Our solutions are driven by you

ANNUAL REPORT AND ACCOUNTS 2021

Solving your **acoustic and thermal** challenges

OUR PURPOSE

Autins is a specialist in solving acoustic and thermal problems. Historically, we focused on the automotive industry but we are now diversifying into other industries such as commercial vehicles, flooring, office pods and building applications. We have a unique product offering, due to the breadth of our materials, products and manufacturing processes and a highly responsive technical support service, which is valued by customers.

Contents

Financial overview

Revenue

£23.4m

+8.9%

FY20: £21.5m

Net debt[2]

£2.7m

FY20: £1.9 m

EBITDA[1]

£1.1m

FY20: £1.1 m

Cash from Operations

£1.0m

FY20: £1.5 m

Adjusted gross profit

£6.3m[1]

(27.0%)

+5.4%

FY20: £6.0 m[1] (28.0%)

Earnings per share

-2.74p

FY20: -4.35p

Operating loss

-£0.7m

FY20: -£1.3 m

Final dividend

Nil

FY20: Nil

1 Adjusted gross profit calculated for FY20 excludes a £0.2 million exceptional inventory impairment. Also in FY20 a further £0.3 million of exceptional restructuring costs are excluded from EBITDA. There are no such exceptional costs in FY21.. See note 5 for reconciliation.

2 Cash less bank overdrafts, invoice discounting and hire purchase finance, excluding IFRS16 lease liabilities.

Operational Highlights

Revenues increased by

8.9%

to £23.4 million. This reflected a marginal automotive recovery, but mainly growth of £1.7 million in non-automotive revenues, primarily in our flooring applications.

Gross profit increased by

5.4%

to £6.3 million (FY20: £6.0 million). Gross margin reduced to 27.0% (FY20: 28.0%).

Neptune sales increased

64%

to £7.1 million (FY20: £4.3 million) despite pandemic supply chain disruption.

Consistent EBITDA of

£1.1m

achieved, despite considerable pandemic and semiconductor disruption impact on revenues.

Flooring sales grew

161%

to £4.7 million (FY20: £1.8 million).

£1.0m

of debt was repaid from the operating cash inflow.

Operational efficiency

improvements and Neptune manufacturing yield gains achieved to strengthen margins against disrupted supply chain volume reductions and related cost increases.

Further strong performance seen in Germany; sales grew by

69%

to £7.6 million (FY20 £4.5 million) and EBITDA increased to £0.9 million (FY20 £0.4 million).

Operating cash inflow was

£1.0m

(FY20 inflow of £1.5 million) despite £0.5 million additional inventory, primarily reflecting a strategic buffer investment for critical Far East supplies.

In December 2021, the Company raised

£3.0m

via the placing of 15 million new ordinary shares at a price of 20 pence per share with new and existing investors.

Accelerating product development

Who we are

166
Employees

3
Countries

5
Operating locations

160
Customer locations

What we do

WE DESIGN

We use our acoustic and thermal expertise and experience to research, test and develop bespoke solutions and products for our customers. Innovative design is the starting point for how we differentiate ourselves.

WE MANUFACTURE

We have a wide range of advanced manufacturing and conversion processes which deliver truly world-class quality products and services, including the unique and patented Neptune nonwoven material manufactured in our Tamworth facility.

WE SUPPORT

We recognise that our products exist to solve customer problems. We are focused on providing support to our customers throughout their programme life cycles to ensure those problems remain solved.

Our specialist solutions

ACOUSTIC

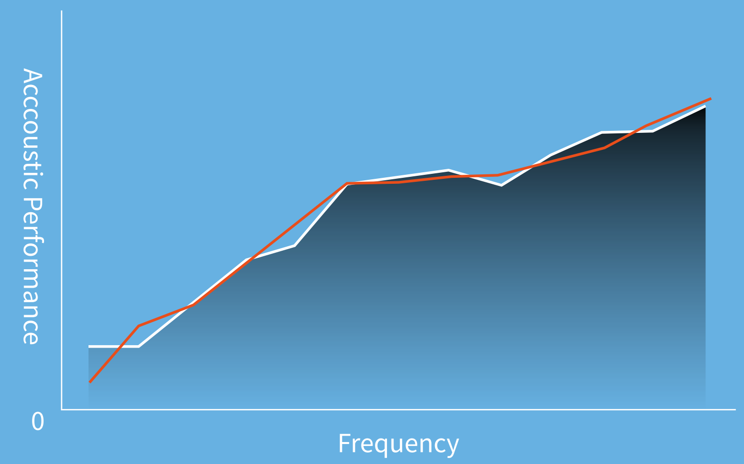
Our range of nonwoven products are low weight and designed specifically to provide excellent acoustic absorption making them suitable for various areas in the automotive sector, office acoustics, and in HVAC applications.

THERMAL

A number of our materials provide thermal insulation, whether to protect passengers from the heat of an engine or to provide thermal control and so extend battery life in combustion and electric engines. Our patented Neptune product has low thermal conductivity ideal for applications in automotive and commercial vehicles and when combined with reflective foils is also suitable for the construction and HVAC sector.

Neptune 80% lighter than traditional decoupling treatments

Equivalent acoustic performance but 80% weight reduction over traditional decoupling treatment when using Neptune treatment.



— Neptune Acoustic Decoupling Treatment (12kg/m3)

— Traditional Acoustic Decoupling Treatment (60kg/m3)

Where we operate

UK

TAMWORTH
Materials' manufacturing, assembly and conversion operation

RUGBY
Group headquarters, Group technical centre (laboratory and test site), new product introduction centre, assembly and conversion operation

NORTHAMPTON
Joint venture with Indica Industries (India), materials manufacturing and assembly

GERMANY

DUSSELDORF
New product introduction centre, assembly and conversion operation

SWEDEN

GOTHENBURG
New product introduction centre, materials manufacturing, assembly and conversion operation

Automotive
79
Customers

Other markets
21
Customers

Technology and innovation

DESIGNING SOLUTIONS

Specialists in bespoke technical solutions

Our customers require solutions that are tailored to their specific acoustic and thermal challenges. We work closely with our customers from concept through to manufacture and product launch, providing engineering design expertise across projects of all sizes.

Our knowledgeable and experienced team members are subject matter experts who specialise in creating bespoke solutions. We continue to provide support after product launch to ensure our customers' problems stay solved.

Expertise in design

Design is an integral part of our core business. We offer a product design and development service that starts with effective customer conversations to understand their needs.

From prototype part supply through development and design until part delivery and approval, this service is flexible and supportive to ensure customer requirements are met.

£0.3m

invested in R&D being 1.3% of revenues (FY20 £0.3 million, 1.5%)

"By 2030 we forecast 75% of new cars in the UK will be battery electric. We see this as an opportunity to help OEMs understand the challenges of NVH in future EV platforms and to define the future NVH solutions."

SHANE KIRRANE
UK Automotive Sales Manager

Our electric vehicle solution

The problem – new sources of noise, vibration and harshness ("NVH")

With the removal of the internal combustion engine ('ICE') and therefore engine noise, there is an expectation of a quieter drive in electric vehicles. In practice the removal of one major noise source uncovers a range of different NVH challenges across the vehicle. Particularly troublesome are continuous high frequency noises causing irritation to passengers including from motors, the battery, the transmission systems and the climate control systems.

Experience in EV is growing

Autins has already supplied NVH solutions on numerous electric vehicle platforms and has developed an innovative product which is currently filed for patent. During 2021 we have seen an increase in the number of pure electric vehicle companies and projects seeking our advice and support. This will inevitably grow given the increasing legislation driving the move to alternative fuel vehicles and therefore EV solutions will be prioritised within our new product product development so that we remain at the forefront in development of new EV and technology solutions.

Over

34%

estimated share of all cars in the UK that will be electric by 2030

Solving problems

Market-leading technology

Close collabortion shortens development times and increases the chance of creating balanced solutions in terms of finding the optimum weight, performance and cost for our customers. We use state-of-the-art predictive software to model acoustic performance when we are trying to solve a customer problem or develop a new product.

Modelling acoustic performance can be a simple method to tune product performance, for example making small theoretical adjustments to reach a specific customer target. We then work together with our suppliers and manufacturing teams to make the required product a reality, saving time and avoiding costly trial and error.

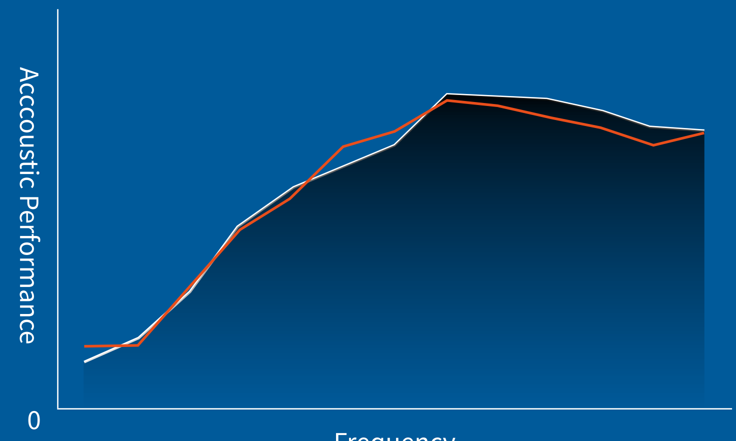
50+
materials modelled

> “Acoustics in the work space has become a critical design aspect for interior designers and the acoustic properties of our Neptune product are creating significant interest for use in furniture, partitions, ceiling tiles and office pods.”

MARTIN LOCKYER
Business Development Manager

Neptune is up to 40% lighter and thinner for any acoustic performance

Equivalent acoustic performance but 40% weight reduction over competitor microfibre product when using Neptune.



Product development and innovation

Our dedication to product development ensures that we continue to provide innovative and market-leading solutions. Projects are identified based on future technology developments and market trends; or in collaboration with customer and supplier partners.

We analyse material parameters and product data to develop Autins’ solutions and to drive product innovation. This includes bespoke acoustic testing and modelling for application-specific conditions, which enables us to demonstrate and optimise product performance and promote weight reduction to create competitive advantage and generate premium margins.

TECHNOLOGY AND INNOVATION *continued*

Over
34%
estimated share of all cars in the UK that will be electric by 2030

Using our skills and Neptune technology in office pods

The challenge – To supply an acoustic solution that doesn’t reduce the interior size of an office pod

Large open plan office spaces still require private, quiet places to make calls or hold meetings. Office pods are the modern and fast-growing solution. The client wants to make the office pod soundproof with excellent acoustics, whilst maximizing its internal space.

The solution – Neptune’s acoustic, weight and thickness advantage

Our Neptune material is up to 40% thinner and lighter than alternative materials for the same acoustic performance, allowing the wall and ceiling thicknesses to be that much thinner and lighter. Our R&D and Engineering teams worked with the customer to design different shapes and thickness of material for different parts of their office pods and panels and subsequently undertook safety testing for the US market. Following this fast and collaborative product development, Neptune solutions are now being supplied for use in office pods destined for offices of one of the world’s largest technology customers. This same approach is also being pursued with other companies.

Automotive

Identifying opportunities for future growth

Establishment in industry:

- Exploratory
- Progress
- Matured

Automotive market

Automotive NVH (Noise, Vibration and Harshness) continues to be our core market, so the global shortage of semiconductors has had a major impact on depressing production volumes. The consensus of industry experts is that supply constraints are set to continue limiting production in early 2022, with an upturn in demand expected in the second half of 2022, continuing into 2023. Beyond this both LMC and HIS forecasting agencies forecast auto demand to grow beyond pre-covid levels by 2024.

In addition, forecasts by Mordor Intelligence continue to predict demand for automotive NVH solutions to continue growing at a CAGR of just below 6%. The materials are used for reducing noise, vibration and harshness and increasing the ride quality and comfort for passengers in vehicles. Importantly experts predict that few materials currently used for NVH solutions can be substituted by other technologies in the future. Therefore, Autins' broad range of materials and solutions positions us well to capture share within this growing market. It is our view that there is an inexorable desire to have more comfort in vehicles.

Our customers, within the pandemic backdrop, remain determined to find new ways to reduce their costs and, therefore to consider new material solutions that have better performance and economic cost savings. Neptune meets this requirement precisely, being up to 40% lighter for the same performance and hence offering material cost savings.

Autins has increased its share of wallet with current customers, won new customers in the automotive sector and is continuing to work on significant new projects.

Electric vehicle growth

During 2021 all regions witnessed strong increases in EV sales, with EV growth rates 3 to 8 times higher than for total light vehicle markets. The global share of BEV and PHEV doubled from 3 to 6% this year. Different countries will develop at different speeds, but as an example of how quickly EV's are being adopted, in the UK, driven by government legislation, it is forecast that 75% of all new car sales will be battery electric by 2030.

Autins Group has been active and successfully supplying NVH solutions on a number of different vehicles with leading marques such as Polestar, JLR, LEVC, AMG and Audi. Our Neptune material is particularly suited to absorbing the frequency of noise associated with many of the sources in EVs and is lightweight and therefore cost effective. We continue to see the content value of NVH in electric vehicles is similar to that needed in combustion engines, although the solutions needed for EVs are more bespoke. This is where Autins' technical expertise is highly valued by OEM engineering design teams.

We see a huge opportunity to take a leading role identifying the future NVH solutions for pure electric vehicles and are currently in discussions with a number of established EV players and start-ups to understand future needs.

Commercial vehicles

Autins products are ideal for commercial vehicles, which share many of the same challenges and requirements as automobiles. Customers in this arena rely on SMEs to supply many of their parts, since they are typically producing smaller volumes, but over a longer period.

Often this market follows different economic cycles to automotive, as demonstrated since the onset Covid where commercial vehicles have continued to be in high demand particularly when home delivery services came of age.

Major customers in the commercial vehicle market are located close to our operations in Sweden, central Europe and the UK and this year we have seen good progress winning contracts in this area securing new business with DAF and Scania. In these contract wins, we differentiated ourselves as our Neptune material provided not only superior acoustic performance but also outstanding thermal performance, which has become important in EV's without a hot combustion engine to warm the inner cabin.

Non-Automotive

Identifying opportunities for future growth

Establishment in industry:

- Exploratory
- Progress
- Matured

Autins has a history of supplying acoustic and thermal solutions into a variety of non-automotive segments. Our biggest non-auto market is the flooring business which has benefitted from having a dedicated technical commercial flooring team.

We have now mirrored that model and appointed a Business Development Manager for the UK to address other segments.

Flooring

- Our target markets are the producers of floor coverings, especially LVT and other elastic floorings, as these are the fastest growing markets.
- Our business model is based on high volumes and not selling directly to consumers, distributors, or DIY markets, which are the customers of our customers. This is highly appreciated by the flooring industry.
- We offer specific customised solutions to improve footfall sound reduction, whilst maintaining a fully secure flooring solution.
- This is not a standard portfolio, as every single floor covering has specific requirements. In contrast to other underlay producers that offer standard 'off the shelf" products, we offer a true consultancy, design and make service solution, which generates good margins.
- We have over 20 years of experience in the flooring market and a profound knowledge of materials, acoustics, and market trends, which is well known to decision-makers in the market.
- During the year, sales nearly doubled due to contract wins in the previous year and since the year end an innovative new lifting system for ceramic tiles has been launched.

