBITDA including IFRS 16 adjustments increased by 66% to £1.18m. Growth has been driven by market share growth in Europe and in non-automotive sectors of flooring and commercial vehicles.

During Q2 and Q3, our sales have been significantly impacted by the well-publicised semi-conductor supply issues. However, the strong underlying demand for cars and reassuring statements from semi-conductor manufacturers that they will begin to meet automotive demand during the summer suggests that we should start to see a recovery later this calendar year.

"In the meantime, we continue to successfully execute our strategy to diversify outside the UK and into new sectors. Sales in the flooring business more than doubled during H1 and by leveraging the unique qualities of our Neptune technology we have won 29 new projects in the first half, notably to supply new customers such as Volvo for the all-electric Polestar and Scania and DAF trucks in Sweden and Germany respectively.

"Despite the challenges posed to our auto customers by the global semi-conductor shortage and the likely impact on automotive revenues in H2, we remain positive on the outlook for the medium to long term."

For further information please contact:

Autins Group plc	
Gareth Kaminski-Cook, Chief Executive	Via Newgate
Kamran Munir, CFO	
N+1 Singer Advisory LLP	Tel: 020 7496 3000
(Nominated Adviser and Broker)	
Mark Taylor / Asha Chotai	
Newgate Communications	Tel: 020 7653 9850
(Financial PR)	
Adam Lloyd	
Tom Carnegie	

About Autins

Autins is the UK and European manufacturer of the patented Neptune melt-blown material and specialises in the design, manufacture, and supply of acoustic and thermal insulation solutions.

Overview

H1 21 showed a solid improvement compared to H1 20, with sales increasing through our German business and lower operating costs resulting in EBITDA increasing by £0.47m to £1.18m (H1 20: £0.71m).

The Neptune facility has continued to see increasing production and external sales volumes. With further growth anticipated because of recent contract wins, production capacity will need to be increased by c.30% in the short term and several capital projects are already underway with plans to add additional capacity, as required, over the next year.

A key objective of the Group's on-going operational improvement programme is to increase the flexibility of the business so that its cost base can be adjusted quickly when faced with volatile demand and customer shutdowns. During the period, additional incremental productivity increases, and value engineering initiatives were implemented. Overhead costs were also reduced with the relocation of our R&D facility to the head office in Rugby, which facilitated the release of the rented MIRA facility in Nuneaton.

Although gross profit increased in absolute value against H1 20, H1 21 gross margin reduced by 0.5% against H1 20. There was underlying improvement in materials, labour, and production costs. However, reduced UK manufacturing volumes reduced the absorption of fixed production costs which negatively affected gross margin percentage. Furlough working patterns remain an ongoing feature within the UK.

Germany has secured volume increases in both the flooring and automotive market, but Sweden experienced some volume losses with associated low levels of redundancies being implemented to mitigate the impact.

Revenue

Sales across the Group increased by 3.7% to £13.71m (H1 20: £13.22m) driven by market share growth in the automotive sector in Europe and growth in non-automotive sectors of flooring and commercial vehicles.

Sales through the European operations now account for 33% of Group turnover, up from 23% last year.
Automotive sales declined by 8.3% to £11.5m, driven by reduced OEM production caused primarily by semi-conductor shortages and some cost reduction actions by the Group's major customer. Revenue in the UK decreased by 11% to £9.5m, with component revenue reducing by 3.5% and tooling reducing by 81% as the OEMs focused less on releasing new projects and more on cost cutting.

German automotive sales grew by 3.7% to £1.5m, whilst Sweden auto sales reduced by 16.2% to £0.9m.

It is pleasing to note that during H1 we began to supply directly to Volvo for the all-electric Polestar and the Swedish team has reached the late stage of negotiations to supply significant near-term volumes.

By leveraging the unique qualities of our Neptune technology, we have won 29 new projects in the first half year, notably to supply new customers such as Volvo for the all-electric Polestar and Scania and DAF trucks in Sweden and Germany respectively.