Workspace Solutions

- Office pods are increasingly popular in large companies that created huge open plan spaces and now realise they need quiet spaces and privacy, with attractive aesthetics and acoustics.
- These private spaces need to function well and must be very space-efficient, so walls need acoustic treatment and Neptune being up to 40% more effective than alternative materials, means walls can be thinner for the same acoustic performance.
- There are many companies manufacturing office pods across Europe, which have until now received limited acoustic upgrades and this represents a relatively untapped opportunity for Autins.
- The office pod designers know furniture and design, but need acoustic expertise, which Autins can provide.
- Post year end the Company's biggest office pod customer has been awarded the first purchase orders to supply Neptune in office pods sold into the US market and testing continues on metal ceiling tiles and partitions.

Others

- Autins solutions can be applied into numerous additional applications, and we will continue to evaluate all opportunities, whilst retaining commercial focus on only the most attractive ones.

OUR MARKETS *continued*

Strategic progress

Continued Strategic Progress despite Automotive market uncertainty

Group sales for the year were up

8.9%

to £23.4 million.
(FY20: £21.5 million)

Despite making progress in key strategic areas and achieving sales growth in FY21, the performance for the Group has been constrained due to the global shortage of semiconductors that limited the ability of our key OEM customers to manufacture vehicles to meet market demand.

ADAM ATTWOOD
Chairman

Financial performance

Sales in our core automotive business declined in the second half of the year (compared to H1) due to a reduction in vehicle production by OEMs caused by the global shortage of semiconductors. However, automotive sales in the second half were still an improvement on the equivalent period of the prior year which was severely impacted by Covid disruptions.

Our German business continued its strong performance, growing sales by 69% to £7.6 million (FY20: £4.6 million). This reflected strong flooring sales and some additional automotive revenues compared to FY20.

Adjusted gross margin reduced to 27.0% (FY20: 28.0%) primarily due to cessation of PPE sales and raw material cost price increases which were only partially offset by continued operational improvements. EBITDA (after IFRS 16 adjustments) was stable at £1.1 million (FY20: £1.1 million).

The operating loss for the Group narrowed to £0.7 million for the year (FY20: loss £1.3 million).

Net debt (excluding IFRS 16 debt) increased to £2.7 million (FY20: £1.9 million) and cash and cash equivalents reduced to £1.2 million (FY20: £2.8 million). With the reduced cash headroom and the short term uncertainty on the timing of recovery in the automotive market, the Board decided to raise £3.0 million (gross) via a placing of new shares to ensure the Company is in a position to capitalise on market recovery. In addition, the Company renegotiated certain of its banking obligations. These actions were completed after the year end and are described further below.

Strategy

The business made good progress in key strategic areas in FY21.

We continued to use our noise, vibration and harshness ("NVH") expertise to diversify into new markets with European sales increasing by 51% to £9.2 million. We also made progress diversifying away from our core automotive market with non-automotive revenue growing by 53% to £4.8 million. Flooring sales were a particular highlight and we are also seeing success in the emerging office pod market.

Neptune, our proprietary melt blown material, continues to be attractive to both existing and new customers due to its specific acoustic and thermal performance and its lighter weight. It was pleasing to see Neptune product sales increase by 64% to £7.1 million in the year. We are undertaking investment projects to increase the manufacturing capacity and operational efficiency of our Neptune plant in anticipation of continued sales growth.

We remain committed to becoming a leading NVH specialist to automotive manufacturers in Europe and continue to focus on positioning Autins as an electric vehicle NVH solutions provider. We are already supplying key brands in this space and are concentrating our R&D efforts on increasing our electric vehicle product solutions while enhancing the environmental credentials of our Neptune material by increasing recycled content.

In the short term, we have taken steps to protect the Group from the reduced vehicle production caused by the global shortage of semiconductors. We are well placed to benefit from the automotive market recovery once these supply side issues are resolved.

Post year end placing and banking facilities

In December 2021, the Group completed a placing of 15 million new ordinary shares raising £3.0 million (gross). The Board intends to use these funds to provide the Group with a working capital buffer while the automotive market recovers from the semiconductor supply issues and to fund increased working capital for growth in Germany and for UK safety stocks. Part of the proceeds will be allocated to invest in the Neptune manufacturing facilities (to further increase capacity and profitability), and to accelerate electric vehicle product development and other commercial activities.

In addition the Group negotiated waivers of its banking covenants to March 2023 and a six month deferral of capital repayments.

The combination of these actions has significantly improved the Group's liquidity position.

People

In all areas of our operations, the staff of Autins have shown energy, initiative and loyalty throughout the year. We have had to respond to the lower than expected demand from our core automotive market by adjusting our staffing costs appropriately. As furlough payments were phased out, we have looked at more flexible ways of working and I would like to thank all of our staff for the support and adaptability that they have shown.

Our people are our greatest asset and we remain committed to providing a safe and rewarding environment for all of our staff.

Ian Griffiths stepped down from the Board in March 2021 having joined at its IPO in 2016. I would like to thank Ian for his valuable contributions to our Board discussions and wish him well for the future.

Environmental, Social and Governance

During the year we strengthened our ESG policy to include commitment targets to be carbon neutral by 2050 in the UK and to have achieved a 68% improvement by 2030. We continuously undertake initiatives to improve the efficiency of our manufacturing equipment so that we use less energy and water, whilst reducing waste and increasing the proportion of renewable energy used. We converted all lighting to LED in the UK and Sweden during the year. Details of progress is covered in the "Commitment to ESG" section of this report. Key areas for improvement in the short-term are continuing reduction of our carbon footprint at our Tamworth Neptune facility and a reduction in staff churn.

We are committed to playing our part in reducing emissions and increasing the environmental benefits of our products and working practices. Our future is about sustainable growth and Autins has made ESG a central commitment of the business to support decarbonisation and a better environment, promote our social responsibilities and ensure fairness and promote diversity.

The Board remains committed to robust corporate governance and risk management to ensure the delivery of our strategic ambitions and the financial health of the Group. We apply the Quoted Companies Alliance Corporate Governance Code (the "QCA Code"). The Board is currently operating with two independent non-executive directors. We consider this appropriate in the short term and in keeping with the cost mitigation measures that have been applied to all staffing costs in the year. We are committed to increasing the number of independent non-executive directors on the Board as soon as appropriate in the recovery cycle.

Dividend

No final dividend is proposed.

The Board will continue to monitor net earnings, debt levels and expected capital requirements with a view to reinstating a progressive dividend policy at the appropriate time.

Outlook

In the short term, automotive revenue performance will continue to be constrained by the global shortage of semiconductors. The Board anticipates improvement in the supply of semiconductors during the second half of 2022 but, due to our financial year end date, this is likely to have a limited impact on FY22 automotive sales.

The outlook for our non-automotive sales remains strong in the short-term and we will continue to focus on diversification of customers and markets.

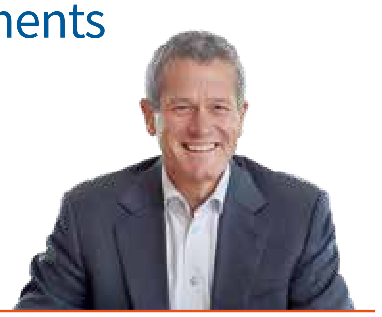
The medium term outlook remains positive. Retail demand for cars remains good and this should result in a strong recovery in automotive sales from current levels once the supply of semiconductors has normalised. In addition, innovation in flooring and demand for our Neptune technology is underpinning growth in new markets and driving momentum for expansion in Europe.

The Board expects these factors to improve the sales growth of the Group in the medium term.

ADAM ATTWOOD
Chairman

Chief Executive Officer's review

Delivering operational improvements and accelerating diversification

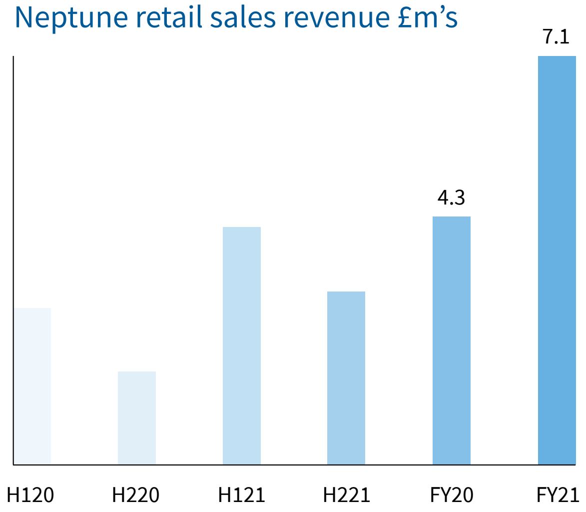


"Despite the ongoing semiconductor challenges facing our UK automotive market, the Group has grown 9% over the past year, driven by ongoing success in Germany, in the flooring market and sales of Neptune products. In the short term, our first priority is to protect the business and ensure that we are in a strong position to capture the automotive market recovery which will surely come.

Autins has a unique opportunity to establish a leading position in the development of future Noise Vibration and Harshness needs to EVs and other alternative fuels."

GARETH KAMINSKI-COOK
Chief Executive Officer

Neptune retail sales revenue £m's



Neptune sales
+64%

Non-UK sales **39%**
Up from 25% in 2020

Non-automotive sales **20%**
Up from 9% in 2020 (PPE sales excluded)

Our materials and solutions contribute to a quieter, safer, cleaner and more energy-efficient world.

Autins is an industry-leading designer, manufacturer, and supplier of acoustic and thermal management solutions. We apply our expertise in material technologies to solve complex and challenging problems to create better and more comfortable environments in a wide range of industry applications including automotive, flooring, workspace solutions and commercial vehicles. We manufacture a range of technical materials, including our own patented material, Neptune, in our facilities in the UK, Germany and Sweden, making us a truly European business.

Growth in a challenging year

Modest market recovery at the beginning of the financial year delivered some improvement in volumes, which, when combined with improved overhead and operating cost control, led us to finish the half year with a strong EBITDA, operating cash flow and net debt position. UK automotive sales declined from April onwards as the semiconductor crisis deepened and this depressed financial performance in the second half of the financial year resulting in a consistent EBITDA for the full year.

Despite these headwinds, it is pleasing to report that we finished the year with Group sales up 9% year on year to £23.4 million. German sales flourished, growing 69% to £7.6 million and we capitalised on significant project wins from the previous year to deliver flooring sales growth of 161% to £4.7 million and Neptune based product growth of 64% to £7.1 million.

Delivering the growth strategy

The diversification strategy is progressing well, where dedicated commercial resource has delivered non-automotive sales growth of +60% and now represents 20% of our sales mix, up from 9% last year (PPE sales excluded). European sales are now 39% of the Group sales, up from 25% last year.

We won 32 projects with 22 different customers during the year, most of which are blue chip brands. 14 projects were won with Neptune products. The project enquiry pipeline value for FY22 and beyond remains healthy. Continuing our progress in diversification, we began supply of Neptune to DAF trucks in September 2021 and post year end have received our largest purchase order for the supply of Neptune into the walls and ceilings of office pods to be delivered to the US market.

Looking forward

In the short term, our first priority is to protect the business during the ongoing semiconductor crisis and ensure that we are in a strong position to capture the strong automotive market recovery which will surely come in due course. I would like to thank our shareholders for supporting the recent £3.0 million equity raise, which enables us to protect the interests of all our stakeholders and enables the leadership team to focus on driving sales growth in our core and new markets, whilst improving the profitability of the operations.

Our Group strategy remains unchanged. We will continue to leverage the superior properties of Neptune and our acoustic and thermal expertise to win market share in automotive NVH and accelerate growth in flooring, workspace solutions and commercial vehicles. We will also continue to evaluate new, profitable markets and maintain a laser focus on operating costs and margins.

Our core market is undergoing its biggest transformation ever and Autins has a unique opportunity to establish a leadership position in the development of future NVH needs for EV's and other alternative fuels. We have extensive experience in EV's having provided NVH problems for JLR, AMG, LEVC and Polestar, but future fully electric platforms will create a set of new NVH challenges and we intend to be at the forefront of developing the solutions.

GARETH KAMINSKI-COOK
Chief Executive Officer

Adding value responsibly

Our mission

To deliver superior value for our shareholders by being a trusted partner to our stakeholders and by creating a positive workplace for our employees to excel, whilst providing first-class solutions and support to our customers.

Our vision

To help make the world a more comfortable and quieter place to live, work and thrive, by reducing noise, and thermal energy waste.

We will do this by providing specialist acoustic and thermal solutions to our customers, whilst at the same time diversifying the business into attractive new segments

Our business model

Innovative technology

Range of materials:

- Nonwoven PET/PP including Neptune
- Thermoplastics
- PUR
- Laminates

Range of processes:

- Manufacturing
- R&D and program management
- Conversion
- Tooling and component design and testing

Specialist technical support

- Acoustic and thermal experts
- Diagnosis
- Tooling and component design
- Tailored solutions
- Rigorous program management

Continuous innovation and exceptional service

- Listening to our customers
- Rigorous NPI process
- State-of-the-art development laboratories
- Fast
- Responsive
- Customer-focused
- Creative culture

Underpinned by our values

- Teamwork
- Accountability
- Expertise
- Agility
- Creativity
- Passion

Our strategy

Strategic pillars

Expand sales in non-automotive sectors

- Leverage our wide range of material technology and acoustics and thermal competence to win business in new, non-automotive markets.

Accelerate sales in automotive

- Expand our automotive customer base across Europe, by leveraging the uniqueness of Neptune, our NVH (Noise, Vibration and Harshness) expertise and our technical expertise to win new customers.

Deliver best in class quality, service, and cost

Creating value for our stakeholders

- **Employees**
  By striving to create a larger, more profitable company, we aim to create an exciting future where more people are employed doing work that is motivating. Our staff can expect to work in a safe place where people will be treated fairly and with respect. Our teams will be challenged and constantly learn, so that we can empower them to be part of something important.
- **Customers**
  We have a unique product offering, due to our breadth of materials, products and manufacturing processes and a highly responsive technical support service, which we believe is highly valued by our customers.
- **Shareholders**
  Autins must provide a positive return for our investors, who have entrusted management to deliver profitable growth. Management is totally committed to delivering superior returns and will work tirelessly to fulfil the full potential of the Autins Group.
- **Suppliers**
  Our suppliers should share in the benefit of Autins' success, which will be founded on delivering exceptional service to our customers, proving our reliability, complete supply chain transparency and a willingness to align as partners.
- **Regulators**
  Autins will observe complete transparency in all dealings with the relevant regulators and in fulfilling its obligations of governance.
- **Communities**
  Autins proactively engages with its local communities as part of its approach to Social Responsibility. This includes being aware of our impact on and taking a responsible approach to the environment, the communities we work within and governance compliance.

ADDING VALUE RESPONSIBLY *continued*

Progress in 2021

- **Non-Automotive sales increased** +£1.8 million to £4.8 million (+£2.9 million excluding PPE)
- Flooring grew +£2.9 million to £4.7 million
- 7 new accounts opened for workspace solutions in UK
- Projects won for supply of Neptune to Scania and DAF trucks.