Non-auto sales grew by 283% to £2.4m, driven primarily by sales into flooring which grew year on year by 311.8% to £2.3m. In the UK we have won business with new customers in the workspace market of office pods. This is a nascent market set to grow over the coming years and for which the Neptune product is uniquely suitable for thin walls and roof spaces. Non-auto sales now count for 17% of Group turnover, up from 7% a year ago.

Sales concentration of our largest customer reduced from 50.5% last year to 46.2% in H1 21, driven primarily by the growing European flooring activities and depressed UK auto market. This should reduce further as new contracts to supply commercial vehicles and office pods start later this year, though we expect this will be partially offset by recovery of the UK auto market.

Gross margin

The Group's component gross margin decreased to 28.5% (H1 20: 29.0%). Focus was maintained on further improving material buying and usage, supply chain costs, manufacturing efficiency and labour productivity to mitigate the impact of current market conditions. Increased utilisation of the Neptune line as noted above is also having a positive impact, with increased dilution of fixed labour and operational costs associated with that manufacturing facility. Lower fixed overhead absorption from reduced UK and Sweden sales volumes and lower pricing on some Germany products offset the improvements made.

EBITDA and operating profit

The reported H1 21 EBITDA of £1.18m (H1 20: EBITDA profit of £0.71m) and reported operating profit of £0.15m (H1 20: loss of £0.78m) do not reflect any exceptional costs (H1 20: £0.16m). Excluding IFRS16 impacts, EBITDA for H1 21 is £0.66m (H1 20: EBITDA of £0.27m).

The reported operating profit is also stated after recognising £0.12m (H1 20: £0.12m) relating to amortisation arising on intangibles which were created at the Group's IPO.

Joint venture

The Group's share of joint venture activities relates solely to Indica Automotive, a UK based foam conversion business.

Turnover at Indica Automotive increased 0.7% to £1.47m (H1 20: £1.46m), with a profit after tax of £0.21m (H1 20: £0.14m). The Group remains the largest customer of the joint venture, and the ratio of sales to the Group as a percentage of total sales has not changed significantly from H1 20.

Net finance expense

Net finance expense for the period marginally increased to £0.27m (H1 20: £0.26m) including IFRS 16 charges of £0.14m (H1 20 £0.15m). The interest element of hire purchase agreements is £0.01m (H1 20: £0.02m) with interest charged on bank borrowings of £0.13m (H1 20: £0.09m). This latter increase relates to the MEIF loan funding secured in January 2020 at 7.5% p.a.

Taxation

Given the continuing economic conditions, a relatively small proportion of the losses carried forward are recognised in deferred tax balances, consistent with the judgement made at September 2020. The net credit in the period arises as a result of a refund from an enhanced R&D claim made in respect of prior year expenditure.

We would expect the effective rate for full year profits to be lower than the headline rates due to both the utilisation of brought forward losses in the UK and Sweden as well as a degree of enhanced R&D claims. Germany is likely to move into a tax paying position as it has now largely utilised its losses brought forward against profits in FY20 and FY21 to date.

Dividends

The Board continues to believe that during the current period of economic uncertainty a suspension in dividend payments remains appropriate. As such, no interim dividend is proposed.

Net debt and financing

The Group ended the period with net debt (being the net of cash and cash equivalents and the Group's loans and borrowings, excluding right of use lease liabilities) of £1.84m (H1 20 £2.34m). Including £5.34m (H1 20 £5.68m) arising from IFRS 16 lease liabilities the Group's net debt would be £7.18m (H1 20 £8.02m). Net debt has continued to show a reduction with improved cash generation. Cash and cash equivalents at the period end were £2.9m (H1 20: £1.9m; FY20: £2.9m).

At 31 March 2021, the Group's UK HSBC facilities provided up to £6.0m (H1 20: £6.0m) of invoice financing facility (subject to available accounts receivable balances) and £0.5m (H1 20: £0.5m) of asset finance facilities. At the end of the period, none of the invoice financing facility had been utilised (H1 20: £2.33m) with £0.4m used from the asset finance facility (H1 20: £0.4m, FY20: £0.4m). Group cash headroom significantly improved to £6.1m (H1 20 £1.5m).

Capital expenditure

The Group invested £0.1m (H1 20: £0.1m) in its facilities during the period. The Group has planned further investments for UK press equipment improvement and Neptune throughput improvement.

Government support and cost conservation measures

The Group has continued to utilise the Government support schemes during the pandemic. Volatile customer demand patterns have meant that periodically staff have been placed on furlough or an equivalent overseas scheme. In Germany, this has been available to cover up to 100% of employee costs, in Sweden this is up to 80%, subject to capped limits. In the UK the Coronavirus Job Retention Scheme has been used, typically to cover dedicated customer matched shutdowns or short time working within a weekly production cycle. In addition, the Board has periodically taken voluntary pay reductions averaging up to 15% for most of the period, largely matching furlough timings across the business.

Furlough and pay reduction recoveries across the UK facilities for the H1 period were £0.3m. The Group will continue to utilise Government support measures whilst available and until customer demand recovers to pre pandemic levels and expect this to be in the worth in the order of £0.4m for H2 21.

Cash conservation actions regarding payment extensions agreed and described in our prior financial year have been substantively repaid in accordance with the agreed terms, with only some residual items outstanding related to buildings' landlords and finance lease payment holidays.

Board changes and employees

Ian Griffiths resigned from the Board, as a Non-Executive Director of the Company, at the Company's AGM on 12 March 2021.

Autins has continued with its Covid-19 safe working practices policy, with appropriate home working, social distancing measures and sanitising hygiene management and monitoring measures. Employees have remained loyal, dedicated, and flexible in support of the Company. We utilise a dedicated smart phone application to send instant messages and news to our workforce. We also conducted a 100% employee feedback survey in the UK facilities, which had excellent take up rate, giving strong results and improved assessments since the prior survey two years ago.

Going Concern

In approving these Interim Financial Statements, the Board have reviewed current trading, profit and cash flow forecasts and assessed existing borrowings and available sources of finance.

The Covid-19 crisis has caused significant sales disruption to the Company since March 2020, with H2 20 being the most affected, after which some recovery has occurred. Notwithstanding this, since March 2020, we are pleased to report, that as a result of a strong focus on Group wide cash management, prudent cost containment measures, utilisation of furlough schemes, and restructuring of its borrowings during 2020, the Group has seen its cash balances improve by £1.0m, net debt reduce by £0.5m and cash headroom significantly improve by £4.6m to £6.1m at the end of March 2021.

The subsequent shortage of semi-conductor chips into the automotive supply chain has caused a second wave of disruption for our key customers and consequently automotive sales reduction within the Group. This had a partial impact in Q2 21 but has become particularly acute in Q3 21. As a result, the modelled H2 21 forecast shows downside risks that would cause September 2021 period end EBITDA covenants in the UK to be breached. Regular review discussions take place with the primary lenders and the Group has proactively engaged with them. Both lenders have adopted a supportive position after reviewing forecasts and actual financial performance data, and the Company has now received advance covenant waivers for the September 2021 testing date.

Forward looking profit and cash flow projections for FY22 and FY23 have been prepared. As well as a reasonable base case, these show that the Group, with the benefit of the prevailing cash headroom, could withstand further plausible downside trading scenarios and the impact of an extended automotive supply disruption. Adverse sensitivities have been assessed in the 15% to 25% range against prevailing key customer demand schedules and forecasts. In both of these modelled downside scenarios, liquidity remains adequate to ensure that payment commitments can be met to current terms as they fall due, for at least 15 months from the reporting date of these interim statements. Headroom remains in excess of £1.0m throughout the assessment period even in the higher 25% sensitivity scenario. This includes the repayment of the £0.75m bullet CBILS loan due in August 2021, and also includes commencement of instalment repayments of the £2.0m CBILS and £1.5m MEIF term loans from July 2021 and October 2021 respectively.