Current focus

We will continue to identify additional operational cost and overhead improvements, but the first priority remains to grow the volumes going through our plants so that we can derive full benefit from the cost improvements.

32 project wins in year to 22 different customers

- Won contracts to supply leading brands including Lamborghini, Porsche, Bentley, Aston Martin, JLR
- Neptune sales increased +64% to £7.1 million and order book is £13 million (non-disrupted market)
- Enquiry pipeline remains strong.

Specifically, we aim to:

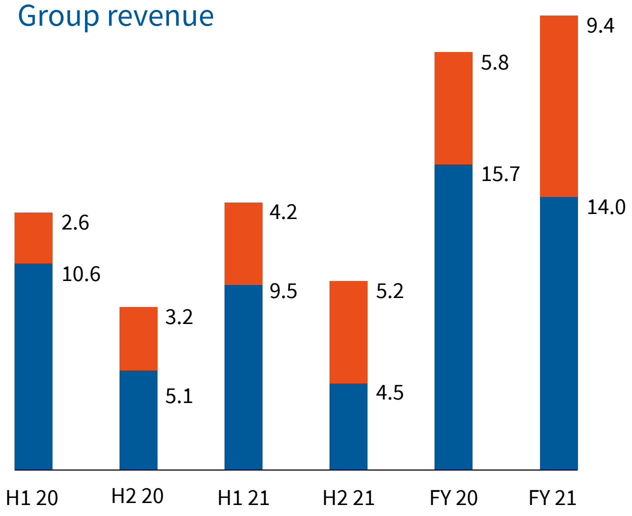
- Continue delivering exceptional quality and customer service to all customers. Continue building the momentum of growth in our non-auto markets of office pods, flooring and commercial vehicles. Keep building our reputation as an automotive NVH specialist in Europe.
- Expand the customer base in Sweden
- Continue to promote Neptune as a premium technology, which offers VAVE (value add, value engineering) cost-saving opportunities for our customers and a premium acoustic and thermal solution in electric based vehicles.

Sustainable operating cost and overhead improvements

- World Class levels of quality and service
  - Customer Quality PPM 6
  - Customer delivery Service 99%
- Gross margins were only slightly down despite depressed UK automotive volumes (explained further in the financial review section)
- Overheads were further reduced.

Delivering the Growth Strategy

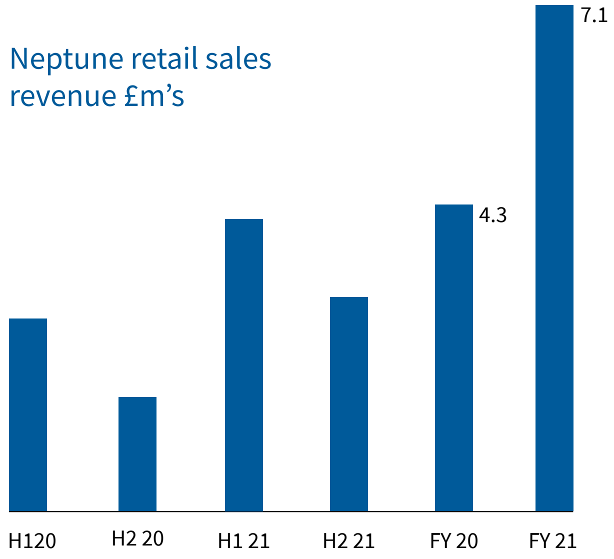
Group revenue



- UK Automotive Revenue (£m)
- Other (£m)

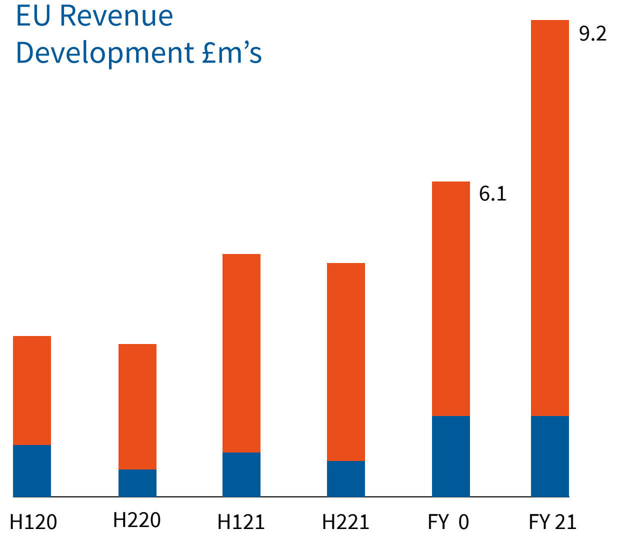
- +9% YOY total revenue growth to £23.4m
- Other growth +62% (all sales excluding UK auto)

Neptune retail sales revenue £m's



- Sales grew +64% to £7.1m (distrupted)
- Booked business estimated £13m/ann (non-distrupted)
- Covid and semiconductor crisis depressed current demand

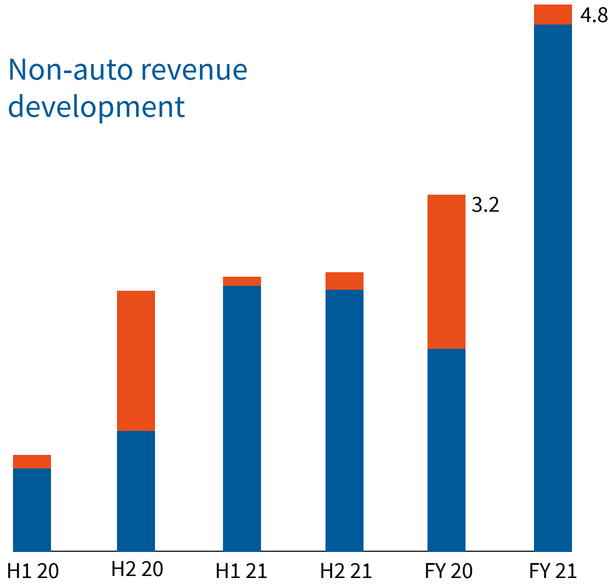
EU Revenue Development £m's



- Sweden
- German

- EU +£3. 1m to £9.2m; Germany +69% to £7.6m
- 63% of German revenue is non-auto

Non-auto revenue development

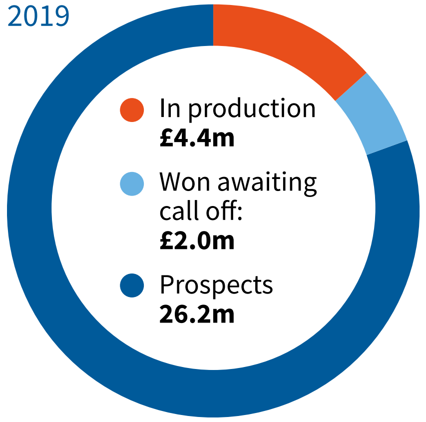


- £ Flooring
- £ Non Auto Other

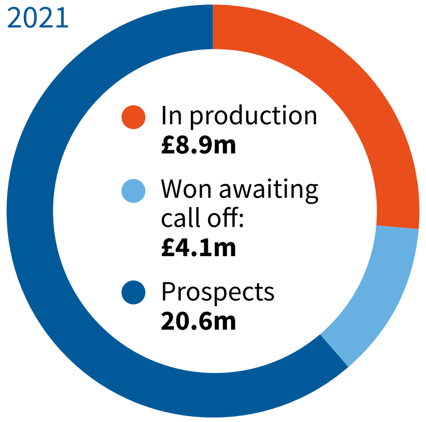
- Group non-auto sales +53% to £4.8m
- Flooring grew +161%

Neptune Wins Doubled and Strong Pipeline

2019



2021



Business won has doubled since 2019 to

£13m*

with £8.9m already in production

Auto platforms typically run for a minimum of

6 years

Awards have been slower during Covid and semiconductor crisis

Winning technology in auto and non-auto applications

Enquiry pipeline remains strong

Total

£41.5m

Neptune:

£20.6m

Note all numbers are based on non-disrupted market basis*

Our commitment to ESG

Our future is about sustainable growth

- Autins recognises that ESG should be a central commitment of the business to support decarbonisation / a better environment, promote our social responsibilities and ensure fairness and promote diversity.
- We also recognise that it is becoming a more important area for our customers and investors.
- During the year we have therefore developed a range of measures to help quantify, measure and improve our ESG performance.
- We have decided to adopt the finnCap 15 point model of measurement, because it provides a clear framework and relevant sector measures against which we can monitor our performance

Monitoring Strategy for ESG:

i. Measure, monitor and manage continuous improvement of the key environmental data points (energy, CO2, water and waste).

ii. Aim to reduce turnover of the permanent staff in the UK.

iii. Adopt the finnCap methodology.

Environmental

All UK factory lighting was converted to energy efficient LED lights and water leaks were fixed, both of which will improve the carbon footprint in the coming year. During this current financial period, evaluation will be completed of the costs and benefits of solar panels across all sites as part of strategy to map out complete plan to carbon zero.

Our Tamworth facility has a much higher carbon footprint than the Rugby facility, due to the non-woven Neptune production process. Production levels of Neptune increased over 60% during the year and thanks to various efficiency projects at that plant the increase in carbon footprint was limited to +26%. Rugby by comparison reduced by 11%. The overall mix was that UK operations carbon footprint increased by +9% and clearly more work has to be done to deliver real reductions in line with our net zero targets.

Progress since 2017 is positive. The Rugby site has received the most attention because it produces the most finished products and over four years, we have achieved a 25% reduction in carbon footprint at that site. This experience will inform the improvement plans for our other sites.

Raw material off-cuts returned to supplier for reuse

All internal waste streams recycled and **11%** reduction in the amount of recycled waste

Reusable energy increased from **22 to 27%**

Individual components:	Units	Company value (UK only)	All Markets Median
Performance: Quartile 4 to all markets – note Quartile 1 is best			
Energy consumption	mwh/£m	188	29
CO_2 production	tonnes/£m	26	7
Water consumption	m3/£m	259	47
Waste production	tonnes/£m	19	1
Has an environmental or sustainability policy?	yes/no	Yes	71%

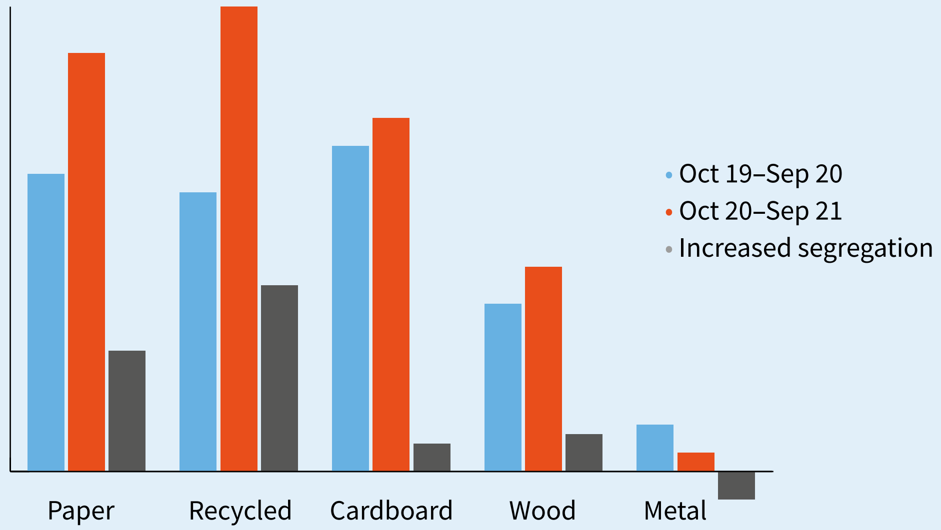
Case study

Supporting our Environment

Our products and solutions are fundamentally environmentally friendly. For example, Neptune uses up to 40% less polymer than alternative products and our heavy layer material is 100% recycled. **Our Purpose, as a company, is to reduce noise and energy pollution.**

Across our factories we aim to use **renewable energy sources and technologies** that limit impact on the environment and our carbon footprint. Through waste segregation and the use of recyclable materials we have created reusable waste streams in partnership with external partners. Metrics of usage are monitored against targets to reduce waste and resources.

Recyled Waste Streams (tons)



Social

Autins Group is very proud of its safety record, the quality of our products and services and the integrity in the way we do business with all our partners and stakeholders. The way in which we do business is underpinned by a core set of company values and a code of business ethics, which are set out within our Annual Corporate Responsibility Report.

Staff turnover rate in the UK is high and has not improved during this last financial year. This is driven by uncertainty across the automotive sector and very low regional unemployment. In response Autins has introduced additional salary tiers for operators to recognise skill and experience levels, banked hour schemes to counteract the end of furlough schemes and more generous overtime rates. Our overseas locations benefit from strong retention, although salary inflation is a common theme everywhere.

Individual components:	Units	Company value (UK only)	Actual or Estimate	Market Median
Performance: Quartile 3 to all markets – note Quartile 1 is best				
Employee turnover rate	%	23%	Actual	15%
Has discrimination policy?	yes/no	Yes		71%
Has community outreach policy?	yes/no	Yes		43%
Has ethics policy?	yes/no	Yes		82%

Case study

Investing in our communities

We are committed to promoting a better understanding of careers in engineering and manufacturing, by engaging with students at events such as careers fairs at local schools and TeenTech, the organisation formed to help young people understand the real opportunities available in the contemporary STEM workplace. We also have staff who volunteer in various homeless charities who carry out work with homeless young people and refugees, as well as carrying out school governor roles.

Our people continue to be involved in raising money for both local and national charities. Staff have raised funds for Macmillan Cancer Support and at Christmas support the KidsOut Christmas Tree appeal that provides toys for children living in local refuge homes.

Governance

The Autins Board is committed to maintaining the highest possible standards of Corporate Governance as set out in detail in the Investor section of the company website under the heading 'Governance'.

www.autins.co.uk/investors/governance/

Individual components	Units	Company value	Market Median
Performance Quartile 1 to all markets			
% women on Board	%	0%	14%
% independent Directors on Board	%	50%	48%
CEO pay as multiple of UK median	*	8.0	11.6
Is CEO and Chairman role split?	yes/no	yes	89%
Adheres to QCA Code for Corporate Governance?	yes/no	yes	**96%**

Case study

Enhancing our corporate governance

The Board undertakes from time to time a full QCA Board Effectiveness Reviews and formal anti-bribery training, along with company management and staff.

"We are an international business operating in the global community – we take our responsibility to be a good corporate citizen seriously."

GARETH KAMINSKI-COOK
Chief Executive Officer

Our values

Teamwork

Maintained full engagement of all leadership through daily face-to-face Zoom calls, weekly telephone contact with furloughed staff and biweekly letters and video apps to all Autins staff from all the Leadership team, including the Chairman.

Accountability

We protected the Group's cash position by maximising furlough income, minimising cash out, obtaining CBILS and generating new revenue of over £1 million in PPE. We continued to win new business in our core businesses – c.£10 million (based on annualised, non-Covid interrupted, customer expectations) across automotive, flooring and commercial vehicles.

Expertise

Three weeks to understand, design, develop, make and find customers for a range of face masks for the public – using our own Neptune technology, equipment and people. One week to supply foam parts to a customer supplying an NHS contract – 7 million parts made in three months.

Agility

Within 3 weeks we were able to develop and launch a BSi approved face covering. The speed of decision-making from Board through to shop floor was possible because of inherent material expertise, commercial acumen, trust and effective communication.

Creativity

During the year we worked on residual PPE items, further developed our office pods offering with key new customer trials and sales, and continued to progress Neptune sales into additional new automotive sales.

Passion

The Autins team loves doing what we do – during Covid our purpose became about survival, protecting the jobs of our staff and temporarily providing PPE, which was in short supply. Passion makes a difference and this year our team made a real difference and in so doing protected the Group for all our stakeholders.

Living the Autins' values has helped us cope well during the Covid crisis. We will continue to adhere to these values to maximise engagement and motivation of our people to deliver value to our customers and shareholders.

Our stakeholders

The Board believes that to maximise value and success in the long-term, it must engage and consult with its stakeholders in order to develop effective and mutually beneficial relationships with them and, ultimately, to make better business decisions.

You can find our Business model and Strategy on pages 21–23 and see how we are executing on the strategy on pages 24–25.

S172 Statement

- As required by s172 of the Companies Act 2006, a director of a company must act in the way he considers, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In so doing, the director must have regards amongst other matters to the:
- Likely consequences of any decision in the long-term
- Interests of the company's employees
- Need to foster the company's business relationships with suppliers, customers and others
- Impact of the company's actions on the community and environment
- Desirability of the company maintaining a reputation for high standards of business conduct
- Need to act fairly between members of the company

Our stakeholders	Material topics	How does the Board ensure delivery of the strategic objectives for our shareholders?
Employees By striving to create a larger, more profitable Group, we aim to create an exciting future where more people are employed doing work that is motivating. Our staff can expect to work in a safe place where people will be treated fairly and with respect. Our teams will be challenged and constantly learn, so that we can empower them to be part of something important.	• Live our values everyday • Our success is built on the engagement and motivation of our employees. • Understand how each person contributes to the Group strategy and adds value. • Expect to be challenged and be given the opportunity to learn and develop. • Expect to be listened to, trusted, and empowered. • Aim to minimise turnover of staff and increase the average term of service.	• We encourage everyone to try and live the values; • Regular communication with structured, cascaded verbal communication, CEO and leadership briefings, written and on the video Autins app, 'all hands' meetings; • Biannual employee survey, followed by feedback and employee-led improvement action plans; and • Twice yearly staff appraisals.
Customers We have a unique product offering, due to our breadth of materials, products and manufacturing processes and a highly responsive technical support service, which we believe is highly valued by our customers.	• If customers win, we win. • We develop solutions, so we need to build trusted partnerships. • Bring new technology and innovation • Show how we provide more value, than the cost of using our products and services. • We must be agile to create value in a fast-changing world.	• Regular engagement through Commercial teams; • Peer-to-peer communication from CEO and functional leaders with customers' Finance, Engineering, R&D and Quality departments; and • Visits to Autins' factories including audits of facilities and total management competence
Shareholders Autins must provide a positive return for our investors, who have entrusted management to deliver profitable growth. Management is totally committed to delivering superior returns and will work tirelessly to fulfil the full potential of the Autins Group.	• Financial and operational performance; • Business strategy and model; • Leadership; • Capital allocation; • Dividend; and • Governance	• Twice yearly results roadshows, meeting on any governance matters, our AGM, our RNS, our website and via contact through our advisers; and • Since Covid communication has regularly occurred via phone, Zoom or Teams.
Suppliers Our suppliers should share in the benefit of Autins' success, which will be founded on delivering exceptional service to our customers, proving our reliability, complete supply chain transparency and a willingness to align as partners.	• Competitive offering and innovation; • Reliability and responsiveness; • Compliance with anti-bribery and corruption laws; and • Prepared to be a supply chain partner.	• Daily engagement through purchasing team; • Strategic face-to-face meetings between leadership to develop partnerships and alignment; • Discuss respective strategies, priorities, and development opportunities; • Always seek to resolve any matters of concern proactively and quickly; and • Proactively seek help in a structured and transparent way – e.g. during Covid crisis we agreed 'delayed payment' plans.
Regulators Autins will observe complete transparency in all dealings with the relevant regulators and in fulfilling its obligations of governance.	• Compliance with all relevant legislation. • Openness and transparency. • Avoiding conflicts of interest.	• Generally we engage with regulators through our advisers to clarify understanding as and when needed; and • We contribute to input for online surveys as they arise.
Communities Autins proactively engages with its local communities as part of its approach to Social Responsibility. This includes being aware of our impact on and taking a responsible approach to the environment, the communities we work within and governance compliance.	• Engage with local and national social enterprises, charities and school fairs. • Supporting industry to improve awareness of opportunities for students and apprentices • Proactive involvement in industry associations.	• Direct contact with local organisations and agencies as required, supported by communication on social media; and • Productive membership of selected industry bodies e.g. Make UK.

How does the Board balance focus between short and long-term objectives?

Policy Deployment:

- Policy Deployment (PD) is the methodology we use to execute strategy and is designed to retain focus on meeting long-term objectives. PD ensures that the Board can continuously challenge all elements of the strategy; and
- A Policy Deployment methodology is used to break the five-year strategic objectives into one-year objectives and plans.

Board meetings:

- Executive reports highlight progress, gaps, and actions to achieve annual budget and PD stretch targets, using KPIs aligned to the strategy;
- Part of every Board meeting is allocated to review specific areas of risk and strategic progress outside of the standard executive reports. The Board also encourages members of the Leadership Team to present, at least once a year, the key developments in their specific areas of the business. This provides the Board with a wider vision of the business and an opportunity to test how governance measures are being adopted throughout the organisation;
- Standard items of Governance are covered in every meeting and a review of Board effectiveness is conducted using the QCA guidelines; and
- The Board also maintains a cadence to review strategic items ranging from organisational development and the risk register, to regional growth and technology evaluations.

Strategy development:

- A formal, structured review of the strategy is conducted once a year. The Board and members of the Senior Leadership Team review all drivers that might affect the opportunities and risks for the Group and thereby identify any need to change either the strategy or the execution plan; and
- The broader environment is continuously being monitored and the culture is in place to respond rapidly if a new opportunity or threat is spotted.

Key Board decisions

Board and Committee activities are organised throughout the year to address the matters reserved for the Board. An overview of the Board's principal decisions during the year; including how the Board has taken into account the factors set out in Section 172 of the Companies Act 2006 ("the Act"), is set out below.

Decision	Actions taken	Key stakeholder groups considered
Dealing with the Covid pandemic, and semiconductor supply chain issues.	• Regularly reviewed the challenges presented by the supply chain shortages, Covid pandemic and related government announcements. • Detailed considerations as to how we could continue to operate safely on sites and in offices, and travel and accommodation issues for our workers. • Initiated actions to obtain government support in the form of furlough monies, further CBILS schemes, complemented with bank support activities detailed later in this report, to provide the Group with sufficient liquidity and facility headroom to withstand potential downside trading scenarios. • Initiated product and process development initiatives to help improve total gross profit.	• The safety of our workforce remained a primary driver during this period, together with their and the Group's financial security. • The Board recognised the trade-offs of managing the financial security of the Group, servicing customers and the impact of furloughing staff. • The Board ensured clear communication took place, through safe platforms to all employees regularly. • The Board recognised the importance of engaging wider stakeholders. The Group engaged with its bankers, its supply chain, key customers, and the local business community to ensure support and agreement for key actions. • The Board is conscious that the actions of the Group during the pandemic period will have an ongoing impact on future stakeholder relationships. • We continued to assist with residual demand for PPE items at the beginning of the year.

Decision	Actions taken	Key stakeholder groups considered
Funding and cash headroom adequacy, balance sheet strengthening, both for growth and provision of a market recovery buffer.	• December 2021, secured a £3.0 million equity fund raise, primarily through the existing shareholder base. • Banking covenant waivers agreed until March 2023. • Loan capital repayments deferred, as described herein.	• The Board decided that given the uncertainty on timing of recovery from the semiconductor supply crisis that it was in the best interests of all stakeholders to strengthen the balance sheet to protect the business and support ongoing strategic activity.
Setting the annual Group budget and subsequent forecast modelling within the pandemic and disrupted supply chain environment.	• Reviewed and approved Group budgets for FY22/23 and profit and cash flow forecasts for the 24 months commencing 1st October 2021. • Review and scenario modelling of future trading to support liquidity, banking compliance and the going concern assessments.	• In reviewing the budget and subsequent forecasts, the Board considered the impact on all stakeholders. • Setting the budget identified key areas of focus for the Group, providing development opportunities for employees, some of which have already been implemented. • The budgeting process provided key information to take decisions such as manning levels, the design of future value project streams and capital expenditure. • In setting the budget the Board also gave consideration to customers and identified opportunities to develop customer relationships and improve service delivery and efficiency. • Consideration was given to suppliers and ensuring their payments are made on a timely basis.

Decision	Actions taken	Key stakeholder groups considered
Restructuring including the redundancy of certain team members.	• The ongoing impact of the semiconductor crisis, end of furlough scheme and uncertainty on timing of recovery meant the UK and Swedish businesses had to undertake further redundancies at the end of the year. • Various roles were evaluated and actioned for redundancy. • Productivity and cross area skill training is also being used.	• The Board considered the impact on the wider workforce and in particular those directly impacted by the restructure. • Whilst the actions to improve the Group cost structure were considered necessary, the Board recognises the negative impact the process had on employees. The Board ensured that the redundancy process was completed fairly and transparently, with experienced human resources expertise supporting the process. Employees impacted in the process were treated ethically, respectfully and fairly.

Directors' Section 172 statement

The Board of Directors consider that they, both individually and collectively, have acted in a way that would be most likely to promote the success of the Company for the benefits of its members as a whole (having regard to the stakeholders and matters set out in Section 172(1)(a-f) of the Act) in the decisions they have taken during the year ended 30 September 2021.

In making this statement the Directors considered the longer-term needs of stakeholders and the environment and have taken into account the following:-

- the likely consequences of any decisions in the long term;
- the interest of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Maintaining business fitness and improving resilience against challenging market fundamentals

Strong H1 21 performance in EBITDA and cash, despite only a partial industry volume recovery. This validated the underlying structural improvements made to the Group over the past 2 years.

Semiconductor supply disruption in H2 21 called for further resilience actions as volume drops of up to 60% were experienced. Further cost and funding actions restored headroom position to be in excess of £5.5 million in December 2021, including £3 million equity raise*.

KAMRAN MUNIR
Chief Financial Officer

Trading £000	H1	H2	FY21	FY20
Revenue	13,712	9,719	23,431	21,517
Gross Profit	3,909	2,419	6,328	5,881
Gross Margin %	28.5%	24.9%	27.0%	27.3%
EBITDA	1,181	(87)	1,094	1,123
Profit/(loss) after taxation	10	(1,094)	(1,084)	(1,723)
Operating Cashflow	934	60	994	1,476

Debt and Cash Headroom £m	H1	H2	FY21	FY20
Net Debt	1.9	2.7	2.7	1.9
Cash Headroom	6.1	2.9*	2.9*	5.3
Loans and Borrowings			(4.0)	(4.9)

** 15 December 2021, £3.0 million gross equity placing completed,*

Revenue improvement of 9% year over year, despite significant automotive sector supply disruption. Positive EBITDA of £1.1 million for FY21. Significant growth in non-automotive and European markets. CBILS debt repayment of £0.75 million made from operating cash inflow of £1.0 million. Working capital investment in buffer stocks to offset supply chain issues. Further cost restructuring to safeguard the business post furlough. Bank support and £3 million equity placing completed in December 2021 to strengthen liquidity and restore headroom.

In H1, the Group saw partial recovery in automotive volumes and strong growth in European flooring applications. Combined with prior and continuing operations and cost structure improvements this yielded an EBITDA of £1.1 million, a narrowly positive profit after taxation, and an operating cash inflow of £1.0 million. With the Invoice Financing (IF) bank facility also increasing with sales, cash headroom improved to £6.1 million. This performance was very encouraging (with the estimated UK volume recovery being no better than 75%) and validated the Group's ability to make significant returns once volumes recover nearer to normal levels.

In H2, the semiconductor supply disruption then caused significant and unexpected continued monthly revenue reductions; as measured against detailed communicated OEM twelve to sixteen week operational rolling demand schedules. The mid-month and mid-week reductions could be as high as 50%, with the lowest revenue points being July and August (which do also usually include holiday plant shutdowns). This was seasonally unusual given that the H2 demand profile is typically stronger than H1 given demand from new car registrations. There has been steady revenue recovery since the August lows, and ongoing improvement is expected.

Overall automotive revenues in H2 were down almost 30% against H1. This drove EBITDA to become negative in H2, with lower operating cash flow. Stock buffering against supply chain disruption and repayment of the £0.75 million CBILS bullet loan also impacted cash headroom.

To strengthen the balance sheet, increase working capital and provide a market recovery buffer, in December 2021 the Group completed a £3.0 million equity placing, largely from existing shareholders, and also obtained further bank support in the form of agreed capital payment deferments and covenant waivers which are described more fully below.

Revenue

Automotive revenues remained disrupted throughout FY21. UK and Sweden were the most impacted, with the disruption causing volume reductions in excess of 50% at certain points in H2. UK Tooling revenues reduced by 76% to £0.3 million (FY20 £1.3 million) as OEM's also slowed new launch and development activities. Counter to this, Germany experienced significant automotive growth overall from additional contract volume wins, with the supply chain disruption being less acute for the German market until very late in FY21.

Revenues on PPE items in the UK declined from £1.2 million in FY20 to £0.1 million in FY21.The PPE revenues should be considered transient for the FY20 (prior year) peak pandemic period. This was partially offset in the UK with revenues from initial development and launch volumes demand of non-automotive office pods and working space solutions. Both of these markets remain targeted growth areas for the Group, with sales continuing to increase in the period since the year end, associated with favourable customer product performance feedback.

The most significant revenue growth for the Group in FY21 was in flooring applications from Germany, which grew 161% year over year to £4.6 million. Neptune sales grew 64% to £7.1 million in FY21 (FY20: £4.3 million), primarily within automotive end applications.

Gross margin

Automotive margins were largely held stable over the year. This was the net result of a combination of adverse cost push and volume reduction factors, being offset by improvements from operational efficiency actions, improvements in Neptune processes and manufacturing methods and the growth of Germany's non-automotive flooring applications. This is explained further below.

UK Automotive margins had a slightly weaker mix than the prior year, with some traditionally strong products having come to end of life cycle with the OEMs. However, Neptune sales grew as noted above by 64%, and this significantly improved the overall absorption of manufacturing fixed costs in our Tamworth facility. Despite cost push factors mainly relating to Far East container shipments costs and scrim materials, other procurement improvements were made to hold internal Neptune contribution margins steady. The net result is an improved end to end margin on Neptune products, which should continue to improve further with expected Neptune volume increases over the longer term, with some new contract volumes having already been won.