Continuing uncertainty regarding the magnitude and timing of sales recovery following the semi-conductor disruption to our key customers mean that in the downside scenarios some of the lender covenants in the UK (only) could potentially be breached from 31 December 2021. In all scenarios the Group wide EBITDA position remains positive and, as noted, cash headroom is strong. Our lenders are aware of these downside scenarios. In the event that any of the downside scenarios materialise, we would explore a variety of options, such as waiving specific covenants (as required), resetting levels of UK covenants, or enabling covenants to reflect Group performance as a whole. Separately, we are also seeking to apply for a government supported Recovery Loan, for which we meet the eligibility criteria. This would further improve headroom and the covenant position. New additional commercial sales wins are also possible, and these would improve cash and covenant headroom immediately through our current, fully unutilised, HSBC invoice finance facility.

Having due regard to all of the matters described above, the Directors have a reasonable expectation that the Group have adequate resources to remain in operation until at least 12 months after the release of these financial statements. The Board have therefore concluded to adopt the going concern basis in preparing these financial statements.

Outlook

Despite an improving picture regarding automotive demand reported by OEMs and retailers, short term uncertainty remains regarding semiconductor supply which is negatively affecting car production. The Board believes it is reasonable to assume that some disruption will continue for the remainder of the Group's current financial year. Despite current automotive conditions, we expect our German business to continue to perform strongly in H2 21 underpinned by its non-automotive revenue.

We will maintain our focus on continuously improving our operational efficiencies and reducing overheads to improve profitability in the business. This has helped protect margins in the UK and Sweden against the downward pressures caused by low and volatile supply schedules and a more competitive market, whilst improving the profit in the German operation.

We will also continue to diversify the business by winning additional customers, particularly in the non-automotive markets, so that we become less dependent on any one customer and segment.

Whilst we expect revenue for H2 21 to be less than H1, the Board remains positive regarding the prospects for the Group in our next financial year, although the scale of any improvement will be dependent on the timing and strength of the recovery of the UK automotive market from the current specific semiconductor supply issues.

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Interim Consolidated Income Statement

	Notes	Unaudited Period 1/10/20–31/3/21 £'000	Unaudited Period 1/10/19–31/3/20 £'000	Audited Year Ended 30/09/20 £'000
Revenue	2	**13,712**	**13,215**	**21,517**
Cost of sales		(9,803)	(9,379)	(15,636)
Gross profit		**3,909**	**3,836**	**5,881**
Other operating income		287	-	787
Distribution and administrative expenses excluding exceptional costs and amortisation		(3,927)	(3,936)	(7,430)
Amortisation of acquired intangible assets	4	(119)	(119)	(238)
Other exceptional operating costs	4	-	(160)	(292)
Total distribution and administrative expenses		(4,046)	(4,215)	(7,960)
Operating profit/(loss)		**150**	**(379)**	**(1,292)**
Finance expense		(274)	(259)	(523)
Share of post-tax profit of equity accounted joint ventures		104	71	55
Loss before tax		**(20)**	**(567)**	**(1,760)**
Tax credit/(expense)		30	(73)	37
Profit/(loss) after tax for the period		**10**	**(640)**	**(1,723)**
Earnings per share for profit/(loss) attributable to the owners of the Parent during the year				
Basic (pence)	3	*0.025p*	*(1.62)p*	*(4.35)p*
Diluted (pence)	3	*0.025p*	*(1.62)p*	*(4.35)p*

Interim Consolidated Statement of Comprehensive Income

	Unaudited Period 1/10/20–31/3/21 £'000	Unaudited Period 1/10/19–31/3/20 £'000	Audited Year Ended 30/09/20 £'000
Profit/(loss) after tax for the period	10	(640)	(1,723)
Other comprehensive income/(expense):			
Items that may be reclassified subsequently to profit and loss:			
Currency translation differences	(26)	(11)	18
Other comprehensive (expense)/income for the period	(26)	(11)	18
Total comprehensive expense for the period	(16)	(651)	(1,705)