The gross margins on German flooring applications are consistent with our mainstream automotive margins. However, given that the follow-on costs are primarily sales commissions with very few additional operational costs to serve, the net EBITDA margins from flooring are significantly additive, which is illustrated further below.

Revenue reduction on PPE items as noted above reduced overall gross margin. Much of the FY20 work for face visors was on a subcontract manufacturing basis having no materials costs, and face mask revenues were a mix of sales to both resellers and end users derived from our patented Neptune materials. This profile naturally yielded above average margins. The PPE impact alone is the equivalent of 1.4% gross margin reduction for the Group. With total Group gross margins at 27.0% for FY21, compared with 28.0% (adjusted gross margin) for FY20, the intrinsic aggregate gross margin across all non PPE products is an improvement of 0.4%. As automotive volumes recover towards normalised levels, this should yield further improved absorption of facility fixed costs and the gross margin percentage would be expected to recover further.

EBITDA and operating profit

FY21 EBITDA was consistent at £1.1 million (FY20: £1.1 million) after adjusting for exceptional and non-recurring costs as noted below. The reported statutory operating loss was £0.7 million (FY20: operating loss of £1.3 million), representing an improvement of £0.6 million.

Germany sales were £7.6 million (FY20: £4.6 million) and the associated EBITDA was £0.9 million (FY20: £0.4 million) being 12% of sales. This helped to balance off the EBITDA reductions in UK and Sweden. Sweden revenues were consistent with the prior year at £1.6 million (FY20: £1.6 million) and yielded an EBITDA of £0.2 million (FY20: £0.3 million). UK Revenues reduced to £14.3 million (FY20: £15.4 million) given the automotive supply disruption, and EBITDA reduced to £0.0 million (FY20: £0.4 million). These stated measures exclude the impact of management recharges into Europe, and apply Group plc costs entirely against the UK entities. UK EBITDA and operating profit also benefitted from £0.1 million of release from provisions for bad and doubtful debts, following an extended focus on debtor collection improvement over the prior 18 months.

The Directors also note that £0.65 million (FY20: £1.0 million) of employment costs were met by income from the government job retention scheme, in the relevant publicised support periods in the UK, and their overseas equivalents in Sweden and Germany. There were no other financial support grants during the year (FY20: £0.1 million). In total, government financial support received was approximately £0.45 million lower in FY21 than the prior year.

The FY20 EBITDA is stated after excluding items that management considered to be a result of significant one-off events, including the restructuring costs associated with the detailed review of operations, which followed the new CFO appointment in January 2020. These included employee severance costs and the planned scrapping of inventory to enable improved floor space utilisation with the aim of reducing premises costs. Exceptional costs relating to restructuring in FY20 were £0.3 million, and exceptional inventory impairments were £0.2 million. Management information used in running the Group is measured with a focus on the underlying operational performance and, as such, these items were excluded. There are no such adjustments or exceptional costs recorded in FY21.

The Board acknowledge that these are alternative measures of performance and are not GAAP (nor are they intended to be) but are used to help illustrate underlying business performance and are informative to users of the accounts.

Exceptional and adjusting items

There were no exceptional costs charged in FY21. As noted above, in FY20 the Group incurred an exceptional cost of sales of £0.16 million relating to inventory rationalisation, and exceptional administrative costs of £0.29 million as a result of a change of Chief Financial Officer.

To be consistent with analysts measure of the Group's performance, amortisation of £0.2 million (FY20: £0.2 million) in relation to acquired intangible assets recognised as a result of the Group's conversion to IFRS at IPO (having previously been held as non amortising goodwill) should be excluded to provide an adjusted operating profit. Accordingly, the adjusted operating loss, allowing for exceptional costs and amortisation, would be £0.5 million (FY20: £0.6 million).

Joint venture

The Group's joint venture, Indica Automotive, is an acoustic foam conversion business based in Northampton that supplies components into the Group's UK operations (who remain the largest customer) as well as its own automotive customer base. The joint venture continues to leverage the access to low-cost material and finished component sources provided by its other parent, Indica Industries PV based in India.

Indica Automotive's turnover increased by 14% to £2.4 million (FY20: £2.1 million). H1 21 revenues were £1.5 million (H1 20: £1.5 million), and revenue declined by 40% in H2 as call offs for existing parts were reduced, given an equivalent impact from the semiconductor supply constraints. Further margin and overhead cost control actions were taken by management, and £0.05 million of UK furlough income was received, helping to generate a profit after tax of £0.1 million (FY20: £0.1 million). Sales overheads were increased, as the sales organisation was expanded for future growth.

Currency

The Group's overseas operations and certain key raw material suppliers require the Group to trade in currencies other than Sterling, its base currency. During the year, operational transactions were conducted in US Dollar, Swedish Krona and Euro and the retranslation of the results of the German and Swedish operations were affected by currency fluctuations. The key raw materials for Neptune production are currently imported from South Korea with transactions conducted in US Dollars. The Group has taken steps to mitigate this risk by establishing alternative sources for non-patented product which could then also be transacted in alternative currencies. The Group also has Euro based purchases for materials and production, including equipment. As Euro sales are expected to increase from our German business, this would allow us to manage relative balances in British Pounds, Euros and US Dollars.

The Group continues to benefit from natural hedging, arising from its structure and trading balances, which means that the Group's result in both FY20 and FY21 has only been impacted in a limited way as a result of currency translations.

The Group held no forward currency contracting arrangements at either year-end. Transactions of a speculative nature are, and will continue to be, prohibited. As Neptune grows management will continue to monitor the Group's US Dollar exposure and its impact on the Group's results. Where the frequency and quantum of purchases can support active currency management, we may implement a formal hedging strategy.

Net finance expense

The finance expense remained consistent at £0.5 million (FY20: £0.5 million), and under IFRS 16 includes £0.3 million of financing charges derived primarily from property rental expenses. Bank interest at £0.2 million (FY20: £0.2 million) is derived almost entirely from the CBILS and MEIF term loans. The Group's MEIF term loan is at a coupon rate of 7.5% and remained fully drawn during FY21, with no capital repayments having been made under agreed extension terms. The CBILS short term bullet loan of £0.75 million received in July 2020, at a net zero cash interest cost for the first 12-month period, was repaid to agreed terms in August 2021. The CBILS 6-year term loan of £2.0 million remained outstanding at 30 September 2021 (FY20: £2.0 million), and attracts an interest rate of 3.99% above base rate.

The primary UK invoice financing facility remained undrawn throughout FY21, in line with our strategy to optimise working capital, with an extended focus on debtor collections yet maintaining a timely payment cycle to trade creditors. Inventory continued to be rationalised where possible; however, an investment of up to £0.5 million was made in strategic buffer stocks for flooring business growth and protection against Far East supply disruption. Modest short-term overdrafts only prevailed within our Sweden operations and were reduced over the year to end FY21 at £0.02 million (FY20: £0.15 million). Our key Far East suppliers continued to extend the Group's direct open credit throughout FY21, and so the bank trade finance facility was not utilised. Car and equipment finance leases further reduced in FY21 as some agreements completed during the year, with no renewals, which reduced interest costs to £0.02 million (FY20: £0.03 million).

An analysis of the net finance expense is presented in note 8 on page 112.

Taxation

The effective tax rate in the year was below that expected based on current UK corporation tax levels. Given the quantum of losses compared to expected profitability in the next two years, the Group has not recognised the majority of current year losses as a deferred tax asset. The balance sheet asset has been reviewed and is considered to be supportable based on the Group's expected trading.

The Group's technical R&D and applications teams have, as in prior years, continued to enhance materials applications, improve processes and develop new products. The pandemic and semiconductor supply chain disruption to revenues has meant that significant net losses continue to remain available. Accordingly, the Group strategy remains to utilise the losses to obtain actual R&D tax credit cash refunds to maximise liquidity. An R&D tax credit claim will be submitted for FY21 in the usual course. R&D claims for the years ended September 2019 and September 2020 were submitted in FY21 as shown per note 9 in the accounts with repayment having subsequently been received. R&D activities continue and this, together with recognition and use of available brought forward losses when profitability increases, will mean that the effective tax rate will remain below the UK statutory level for the short to medium term with an unrecognised deferred tax asset of £0.95 million in the UK (FY20: £0.77 million).

The Group's German subsidiary is expected to fully utilise its remaining tax losses in FY21 which will result in a degree of tax at a higher rate on future profits in Germany whilst brought forward taxable losses available in Sweden will, in the short term, at least partially offset expected trading profits. The Group has a further £0.3 million (FY20: £0.03 million) unrecognised tax asset in respect of Swedish tax losses.

Earnings per share

Loss per share was 2.74 pence (FY20: Loss per share 4.35 pence) reflecting the loss in the year. The weighted average number of shares was 39,600,984 in the year (FY20: 39,600,984). Calculations of earnings per share and the potential dilution arising from the senior management share option scheme in future periods are presented in note 10 on page 114.

Dividends

The Board are not proposing a final dividend for the current year (FY20: £nil) and no interim dividend was paid (FY20: £nil).

Net debt and working capital

The Group ended the year with net debt of £2.7 million (FY20: £1.9 million) excluding the IFRS 16 calculated lease liabilities of £5.6 million as disclosed in the reconciliation of movements in cash and financing liabilities on page 95.

No additional borrowing facilities were obtained or utilised during the year. In the prior year the Group secured a £1.5 million five-year term loan from MEIF, and £2.75m of UK CBILS loan funding. Of the CBILS funding £0.75 million was a one-year bullet loan and was repaid to terms in August, with the balance of £2.0 million outstanding as at the year end. Hire Purchase liabilities were reduced to £0.1 million. Total debt was reduced by £0.9 million.

The Group has £0.2 million (FY20: £0.3 million) of hire purchase agreements in the UK. There were no new hire purchase agreements in the year and the short-term trade import facility was not utilised (FY20: £0.1 million was utilised).

The Group has continued with working capital optimisation in the year, which has been partially described above. Trade debtors improved in the year with a reduction of overdue balances from additional focus and applied resource. There was a release from the bad debt provision in the year of £0.1 million (FY20: £0.0 million). Some of the prior year's provision has been retained against historic overdue invoices which the Group continues to steadily resolve.

Trade creditors reduced in line with activity levels in the year, with payments being made to terms, usually on a weekly cycle. The net movement of debtors and creditors was a £0.2 million inflow. Stocks were increased by £0.5 million, primarily owing to additional buffers being held, as described earlier.

Going concern

The Board have concluded, on the basis of current and forecast trading and related expected cash flows and available sources of finance, that it remains appropriate to prepare these financial statements on the basis of a going concern.

The Group completed an equity placing with gross proceeds of £3.0 million (£2.8 million net) in December 2021, primarily with the participation and support of its existing shareholders. In addition, dual lender support has been agreed in the form of covenant waivers with testing to resume at the end of March 2023. In light of the external trading environment the bank has also indicated a willingness to revise the covenants to better reflect the Group's forecasted trading levels once there is improved visibility over the resolution of the semiconductor disruption, which is anticipated to occur in advance of the next covenant test date in March 2023. The waivers are coupled with a minimum 6-month capital deferment holiday on both the outstanding CBILS and MEIF term loans. As at 14 January 2022, shortly before the reporting date, the prevailing cash headroom for the Group is in excess of £5.0 million (FY20: £5.6 million).

This includes undrawn balances on the UK invoice financing facility which has in excess of £2.0 million available, with its operational limit currently agreed at £3.5 million against relevant trade receivables. Despite the Covid trading backdrop, the Group reported positive operating cash flows of £0.9 million, and £0.75 million of CBILS loans were repaid during the year.

Whilst the operating cash flows benefit from a combination of improved working capital and cost management, they are also impacted by significant decreases in revenues as a result of the pandemic and semiconductor disruption. The Group has also made further operational and overhead cost improvements, including significant carefully considered headcount reductions which improve the cost structure by more than £0.7 million per annum, with continuing programmes in place to make additional cost and profit improvements.

In undertaking their assessment of the future prospects for the Group, the Directors have prepared trading and cash flow forecasts for the period to 31 January 2023 for the purpose of assessing the going concern basis of preparation, with further forecasts going out to 30 September 2027. These take into consideration the current and expected future impacts of the pandemic and semiconductor supply recovery timelines, diversification and development of customer product ranges and also have regard to the committed business and enquiry levels from existing customers. The Directors have also considered the impact of current and future demand levels for new vehicles, the migration to EV's and publicly available forward looking market information regarding market sizes and dynamics. These forecasts have been compared, together with considering a range of material but plausible downside sensitivities, to the available bank facilities and the related covenant requirements.

Notwithstanding the agreed deferments, the loan repayments and interest costs are expected to be adequately covered by operating cash generation over the period and the Group has significant liquidity headroom within its facilities to accommodate all reasonably foreseeable cash flow requirements in the event of changes to its demand as a result of prevailing supply chain conditions, or other economic factors, with further flexibility also available to favourably manage the cost base in respect of operating costs, should the need arise, or flex other payment structures to increase cash headroom.

The most sensitive factor impacting the forecast period, and the continued availability of the current facilities, is ensuring that liquidity remains reliably positive for the Group, albeit the Board has set a minimum target of £0.5 million. In the next financial year, achievement of this minimum required UK (and group) liquidity target, without significant further unplanned cost or efficiency improvements, is predicated on minimum UK revenue levels of £9.4 million in FY22 and £14.4 million in FY23. These revenue levels compare with UK revenues of £14.3 million in FY21, £16.8 million in FY20 and £21.3 million in FY19. New business continues to be won and, accordingly, the Board are confident that the sales and liquidity targets will be met, especially having regard to further additional mitigating actions which remain available to the Group.

The Board continues to review the Group's banking and funding arrangements with a view to ensuring that they remain appropriate for the planned growth within mainland Europe and to allow for the more volatile demand pattern in the current economic environment.

Acquisitions, goodwill and intangible assets

There were no acquisitions made in the year, nor any adjustment to fair values attributed to previous transactions.

The Board, acknowledging that this is a further year of reported losses and that the Group's current market capitalisation is currently less than the Group's net assets, has reviewed the carrying value of goodwill and other intangible assets held at 30 September 2021 (both existing and generated in the year) by reference to discounted cash flow forecasts for separately identifiable cash generating units. These forecasts are based on Board approved budgets, and extended forecasts where appropriate considering an assessment of likely conversion from pipeline to revenue.

Having considered the assumptions, headroom and a range of reasonably foreseeable sensitivities indicated by these assessments the Board are able to conclude that the carrying values are fully recoverable.

Capital expenditure

Additions to tangible fixed assets were £0.4 million (FY20: £0.2 million) in the year with no significant single items acquired. The Group continues to benefit from investment in equipment in recent years and therefore has capacity to address current demand levels. Planning for additional investments designed to improve operational performance is ongoing and the Board expects expenditure to be incurred on an ongoing basis in FY22 in support of further operational gains.

Research and development costs of £0.03 million (FY20: £0.13 million) have been capitalised in the period as the Board considers they meet the Group's stated policy for recognition of internally generated assets. The costs are focused on a range of projects designed to further enhance the Group's current materials and product ranges and improve production capabilities to derive volume or cost reduction benefits.

Financial risk management

Details of our financial risk management policies are disclosed in note 3 on pages 106–108.

KAMRAN MUNIR
Chief Financial Officer

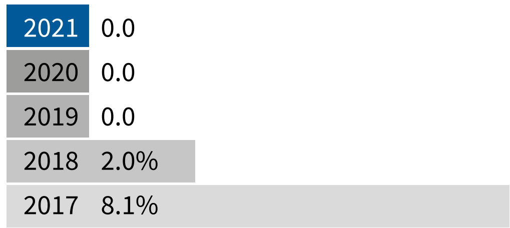
24 January 2022

Lost Time Injury Frequency Rate (‘LTIFR’)

KPI Definition

LTIFR is calculated as the number of lost time injuries leading to more than one day off work, divided by one million and multiplied by the number of hours worked.

Performance



(One incident would represent 2.0 for FY21)

Comment

No incidents in the year that have resulted in lost time (being more than one day away from work as a result of an incident at work).

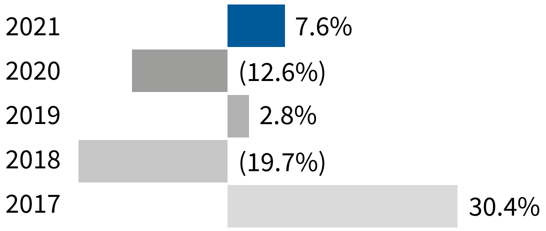
The business has had no lost time incidents since October 2017. Given this consistent good performance, management focus daily on minimising any minor incident and since 2020 have focused on Covid safe working practices and increasing awareness of mental stress in the workplace.

Gross profit growth (£)

KPI Definition

Measure is calculated as the change in gross profit from continuing operations in the current year compared with prior year. The effect of any acquisitions in the current or prior year is adjusted. The gross profit in FY20 is presented on an adjusted basis.

Performance



(Target: CAGR 15–20% over 3–5 years)

Comment

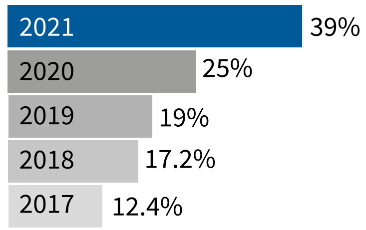
Despite the negative impact of semiconductor shortages in the automotive industry, Autins managed to deliver modest improvement in gross profit due to modest sales growth and strong operational cost controls.

Non-UK revenue as a proportion of consolidated sales (%)

KPI Definition

Measure is calculated as the value of external sales for German and Swedish operations as a proportion of total revenues.

Performance



(Target: 35% over 3–5 years)

Comment

Sales in Europe grew +£3.1 million to £9.2 million, driven by German sales expansion of +69% to £7.6 million. The regional mix was somewhat exaggerated by UK automotive sales decline due to the semiconductor shortages.

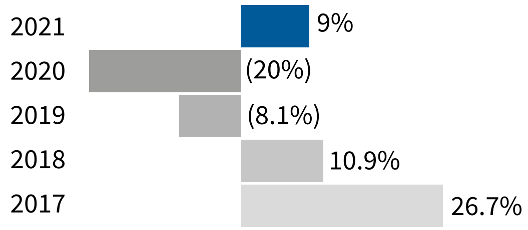
Organic revenue growth (%)

KPI Definition

Organic revenue growth measures the change in revenue in the current year compared with the prior year from continuing operations.

The effects of any acquisitions in the current or prior year are adjusted.

Performance



(Target: CAGR 15–20% over 3–5 years)

Comment

Despite the negative impact of semiconductor shortages in the automotive industry, Autins still managed to deliver revenue growth of 9% due to sales into new auto customers, commercial vehicles, flooring and office pods.

EPS growth (%)

KPI Definition

EPS growth measures the change in basic earnings per share in the current year compared to that of the prior year.

Performance

Year	EPS growth
2021	37.0%
2020	30.4%
2019	(1.8%)
2018	10.9%
2017	26.7%

(Target: CAGR 15% over 5 years)

Comment

Improvement reflects reduced losses made in the year, helped slightly by modest sales growth, but primarily by strong operational and overhead cost controls.

New product and customer sales as a % of Group (%)

KPI Definition

New product and customer sales are measured as the combined revenue generated from products (primarily Neptune) and customers secured by the Group in the current and previous three years, as a percentage of total revenue from continuing operations.

Performance

Year	New product and customer sales
2021	23.4%
2020	20.2%
2019	21.4%
2018	18.3%
2017	12.7%

(Target: over 10%)

Comment

The commercial team continues to win new business with new product. This is a combination of Neptune sales into automotive, commercial trucks and office pods customers plus new flooring customers.

Risk Management

The Autins Board considers risk management a strategic imperative that will help to ensure delivery of our long term goals. Whilst risk management is a daily management process for control of Health and Safety, quality and customer service, the company also undertakes a formal review twice a year to identify risks and opportunities for delivery of the strategic objectives.

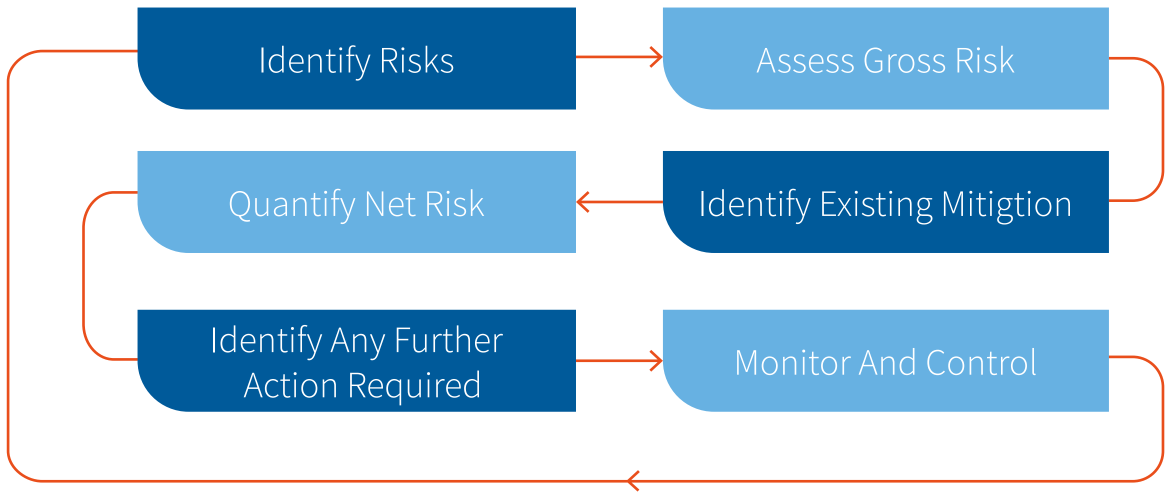
Approach to risk management

Every function and country reviews their risks and confirm actions to mitigate the identified risks. The Leadership team then review all these risks and creates a prioritised risk register across the Group, based on the potential impact and likelihood of the risk happening, which is monitored and managed on a regular frequency in the Leadership Team meetings. Finally the Board formally reviews the Risk Register ahead of half and full year results to ensure that a balanced and appropriate attention has been given to the safety of our employees and products, our reputation, or risks that could lead to breaches of laws and regulations or endanger the future existence of the Group

Risk Management Process

The risk management process is set out in the Group Risk Register Guidance Documentation. Risk registers are created each functional area in each country and subsequently one for the Group

- Identify the key risks
- Describe each risk and how it could affect the business
- Score the Likelihood and Impact (financial, reputation etc.) to give a severity rating
- Prioritise the risks and identify which ones will receive the highest attention
- Ascribe an owner of the risk to oversee the mitigation plan and execution
- Monitor progress on each action by date and an overall status



Risk	Description and potential impact	Mitigation
The Covid pandemic, and associated semiconductor supply shortages	Along with many other businesses, the pandemic and supply chain disruption has had far reaching impacts on the business and, where relevant to previously reported risks, the responses are incorporated above. The future evolution of the pandemic, and associated Government responses, remains a key focus for the management team to ensure the impact of further Covid waves on our supply chain, customer demand and our people is monitored and timely, appropriate action is taken.	Continue applying all current Covid policies, with real time discussions ongoing with our key customers and suppliers. Obtain stakeholder support to safeguard against disruption. Our employee contracts allow us to flex the hours worked with reduced pay if demand patterns change. Strong health and safety processes prevail with respect to Covid control and mitigation throughout our facilities.
Failing to successfully implement our growth strategies	Our future success requires an effective implementation of the growth and diversification strategies developed and refined in recent years. This is essentially to increase market share with our USP's and Neptune product, across all automotive applications and European markets. In addition to widening applications of Neptune into non-automotive areas. Failure to implement our strategies may adversely affect our reputation and prospects, whilst the execution of our strategies could place strain on our managerial, operational and financial reserves. The Covid trading backdrop adds additional uncertainties.	We have clear functional leadership within the Group and through targeted recruitment reinforced the leadership team in the year. Management information, teams and interactions are designed to align management focus in support of our strategic aims. Our values have been deployed across all layers of the organisation to help create alignment from all staff around our strategic aims. Executive and leadership team key KPIs and policy deployment are cascaded throughout the organisation creating direct alignment of goals and to allow identification of under-performance and allow actions to be taken to address and improve results. Additional cost and cash management actions may be required to offset any sales deviations. Maximise any government Covid support opportunities available to us, including the job retention scheme and CBILS loans.

PRINCIPAL RISKS AND UNCERTAINTIES *continued*

Risk	Description and potential impact	Mitigation
High Dependence on automotive sector and market cycles.	The Group's revenues are primarily derived from the automotive sector. Demand for passenger cars could be materially affected by changes in government policy, including tax regimes, environmental standards and incentives. The continued and expected growth in alternative fuel and electric vehicles may change the type of NVH solution required to meet new regulatory and customer standards arising from changes to vehicle acoustic and thermal challenges (from moving to alternative fuels and hybrid vehicles).	We remain committed to diversify and grow the business in terms of customers, geographies and applications, as well as leverage our vertical integration into materials to reduce the current reliance on a limited section of the European automotive sector. We believe that there are adjacent sectors to which our knowledge, materials and process capability are transferable and have started to explore those sectors. Our R&D and operational teams continue to work on improving our processes, materials and applications to address the changing demands both within automotive and target growth sectors. We have demonstrated our ability to diversify with our sustained automotive market share growth, acoustic flooring in Europe, and building and industrial applications to secure new revenues. The Group has also had success in new flooring products in FY21. We continue to develop knowledge and seek additional approvals for Neptune, our class leading automotive material, to facilitate further growth in both automotive and non-automotive markets.

Risk	Description and potential impact	Mitigation
Dependence on key customers	More than half of the Group's revenues continue to be derived from one customer. In addition, both European sites also have high customer sales concentration. The Group's income and individual site's profitability could be materially adversely affected by changes to our relationship with these key customers, including a decision to diversify or change how, or from whom, they source the components that we currently provide, an inability to agree on mutually acceptable pricing or a significant dispute with the Group. Should the commercial relationship with one of our key customers terminate for any reason, or if one of these customers significantly reduces its current or forecast business with us and we are unable to enter similar relationships with other customers on a timely basis, or at all, our business could be materially adversely affected.	The target addressable market within our specialist area of automotive NVH is significant and therefore provides huge potential opportunity for diversification and market share gain with other European OEMs. Management continues to be focused on strengthening customer relationships, and, for our key customers, we ensure that multiple contact points are maintained. Key Customer Account Plans that outline our strategic development activities have been deployed and are routinely reviewed by management. These plans also document roles and responsibilities of all Group functions in their support of customer relationships. We have targeted large Tier One suppliers whose core competency is not NVH in order to offer specialist NVH support. This allows us to leverage the technical acceptance for Neptune held with all strategic OEM customers. Our sales structure, performance measurement and incentives are aligned and linked to achievement of diversification of our automotive customer base in the UK and Europe, both directly with OEMs and via their tiers. We are also expanding our non-automotive revenues in flooring and office pods.

Risk	Description and potential impact	Mitigation
Loan servicing and covenant compliance, finance and working capital management	The Group has a primary UK bank with secondary funders in the UK and Europe. The current structure includes CBILS long-term loans with HSBC, and a long term MEIF loan with prevailing covenants. Working capital funding is primarily provided by a flexible invoice financing (IF) facility. Material short-term demand fluctuations (such as that experienced in the pandemic trading environment in both FY20 and FY21) would have an immediate impact on the IF facility headroom. It is also likely that this headroom volatility would be magnified by short- term inventory fluctuations within the supply chain and an unwind of trade payables from lower demand.	Our annual budgeting and in-year reforecasting processes model the effect of certain contingencies and their effect on working capital. The equity raise completed in December 2021 has provided the Group with additional financial headroom. Short-term borrowings have been reduced and the term loans provide greater surety in a period of variable market demand. The IF facility is flexible to manage working capital fluctuations. Stocks and debtors combined are more tightly managed than before, and the facility was undrawn during FY21. Long-term asset backed finance products are used for capital investments. Our supply chain management and relationships have been tested over the pandemic period. We have been able to achieve co-operative favourable outcomes to manage stock fluctuations, ensure supply continuity, and agree flexible payment structures that reduced financial risk.
Retention of key staff in business-critical roles	As an SME, the Group inevitably has certain roles that are business critical and a higher level of reliance on certain individuals for key external relationships and growth. The automotive sector had undergone a period of sustained growth, especially within the UK, which has reduced the availability of certain skills and experienced personnel. Risk is elevated with greater key staff reliance after having made recent redundancies.	Management conduct regular reviews to discuss key staff and development plans as well as ensuring that our reward and remuneration packages remain competitive against benchmark levels in the region. We have continued to progress staff development to ensure staff skills remain relevant and reviewed appropriate succession planning. We support apprenticeships and internal progression, and support those seeking professional qualifications where appropriate.

Risk	Description and potential impact	Mitigation
		A collegiate, motivating and dynamic workplace culture provides a good environment for staff retention. Our staff survey feedback remains positive and has improved over the 2 last years.
Dependence on relationship with IKSung, and supply interruption	The licensor of the intellectual property rights related to Neptune, IKSung, are the supplier of patented and non- patented ingredients used in manufacture of the patented materials. There is therefore risk of a potentially significant adverse impact on our ability to serve customers were this relationship to deteriorate or breakdown, or supply was interrupted for other reasons.	Alternative suppliers have been secured for all non-patented materials within Neptune to allow risk mitigation. The Group has proactively sought to reinforce the relationship at senior levels with IKSung and discussed potential for collaboration on future projects that would enhance the existing trading arrangements. The licensing agreement conveys the right to source the proprietary fibre directly from the manufacturer (a large 3rd party material producer) in the event of IKSung being unable to do so. Alternative emergency supply sources have been identified. Research & Product Development (‘R&PD’) projects have been launched with a specific aim of improving the existing material and to explore new material compositions that would reduce this reliance whilst retaining (or enhancing) the competitive advantage of Neptune. We have collaborative relationships with other Neptune users.
Major failure of Neptune line	The Group’s Neptune production line is the only such facility in Europe. An extended breakdown could affect our ability to maintain continuity of supply to existing customers which could in turn affect the rate of enquiry growth and conversion.	Investments made during the extended installation and commissioning phase included automated process control and diagnostic systems not employed by IKSung that allow for more effective identification and resolution of faults.