Interim Consolidated Statement of Financial Position

	Unaudited As at 31/3/21 £'000	Unaudited As at 31/3/20 £'000	Audited As at 30/9/20 £'000
Non-current assets			
Property, plant and equipment	9,646	10,353	10,082
Right-of-use assets	4,582	5,056	5,001
Intangible assets	3,153	3,380	3,322
Investments in equity-accounted joint ventures	171	193	147
Deferred tax asset	95	51	149
Total non-current assets	**17,647**	**19,033**	**18,701**
Current assets			
Inventories	1,885	1,982	1,938
Trade and other receivables	5,734	5,548	4,339
Cash in hand and at bank	2,957	2,003	2,974
Total current assets	**10,576**	**9,533**	**9,251**
Total assets	**28,223**	**28,566**	**27,952**
Current liabilities			
Trade and other payables	4,087	3,436	3,151
Loans and borrowings	1,129	2651	1,027
Lease liabilities	748	696	917
Total current liabilities	**5,964**	**6,783**	**5,095**
Non-current liabilities			
Trade and other payables	114	113	117
Loans and borrowings	3,673	1,696	3,847
Lease liabilities	4,588	4,980	4,970
Deferred tax liability	51	86	74
Total non-current liabilities	**8,426**	**6,875**	**9,008**
Total liabilities	**14,390**	**13,658**	**14,103**
Net assets	**13,833**	**14,908**	**13,849**
Equity attributable to equity holders of the Company			
Share capital	792	792	792
Share premium account	15,866	15,866	15,866
Other reserves	1,886	1,886	1,886
Currency differences reserve	(153)	(156)	(127)
Retained earnings	(4,558)	(3,480)	(4,568)
Total equity	**13,833**	**14,908**	**13,849**

Interim Consolidated Statement of Changes in Equity Unaudited

	Share capital £'000	Share premium account £'000	Other reserves £'000	Currency differences reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2020	792	15,866	1,886	(127)	(4,568)	13,849
Comprehensive income for the period						
Profit for the period	-	-	-	-	10	10
Other comprehensive expense	-	-	-	(26)		(26)
Total comprehensive income for the period	-	-	-	(26)	10	(16)
At 31 March 2021	**792**	**15,866**	**1,886**	**(153)**	**(4,558)**	**13,833**

	Share capital £'000	Share premium account £'000	Other reserves £'000	Currency differences reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 October 2019	792	15,883	1,886	(145)	(2,313)	16,103
Effect of adoption of IFRS 16	-	-	-	-	(512)	(512)
Comprehensive expense for the period						
Loss for the period	-	-	-	-	(640)	(640)
Other comprehensive expense	-	-	-	(11)	-	(11)
Total comprehensive expense for the period	-	-	-	(11)	(640)	(651)
Contributions by and distributions to owners						
Share issue expenses (re August 2019 placing)	-	(17)	-	-	-	(17)
Share based payment	-	-	-	-	(15)	(15)
Total contributions by and distributions to owners	-	(17)	-	-	(15)	(32)
At 31 March 2020	**792**	**15,866**	**1,886**	**(156)**	**(3,480)**	**14,908**

	Share capital £'000	Share premium account £'000	Other reserves £'000	Currency differences reserve £'000	Retained earnings £'000	Total equity £'000
At 1 October 2019	792	15,883	1,886	(145)	(2,313)	16,103
Effect of adoption of IFRS 16	-	-	-	-	(517)	(517)
Comprehensive expense for the year						
Loss for the year	-	-	-	-	(1,723)	(1,723)
Other comprehensive expense	-	-	-	18	-	18
Total comprehensive expense for the year	-	-	-	18	(1,723)	(1,705)
Contributions by and distributions to owners						
Share issue expenses (re August 2019 placing)	-	(17)	-	-	-	(17)
Share based payment	-	-	-	-	(15)	(15)
Total contributions by and distributions to owners	-	(17)	-	-	(15)	(32)
At 30 September 2020	**792**	**15,866**	**1,886**	**(127)**	**(4,568)**	**13,849**