Risk	Description and potential impact	Mitigation
		In addition, the Group received and maintains a critical spares package for the line and has a number of specialist engineers who have received tailored maintenance training with regards the line. The Group has a schedule of preventative maintenance and repairs in addition to the extensive clean down and inspection completed at the end of each production run. The Group also has an ongoing technical support agreement with IKSung for major machine failures and a back-to-back agreement is held which would allow material to be imported to support demand. We have also engaged industry experts who can advise offset guidance.
Risk of competing materials to Neptune	The commercialisation or competitiveness of Neptune could be impeded by technological advances in existing or potential substitute materials which could cause a reduction in demand.	Our specialist R&D technicians have focused projects designed to improve both Neptune and our other existing materials and to explore new materials applications. We continue to file our own applications based patents, such as encapsulation. We have also improved our own manufacturing processes to improve Neptune’s competitiveness. Technical feedback in new customer applications also remains strong against other tested materials.

Risk	Description and potential impact	Mitigation
The impact of the EU referendum (Brexit)	We experienced only some transitory logistics and temporary transport cost challenges in the first few months following transition. Residual risks include the additional transit time needed for customs and cross border procedures, and an overall increase in the cost of freight to and from the EU. Labour availability issues remain relevant to our business as we have a significant proportion of European workers. Some workers did leave to return to the EU.	The location, design and manufacturing capacity of all our operational facilities are constructed to meet local market demands in their territory. We will continue to invest in further capacity in Europe as the need arises. We have continued to invest in relationships with supply chain partners to establish safety stocks, whilst also developing secondary local suppliers to negate cross border trading costs and risks. The Group seeks to position itself as an employer of choice whilst recognising that the market is competitive and has taken steps to engage staff in the year to better understand needs and motivations and support retention. Systems master data has been updated to facilitate automatic and / or simplified documentation needed for EU post Brexit trading compliance, and this is working effectively.

Risk	Description and potential impact	Mitigation
IT systems, Software and Cyber Security	The Group has a range of systems and software infrastructures upon which it relies to receive, process and plan customer orders as well as manage its supply chain. Recent trends in automotive OEM system design and the Group's increasing customer base necessitates an increasing amount of EDI linkages which add complexity and increased risk around integrity of data. Interruption of access or loss of these systems could negatively affect the Group's ability to produce, despatch and invoice customers as well as interrupt the smooth running of its own supply chain. The latter could also be impacted by cyber-security issues, for example if data transfer or integrity was impacted. In line with media reports, we have also experienced a higher frequency of general virus and malware attacks, and we plan to safeguard against this.	The Group has invested in its IT infrastructure in order to both improve operational functionality and also protect sensitive and proprietary data from cyber-attacks. The Group has developed an IT security training programme in the year to update staff understanding of the changing risks associated with cyber-security, profiling and phishing Specialist 3rd party IT support consultants are employed, with the use of multi-layer data backup and storage. Regular updates for malware, security, and virus protection are installed. We plan to increase the scope of our actions in this area, and transition to more updated software versions to increase overall protection. The Group continues to monitor its IT requirements and may, in future periods, invest further in ERP systems to support diversification, growth and business efficiency. Critical business continuity and disaster recovery plans are reviewed in conjunction with our external IT support providers and, based on testing of these plans, improvements are developed and deployed. Key financial controls, cash management, and critical assets are managed with a restricted list of executives and qualified / trained personnel with an appropriate segregation of duties.

Risk	Description and potential impact	Mitigation
Currency and foreign exchange	A growing proportion of the Group's business is carried out in currencies other than Sterling. The Group's financial position or results of operations may be impacted to the extent that there are fluctuations in exchange rates.	The Group maintains banking facilities in the functional currency of overseas operations and continues to seek, where possible, to buy materials and services locally to the procuring site so as to minimise transactional risk.
	The Group does not currently, but may, engage in foreign currency hedging transactions to mitigate potential foreign currency exposure. The Directors cannot predict the effect of exchange rate fluctuations upon future operating results and there can be no assurance that exchange rate fluctuations will not have a material adverse effect on the business, operating results or financial condition of the Group.	The Board would consider, for significant future capital projects, a hedging strategy to give certainty at the time of order placement. Speculative transactions of any kind remain prohibited. The Board may implement a hedging strategy to limit or mitigate risk when it believes that the level of transactional risks are sufficiently significant to have potential for material impacts on the Group's results.

The Strategic Report was approved by the Board on 24 January 2021 and signed by order of the Board by the Chairman.

ADAM ATTWOOD
Chairman

24 January 2022

Governance

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Parent Company and to prevent and detect fraud and other irregularities.

Website publication

The Directors are responsible for ensuring that the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Board Director
Senior Management

Dr Kathryn Beresford

Group R&D Manager

Dr Kathy Beresford holds a PhD in Multichannel Automotive Audio from the University of Surrey in 2010 and was awarded a postgraduate award (with distinction) in Innovative Business Leadership from the University of Warwick in 2016. She spent seven years working in local government in varied roles conducting educational data analysis, modelling and interpretation alongside performance and project management. Kathy joined the Autins Group in June 2015 to lead research, development and innovation and to establish the Group's technical facilities. In 2020, Kathy took ownership of the customer projects team at Autins and now leads both product and programme management.

Adam Attwood

Non-Executive Chairman

Adam joined the Autins' Board in January 2016 as Non-Executive Chairman. He has many years experience of working with growth-focused SMEs. Originally a corporate solicitor with Norton Rose Fulbright, he moved into quoted company advisory and European M&A with Charterhouse Bank. He progressed to direct private equity investment with Livingbridge Equity Partners focusing on investments in the Midlands region. Adam has a portfolio of non-executive roles with manufacturing and branded businesses. Adam chairs the Group's Nominations Committee.

Henrik Petterson

Operations Manager, Autins AB

Henrik brings 20 years' experience in the automotive industry, progressing rapidly from operator to operational manager for Schenker Automotive's direct sequenced supply to Volvo. Henrik played a leading role in the creation, management and development of Autins' Swedish site, with a keen eye on cost, agility and automotive best practice. Since April 2019, Henrik has been the in-country manager for Autins' Swedish operations bringing in Group support to facilitate operational scaling as required. Henrik has a master's degree in Electricity and Signal Technology from the University of Borås, Sweden.

Gareth Kaminski-Cook

Chief Executive Officer

Gareth joined Autins in October 2018 and has 30 years of international business experience in market-leading industrial organisations across several business sectors, having worked previously for Low & Bonar, Saint-Gobain, Rexam, BPB and Danaher. He has a deep understanding of the manufacture and application of technical material-based solutions in relevant industrial sectors including automotive, flooring and building products.

Matthias Migl

Managing Director, Autins GmbH

Matthias has 25 years' experience in the automotive industry including with the specialist NVH and soft trim component manufacturer HP Pelzer Group, with a particular focus on acoustics. Matthias has been Managing Director of Autins GmbH since 2013 and holds a degree in Chemical Engineering from Friedrich – Alexander University, Erlangen, Germany.

Stefan Janzen

Group Applications Manager

Stefan has more than 20 years' experience in automotive and general acoustic products and solutions starting at HP Pelzer Group as a Research and Development Engineer and joined Autins GmbH as Research and Development Manager in late 2013. Stefan has a degree in Biology from Westfälische Wilhelms University in Münster, Germany and his current role in Autins is Group Applications Manager.

Shane Kirrane

UK Automotive Sales Manager

Shane has over 20 years' experience of sales management, business development and engineering experience in the automotive and niche vehicle sector. Shane started his career in NVH in the early 2000's and has a diploma in Acoustics and Noise Control Engineering. He has a range of commodity experience, having worked with a number of key Auto Tier 1's. Shane joined Autins with the intention to leverage his "roots" of NVH, and further foster already strong Autins relationships, as well as expand the capabilities and solutions Autins can offer.

Neil MacDonald

Non-Executive Director

Neil was appointed to the Board in July 2019 as Non-Executive Director and is Chairman of the Audit and Remuneration Committees. He is a Chartered Accountant with more than 30 years of experience in engineering industries. He is the former Group Finance Director of AES Engineering Limited, the international mechanical seals manufacturer; and previously Group Finance Director of the international aerospace company, Firth Rixson. Neil holds numerous other non-executive and trustee roles in the private, public and third sectors.

Kamran Munir

Chief Financial Officer and Company Secretary

Kamran is a highly experienced strategic and operational CFO, with a 20–year background of large corporate and VC roles in manufacturing, aerospace and technology companies. Prior to Autins, Kamran worked for Precision Castparts Corp, as Finance Director for Special Metals Limited and more recently European Finance Director for Timet Division, driving integration, culture change and improvements in profitability and value. Kamran was also European Financial Controller for SPX Corporation, and CEO of Spectral Fusion Technologies. On a voluntary basis, he remains CFO for the Coventry Refugee & Migrant Centre, as well as being the founding trustee and CEO of The Open Hearts, Open Minds Foundation, which focuses on the relief of poverty and sickness and the advancement of education. Kamran holds the ACA qualification, and is a graduate from the University of Cambridge (MA).

Liz Northwood

UK Human Resources Manager

Liz has over 25 years' experience of people management from both the financial and public sector. She joined Autins in February 2013 to set up the Human Resources Department. She now also leads the training function in the UK. Liz was involved with the factory move for Autins back in 2014 and in several restructures along with recruitment of many of the current team. Prior to working for Autins, Liz worked for NatWest bank in operational and systems improvement. She has also worked for the Careers Service within administration and centre re-organisations.

Dean Trappett

Group Engineering Manager

Dean is an experienced engineering manager with a demonstrated history of working in first-tier automotive companies. He has commercial and customer skills combined with 26 years' process, continuous improvement & manufacturing knowledge, leading teams in manufacturing engineering and new product / process introduction. Dean joined Autins in September 2019 to lead the Group engineering role within the business.

Joerg Thul

Group QHSE Director

Joerg is an experienced quality professional with a background in engineering and a track record in creating, managing and developing the quality function within the automotive supply chain. Joerg is accomplished in the introduction, use and maintenance of core automotive quality and lean tools and has a degree in Integrated Technologies from Sheffield University.

The Group has adopted the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies (the 'QCA Code') since September 2018. This is in line with the Board's stated aims of seeking to apply, or work towards, best practice for smaller quoted companies. The Group remains subject to the UK City Code on Takeovers and Mergers.

The statement on Corporate Governance below should be read in conjunction with relevant sections of the Company Overview, Strategic Report and Governance sections of these Annual Reports and Accounts which are cross referred from these pages and the Group's website – www.autins.com.

QCA Principle 1: Establish a strategy and business model which promote long-term value for shareholders

An overview of the Group's business model and strategy is set out on pages 21–23 of this report.

Leadership and day-to-day management of the Group is the responsibility of the Chief Executive. The executive directors, in conjunction with the leadership team (details of whom are on pages 60–65) formulate, review and recommend the Group's strategy for Board approval as part of the annual planning cycle. The leadership team will then take ownership of specific policy deployment plans that are designed to implement and promote the approved strategy in addition to delivery of annual financial plans.

The Group's business model has been designed to deliver sustainable, long term, profitable growth. As a partner of choice for the automotive industry, we generate growth by providing differentiated acoustic and thermal products with a clear benefit to the customer. We do this through a high-performing, values-led organisation focused on delivering our strategic goals.

QCA Principle 2: Seek to understand and meet shareholders needs and expectations

The Group seeks regular dialogue with both existing and potential shareholders in order to confirm that our wider investor relations plan has allowed investors to clearly understand the strategy, business model and performance.

The executive directors meet regularly with investors and analysts at investor roadshows and by hosting tours of our facilities in order to facilitate open communications regarding the Group's business performance (both current and expected future state) and reconfirm the Board's understanding of shareholders' expectations and needs with regards the Group.

The Board recognises the importance of the Annual General Meeting ('AGM') and therefore encourages participation by all investors at the AGM. All Board members present at the AGM therefore make themselves available to answer any questions from shareholders that may arise. Notice of the AGM is in excess of 21 clear days and the business of the meeting is conducted with separate resolutions, voted on initially by a show of hands and with the result of the voting being clearly indicated.

The results of the AGM are subsequently published on the Company's corporate website and are announced through a regulatory information service. The Board will also disclose any actions to be taken as a result of resolutions, for which, votes against have been received from at least 20 per cent of independent shareholders.

The Group has not appointed a Senior Independent Director, but considers annually whether one should be appointed.

QCA Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group has adopted the finnCap Environmental, Social and Governance ('ESG') framework (as recommended by the QCA) to measure and improve its ESG policies and procedures. The Group recognises the need to maintain effective working relationships across a range of stakeholder groups including its employees, customers, suppliers, shareholders and the wider community in which it operates – the Group's commitment to stakeholder engagement is set out on pages 32–37. The Group's commitment to effective ESG governance is set out on pages 26–29.

The Board's primary responsibility is to promote the success of the Group for the benefit of its members as a whole, but the Board recognises its obligation to balance the Group's operations and working methodologies to take account of, and balance with, the needs of all of the wider shareholder groups. Where feedback is received from stakeholders, the Group endeavours to make appropriate amendments to working arrangements and operational plans to address this feedback whilst remaining consistent with the Group's longer-term strategies.

The Group employs a full time Environmental, Health and Safety professional who ensures that due account is taken of any impact on the environment that its activities may have and seeks to minimise this impact wherever practical and possible. The Group remains fully compliant with Health, Safety and Environmental legislation relevant to its activities and performs regular reviews of its various procedures and systems in order to maintain and enhance both compliance and the sharing of best practice.

The Group continues to promote Autins' Values, a set of six principles designed to influence the way we work together, drive performance and inform our response to stakeholder needs and the Group's responsibilities to them. Management launched a bi-annual Group Employee Engagement Survey in 2019 to assess the implementation of these values and to address, where possible, any concerns raised and ensure the alignment of interests between the Group and that of our employees. The Survey was re-performed during 2021 with the overall scoring having improved since 2019. The results were presented back to the employees in an open meeting.

QCA Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Audit Committee provides guidance; having taken feedback from management and third party advisors, to the Board with regards the effectiveness of the Group's system of Internal Control. The Group has designed and implemented systems to manage, limit and control the risk of failure to achieve business objectives. As with all systems, the Group's processes cannot eliminate all risk completely, but provide reasonable rather than absolute assurance against material loss or misstatement.

The Chief Financial Officer leads a continuous process, with support from the leadership and finance team, to identify, evaluate and manage the Group's significant risks. The Group's register of potentially material or significant risks are reviewed by the Board twice per annum.

As an SME, the executive directors, supported by the Group's leadership team, are actively involved in the daily management of all aspects of Group operations and meet on a regular basis to discuss:

- Quality, environmental and health & safety performance.
- Monthly financial and commercial results of the business compared to forecast.
- Achievement against annual policy deployment activities that support the Board's delivery of the strategic plans.
- Business risks and appropriate control systems improvements to manage those risks.
- Progress on performance improvement projects.
- Steps taken to embed internal control and risk management further into the Group's operations.