Interim Consolidated Statement of Cash Flows

	Unaudited Period 1/10/20-31/3/21 £'000	Unaudited Period 1/10/19-31/3/20 £'000	Audited Year ended 30/09/20 £'000
Cash flows from operating activities			
Profit/(loss) after tax	10	(640)	(1,723)
Adjustments for:			
Income tax	(30)	73	(37)
Finance expense	274	259	523
Employee share-based payment credit	-	(15)	(15)
Non cash element of other income	-	-	(109)
Depreciation of property, plant and equipment	474	432	836
Loss on disposal of fixed assets	15	-	-
Depreciation of right-of-use assets	410	364	851
Amortisation of intangible assets	179	158	317
Share of post-tax profit of equity accounted joint ventures	(104)	(71)	(55)
	1,228	560	588
(Increase)/decrease in trade and other receivables	(1,401)	1,091	2,296
Decrease/(increase) in inventories	27	(21)	23
Increase/(decrease) in trade and other payables	1,018	(1,012)	(1,426)
Cash from operations	**872**	**618**	1,481
Income taxes received/(paid)	62	-	(5)
Net cash flows from operating activities	**934**	**618**	**1,476**
Investing activities			
Purchase of property, plant and equipment	(89)	(85)	(154)
Purchase of intangible assets	(28)	(60)	(125)
Dividend received from equity accounted joint venture	80	95	125
Net cash used in investing activities	**(37)**	**(50)**	**(154)**
Financing activities			
Interest paid	(155)	(258)	(421)
Share issue expenses paid	-	(17)	(17)
Proceeds from loans and borrowings	-	1,500	4,523
Loan issue expenses paid	-	(41)	(66)
Repayment of loans and borrowings	(57)	(1,697)	(4,097)
Payment of lease liabilities	(551)	(323)	(549)
Net cash used in financing activities	**(763)**	**(836)**	**(627)**
Net increase/(decrease) in cash and cash equivalents	134	(268)	695
Cash and cash equivalents at beginning of period	2,820	2,125	2,125
Exchange losses on cash and cash equivalents	(42)	-	-
Cash and cash equivalents at end of period	**2,912**	**1,857**	**2,820**
Cash and cash equivalents comprise:			
Cash balances	2,957	2,003	2,974
Bank overdrafts	(45)	(146)	(154)
	2,912	**1,857**	**2,820**

Notes to the Interim Consolidated Financial Information

1. Accounting policies

Description of business

Autins Group is a public limited company domiciled in the United Kingdom and quoted on AIM, a market operated by the London Stock Exchange. The principal activity of the Group is the design, manufacture, and supply of acoustic and thermal insulation solutions. The address of the registered office is Central Point One, Central Park Drive, Rugby, Warwickshire, CV23 0WE.

Basis of preparation

In preparing these interim financial statements, the Board have considered the impact of any new standards or interpretations which will become applicable for the FY21 Annual Report and Accounts which deal with the year ending 30 September 2021 and there are not expected to be any changes in the Group's accounting policies compared to those applied at 30 September 2020.

A full description of those accounting policies are contained within our FY20 Annual Report and Accounts which are available on our website (Autins FY20 ARA).

This interim announcement has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards issued by the International Accounting Standards Board, as adopted by the United Kingdom as effective for periods beginning on or after 1 January 2020.

New accounting standards applicable to future periods

There are no new standards, interpretations and amendments which are not yet effective in these financial statements, expected to have a material effect on the Group's future financial statements.

This unaudited consolidated interim financial information has been prepared in accordance with IFRS as adopted by the United Kingdom. The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ending 30 September 2021.

The financial information does not contain all of the information that is required to be disclosed in a full set of IFRS financial statements. The financial information for the six months ended 31 March 2021 and 31 March 2020 is unreviewed and unaudited and does not constitute the Group's statutory financial statements for those periods.

The comparative financial information for the full year ended 30 September 2020 has, however, been derived from the audited statutory financial statements for that period. A copy of those statutory financial statements has been delivered to the Registrar of Companies. The auditor's report on those accounts was unqualified, did not include references to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under section 498(2)-(3) of the Companies Act 2006.

The financial information in the Interim Report is presented in Sterling, the Group's presentational currency.

Basis of consolidation

The consolidated financial statements present the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the management team including the Chief Executive, Chief Financial Officer and Chairman.

The Board considers that the Group's activity constitutes one primary operating and one separable reporting segment as defined under IFRS 8. Management consider the reportable segment to be Automotive NVH. Revenue and profit before tax primarily arises from the principal activity based in the UK. All material assets are based in the UK. Management reviews the performance of the Group by reference to total results against budget.

The total profit measure is operating (loss)/profit as disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial information

2 Revenue

	Unaudited Period 1/10/20–31/3/21 £'000	Unaudited Period 1/10/19–31/3/20 £'000	Audited Year ended 30/09/20 £'000
Revenue arises from:			
Component sales	13,507	12,144	20,192
Sales of tooling	205	1,071	1,325
	13,712	13,215	21,517

Segmental information

The Group currently has one main reportable segment in each year/period, namely Automotive NVH which involves provision of insulation materials to reduce noise, vibration and harshness to automotive manufacturing. Turnover and Operating Profit are disclosed for other segments in aggregate as they individually have not had a significant impact on the Group result. In H1 FY21 with a continuing subdued automotive market, almost all the other revenue arises from acoustic flooring sales and in prior periods arose from acoustic flooring, personal protective equipment ('PPE') and office equipment products.

Measurement of operating segment profit or loss, assets and liabilities
The accounting policies of the operating segments are the same as those applied by the Group in the FY19 annual report and accounts.

The Group evaluates performance on the basis of operating profit/(loss).

	Automotive NVH £'000	Others £'000	1/1020–31/3/21 Total £'000
Group's revenue per Consolidated Statement of Comprehensive Income	11,355	2,357	13,712
Depreciation of property, plant and equipment	474		
Depreciation of right-of-use assets	410		
Amortisation	155	24	
Segment operating (loss)/profit	(95)	245	150
Finance expense			(274)
Share of post tax profit of equity accounted joint venture			104
Group loss before tax			(20)

	Automotive NVH £'000	Others £'000	As at 31/3/21 Total £'000
Additions to non-current assets	117	-	117
Reportable segment assets	28,052	-	28,052
Investment in joint ventures	171		171
Total Group assets	28,223	-	28,223
Reportable segment liabilities/ total Group liabilities	14,390	-	14,390

Segmental information (continued)

	Automotive NVH £'000	Others £'000	1/10/19–31/3/20 Total £'000
Group's revenue per Consolidated Statement of Comprehensive Income	12,382	833	13,215
Depreciation of property, plant and equipment	432	-	432
Depreciation of right-of-use assets	364	-	364
Amortisation	158	-	158
Segment operating (loss)/profit	(341)	42	(299)
Finance expense			(259)
Share of post tax profit of equity accounted joint venture			71
Group loss before tax			(487)

	Automotive NVH £'000	Others £'000	As at 31/3/20 Total £'000
Additions to non-current assets	145	-	145
Reportable segment assets	28,453	-	28,453
Investment in joint ventures	193	-	193
Total Group assets	28,646	-	28,646
Reportable segment liabilities/ total Group liabilities	13,658	-	13,658

Segmental information (continued)

	Automotive NVH £'000	Others £'000	Year Ended 30/9/20 Total £'000
Group's revenue per Consolidated Statement of Comprehensive Income	18,446	3,071	21,517
Depreciation of property, plant and equipment	836	-	
Depreciation of right-of-use assets	851		
Amortisation	301	16	
Segment operating(loss)/profit	(1,504)	212	(1,292)
Finance expense			(524)
Share of post tax profit of equity accounted joint venture			55
Group loss before tax			(1,761)

	Automotive NVH £'000	Others £'000	As at 30/9/20 Total £'000
Additions to non-current assets	279	-	279
Reportable Segment assets	27,805	-	27,805
Investment in joint venture			147
Total Group assets		-	27,952
Reportable segment liabilities/ Total Group liabilities	14,103	**-**	14,103

Reporting of external revenue by location of customers is as follows:

	Unaudited Period 1/10/20–31/3/21 £'000	Unaudited Period 1/10/19–31/3/20 £'000	Audited Year ended 30/09/20 £'000
United Kingdom	8,665	10,568	16,063
Germany	3,406	1,613	3,197
Sweden	309	276	322
Other European	1,332	750	1,913
Rest of the World	-	8	22
	13,712	13,215	21,517

3 Earnings per share

	Unaudited Period 1/10/20–31/3/21 £'000	Unaudited Period 1/10/19–31/3/20 £'000	Audited Year Ended 30/09/20 £'000
Profit/(loss) used in calculating basic and diluted earnings per share	10	(640)	(1,723)
Weighted average number of £0.02 shares for the purpose of:			
- basic earnings per share ('000)	39,601	39,601	39,601
- diluted earnings per share ('000)	39,996	39,601	39,601
Basic and diluted earnings per share (pence)	0.25p	(1.62)p	(4.35)p

Profit/(loss) per share is calculated based on the share capital of Autins Group plc and the earnings of the Group for all periods. There are options in place over 1,270,268 ordinary shares dependent on Group EBITDA targets in the three financial years ending 30 September 2023 ("EBITDA Awards"). Further options over 1,587,839 ordinary shares are dependent on the Group's share price at 30 September 2023 ("Share Price Awards"). In addition, there are 9,593 options relating to prior schemes. These options were anti-dilutive at the period end but may dilute future earnings per share (H1 20: 552,262 options over shares).

4 Non-recurring and exceptional items

	Unaudited Period 1/10/20 – 31/3/21 £'000	Unaudited Period 1/10/19 – 31/3/20 £'000	Audited Year Ended 30/09/20 £'000
Adjusted operating profit/(loss)	**269**	**(100)**	**(598)**
Amortisation of acquired intangible assets	119	119	238
Other exceptional operating costs:			
Inventory provisions	-	-	164
Change of Chief Financial Officer	-	160	160
Restructuring programme	-	-	132
Reported operating profit/(loss)	**150**	**(379)**	**(1,292)**

The Company acquired 100 per cent of the issued share capital of Acoustic Insulations Limited on 29 April 2014 as part of an overall refinancing package to fund strategic investments and additional working capital to support the growth of the Group. This acquisition recognised £1,909k of intangible assets which creates an annual amortisation charge of £237k.

In FY20, following a detailed operational review initiated by the change of Chief Financial Officer and in preparation for the rationalisation of the UK premises, the Group reviewed its inventory and identified £164,000, primarily in respect of materials that were being held for development or aftermarket service purposes, which are to be scrapped to allow floor space rationalisation and an associated reduction in future premises costs.

The Group also incurred exceptional administrative costs of £160,000 in the prior year in respect of the change of CFO, including recruitment fees and compensation costs. As part of the operational review initiated by the new CFO and in response to COVID-19, which necessitated further operational changes and cost reductions, the Group incurred a further £132,000 of severance related costs.

5 Taxation

The tax credit for the period reflects receipt of a tax refund of £71k arising from the allowances in respect of prior year research and development costs (H1 FY20:£Nil Given the continuing economic conditions, a relatively small proportion of the losses carried forward are recognised in deferred tax balances, consistent with the judgement made at September 2020. The net credit in the period arises as a result of a refund from an enhanced

R&D claim made in respect of prior year expenditure. We would expect the effective rate for full year profits to be lower than the headline rates due to both the utilisation of brought forward losses in the UK and Sweden as well as a degree of enhanced R&D claims. Germany is likely to move into a tax paying position as it has now largely utilised its losses brought forward against profits in FY20 and FY21 to date.