On a monthly basis, agreed financial and non-financial KPIs together with management accounts are reviewed by the Board to assess progress against its

CORPORATE GOVERNANCE STATEMENT for the year ended 30 September 2021 *continued*

key objectives for the year. The executive directors' provide a supporting written commentary in order to highlight key areas of performance and address previously agreed areas of interest. These KPI's, management accounts and more detailed departmental level data are cascaded via the leadership team throughout the organisation.

The Board further considers whether any significant strategic, organisational or compliance issues have occurred (or are at risk) to ensure that the Group's assets are safeguarded and financial information and accounting records can be relied upon.

A summary of the principal risks and uncertainties facing the Group, as well as mitigating actions, are set out on pages 49–58 of this report.

QCA Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

Role of the Board

The Company and Group are managed by a Board of Directors, chaired by Adam Attwood, who are ultimately responsible for taking all major strategic decisions and also addressing any significant operational matters. Deployment of the Group's strategy and management of day to day decisions is delegated to the executive directors and the leadership team. The Board also reviews the Group's risk profile and the adequacy of the implemented systems of internal control that are in place. The management information systems continue to be evolved to adapt to changing data enquiry needs and to ensure that they are capable of facilitating informed decisions by the Board to allow them to properly discharge their duties. During the Covid pandemic, increased remote home working was supported by suitable IT and digital communication technologies adopted to aid continuous and efficient communication.

Delegation of responsibilities

The Group maintains a formal schedule of matters reserved for the Board which is reviewed at least annually. A schedule of delegated authorities under which management can operate without reference to the Board exists and was last reviewed, revised and approved by the Board in January 2021.

Board composition

Since March 2020, the Board has consisted of two executive directors, a non-executive chairman and an independent non-executive director. All non-executive directors that served in the year were considered to be independent of management by the Board and were free from any business or other relationship that could materially interfere with the exercise of their independent judgement in accordance with the QCA Code. The Board considers that it is appropriate in the short-term to operate with only two non-executive directors, as this is consistent with cost mitigation measures that have been applied to all staffing across the Group. The Board is committed to increasing the number of independent non-executive directors on the Board as soon as appropriate in the recovery cycle.

The Group considers annually whether a Senior Independent Director should be appointed, but has not currently chosen to do so.

The Board are satisfied that they have sufficient members and with an appropriate balance of skills and experience to allow it to operate effectively and exert control over, and provide challenge and guidance to, the business and its management team. No individual Board member has unconstrained powers to make decisions of a material nature.

Role of Chairman and Chief Executive

The Chairman and Chief Executive Board positions are separate with clearly defined individual duties and responsibilities. The Chairman is responsible for the leadership and management of the Board and its governance and as such meets regularly and separately with the executive and non-executive directors to discuss matters for the Board.

The Chief Executive is responsible for day-to-day management and leadership of the Group. This includes guiding the leadership team (details of whom are on pages 60–65), in its formulation, review and confirmation of the Group strategy for Board approval and subsequent execution.

The Board convenes regularly with at least 10 scheduled meetings per year. These meetings incorporate an annual strategy day and scheduled presentations by Leadership team members to provide the Board with additional insight into their area of expertise. Additional meetings are held in person or via online audio and web conferencing platforms, whichever provides the most efficient, timely, or safe solution at a given time. Board meetings have continued to be held regularly via teleconference since the start of pandemic measures in March 2020. This modus operandi remains an effective alternative to in person meetings, and is used as and when considered appropriate.

Details of Directors' attendance at scheduled Board and Committee meetings during the year can be found on page 72 within the Director's report.

QCA Principle 6: Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities

The Board composition has changed in the year but is still considered to have all appropriate skills, experience and knowledge sufficient to give the Board the ability to constructively challenge strategy, decision making and scrutinise business performance.

The Board's biographical details are set out on the Group's website and within this Annual Report and Accounts on page 60–65.

Board composition remains under review to ensure it remains appropriate to the strategic and managerial requirements of the Group. One third of the Directors are required, in accordance with the Company's Articles of Association, to retire annually in rotation. This enables the Shareholders to decide on the election of the Company's Board.

Attendance and participation in relevant training, networking and update events are encouraged in order to create, maintain or enhance relevant skills and knowledge. Updates from the Quoted Companies Alliance and external advisers are utilised to ensure relevant knowledge of Corporate Governance matters where appropriate.

All Directors have access to the Group's (or independent) professional advice at the Company's expense. In addition, they have access to the advice and services of the Company Secretary who is responsible to the Board for advice on corporate governance matters.

QCA Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

As part of his responsibilities with regards Board effectiveness and governance, the Chairman, informally assesses the performance of the Board and its Directors on an ongoing basis and brings to the relevant party's attention any areas for improvement.

The Board has committed to using the QCA Board effectiveness review to assess the 12 defined key areas of Board effectiveness. The next scheduled review is due to be completed by September 2022.

The Board is satisfied that its operating culture is open and dynamic enough not to warrant the use of Group resources for an externally facilitated review at this time. This approach will be reviewed on an annual basis.

The effectiveness of the Board and its Committees are reviewed on at least an annual basis but kept under review in accordance with Corporate Governance best practice.

QCA Principle 8: Promote a corporate culture that is based on ethical values and behaviours

As an SME, we recognise that it's our people that will underpin delivery of our business model. We therefore aim to create systems and roles that support the recruitment, retention, engagement and development of our staff in response to ever-changing customer demands.

Autins operates its core Values that seek to establish a framework which all employees can support, will govern our behaviours and underpin a high performance culture that the Board believes is required in order to deliver our strategy.

Our aim is that the Group's culture will be built on these Autins Values and they will inform the expected behaviours that will be an integral part of our induction, appraisal and performance management and remuneration processes. We have already established a twice yearly leadership organisational management review which allows for peer to peer review of critical business challenges, staff performance and reward.

A positive health and safety culture is promoted within the business and the Group seek to reflect this in all of our policies and procedures, as well as in our approach to the training and development of the people involved in our operations. Health and Safety is the standing first agenda item at all Board and leadership meetings. The Group's Health & Safety Manager, who reports ultimately to the Chief Executive, has direct access to the executive directors should he wish to raise any urgent concerns.

The Group's policies and procedures are given to all new employees at induction, and are available to both permanent and temporary staff via our employee engagement app. The app is also the Group's portal for anti-bribery, corruption and whistle-blowing policy. Any concerns raised are passed directly to the Chairman of the Audit Committee for independent review. All policies and procedures are subject to a periodic review and re-approval to ensure they continue to meet their aims.

The Group's share dealing code is applicable to all staff and available for review on the employment engagement app. All staff are subject to a closed period from the last day of each full or half year until 48 hours after the results for that period have been published and require authorisation from the Company Secretary for any trading activity outside of a close period.

QCA Principle 9: Maintain Governance structures and processes that are fit for purpose and support good decision making by the Board

The Board maintains separate Audit, Nomination and Remuneration Committees whose purpose is to consider and oversee issues of policy outside main Board meetings.

Audit Committee

The Audit Committee comprises the two Non-executive Directors and is chaired by Neil MacDonald.

The Committee's role is described within the Audit Committee Report set on pages 78 to 79.

Remuneration Committee

The Remuneration Committee comprises the two non-executive directors and is chaired by Neil MacDonald. The Committee is responsible, within its agreed terms of reference, for the following remuneration matters:

- Setting and reviewing the remuneration policy for all executive directors.
- Confirm that remuneration payments made to directors are consistent with approved policy.
- Ensuring that remuneration payments are in accordance with appropriate benchmarks as well as assessing changes in practice that may have future remuneration impacts.
- Overseeing incentives-based remuneration for senior management or other employees identified as relevant by the Committee.

In carrying out these duties the Committee shall ensure the appropriateness, relevance and market practice in respect of such remuneration policy.

Nomination Committee

The Nomination Committee comprises the two non-executive directors and is chaired by Adam Attwood. It has responsibility for reviewing the size, composition and structure of the Board (and its Committees) and making recommendations of any changes it believes are required for succession planning. The Committee identifies and nominates for approval by the Board candidates to fill vacancies as and when they arise as well as reviewing the results of any Board performance evaluations and proposing corrective actions if required. The Committee, in conjunction with the Chief Executive, reviews annually the succession planning strategy for the senior leadership team.

Whilst the Committee has ultimate responsibility for reviewing the structure, size and composition of the Board and recommending any changes required, in practice the Board as a whole considers any recommendations for appointments.

Interaction with the Board and governance

During the year, the Chair of each committee will provide the Board with a summary of key issues considered, and conclusions drawn, at the committee meetings. Details regarding the frequency and attendance of meetings for these committees are contained in the Director's Report.

Written terms of reference have been established (and are regularly reviewed) for all Board committees. These terms of reference are available on the Group's Investor website and confirm the duties, authority, reporting responsibilities and minimum meeting frequency for each committee.

Board committees are authorised, in the furtherance of their duties, to engage the services of external advisers as they deem necessary at the Company's expense.

QCA Principle 10: Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Group communicates formally with shareholders via the Annual Report and Accounts, the full-year and half-year results announcements and associated presentations, periodic market announcements and trading updates (as appropriate) and the AGM.

The executive directors periodically meet with analysts and shareholders in face-to-face meetings as well as hosting investor roadshows and events both at the Group's and investors' premises.

The Group's website has been designed to allow a more accessible platform to communicate the Group's strategy, products and processes to the wider community. A dedicated Investors section is maintained within the main site and is updated regularly. The Investors' website contains all financial reports and associated Investor presentations since the Group's Initial Public Offering, together with downloadable copies of standing data (including the terms of reference of the Board's subcommittees) that are of use to stakeholders. During 2021 we have continued to use social media platforms, including LinkedIn internal employee intranet, primarily for company wide announcements and to promote success stories.

This governance statement was last reviewed and approved on 24 January 2022.

The Directors present their report and the audited financial statements for the Group and the Company for the year ended 30 September 2021.

In accordance with section 415 of the Companies Act 2006. Particulars of important events affecting the Group, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 22 to 25 which is incorporated into this report by reference.

The Directors' statement on corporate governance is set out on pages 66 to 71. This report should be read in conjunction with information concerning Directors' Remuneration and employee share schemes in the Remuneration report on pages 76 and 77, and which is incorporated by way of cross-reference into the Directors' Report.

The principal activities of the Group are the manufacture and sale of insulating materials primarily to the automotive industry. The Company is an investment holding company. The Directors are not aware, at the date of this report, of any likely changes in the Group's activities in the next year.

Results and dividends

The results for the year are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 88 and 89. Following the year-end, the Directors assessed the appropriateness of the Group declaring a final dividend and concluded that no dividend would be appropriate.

Directors

The Directors who served during the year under review and up to the date of approving the Annual Report and Accounts were:

- Adam Attwood;
- Ian Griffiths (resigned 12 March 2021);
- Gareth Kaminski-Cook;
- Neil MacDonald; and
- Kamran Munir.

Corporate governance

The Directors' statement regarding corporate governance can be found on pages 66 to 71. The Company is a member of the Quoted Company Alliance ('QCA') and has adopted the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies (the implementation of corporate governance standards through the year).

Board of Directors and Board committees

Biographical details of all the Directors at the date of this report are set out on pages 60 to 65.

The Board has formally delegated certain duties and responsibilities to the Audit, Remuneration and Nomination Committees. These committees seek advice from the Company's advisors as the need arises and operated throughout the year. Their roles and membership are stated on pages 68 to 71 as part of the corporate governance statement.

Meetings of the Board and its Committees

The following table sets out the number of meetings of the Board and Committees during the year under review and individual attendance by the relevant members at these meetings:

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Number	Attended	Number	Attended	Number	Attended	Number	Attended
Adam Attwood	12	12	3	3	2	2	1	1
Ian Griffiths (resigned 12 March 2021)	5	5	1	1	1	1	1	1
Gareth Kaminski-Cook	12	12	3	3				
Kamran Munir	12	12	3	3				
Neil MacDonald	12	12	3	3	2	2	1	1

** Number of potential meetings adjusted for date of appointment and/or resignation*

Should a director be unable to attend a meeting, their comments on the business to be considered at the meeting are discussed with the Chairman ahead of the meeting so that their contribution can be included in the wider Board discussion.

Auditor independence

The Audit Committee and the Group's external auditor, BDO LLP, have safeguards in place to avoid the possibility that the auditor's objectivity and independence could be compromised. These safeguards include the auditor's report to the Audit Committee on the actions they take to comply with the professional and regulatory requirements and best practice designed to ensure their independence from the Company.

The Group's auditor, BDO LLP did not undertake any non-audit work in the year.

Re-election of Directors

At every Annual General Meeting, one-third of the directors (excluding any director appointed since the previous AGM) or, if their number is not a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation.

As announced on 16 December 2019 Kamran Munir was appointed to the board as Chief Financial Officer. He was formally elected at the AGM in March 2021. Adam Attwood was also formally re-elected as Chairman in the same AGM.

Directors' interests and indemnity arrangements

At no time during the year did any director hold a material interest in any contract of significance with the Company or any of its subsidiary undertakings excepting an indemnity provision between each director and the Company and employment contracts between each executive director and the Group. The Group has purchased and maintained throughout the year Directors' and Officers' liability insurance in respect of all Group companies.

Directors' interests in shares

The beneficial interests in the shares of the Company of those Directors serving at 30 September 2021 are noted in the Directors Remuneration report set on pages 76 and 77.

Share capital

Full details of the Company's authorised and issued share capital are set out in note 19 to the consolidated financial statements.

The Company has one class of ordinary share capital with a nominal value of £0.02 each. The rights and obligations attached to the ordinary shares are governed by UK law and the Company's Articles of Association.

Major interests in shares

The following substantial interests (3% or more) in voting rights attaching to the Company's ordinary shares had been notified to the Company:

Shareholder	Number of voting rights as at 30 September 2021	% voting rights as at 30 September 2021	Number of voting rights as at 30 September 2020	% voting rights as at 30 September 2020
Stonehage Fleming Family & Partners	7,900,000	19.95%	7,850,338	19.82%
Schroder Investment Management	7,835,000	19.78%	8,647,127	21.84%
Premier Miton Group (formerly Miton Group plc)	4,530,156	11.44%	4,530,156	11.44%
Thornbridge Investment Management	2,500,000	6.31%	2,500,000	6.31%
Ruffer LLP	2,490,741	6.29%	2,490,741	6.29%
Kevin Westwood	2,025,000	5.11%	2,025,000	5.11%
Karen Holdback	2,025,000	5.11%	2,025,000	5.11%
Unicorn Asset Management	1,769,806	4.97%	1,769,806	4.47%
Toscafund	1,340,300	3.38%	1,340,300	3.38%

Financial risk management

In certain circumstances, the Group uses financial instruments to manage specific types of financial risks, including those relating to credit and foreign currency exchange. The Group's objectives and policies on financial risk management including information on liquidity, capital, credit and risk can be found on pages 106 to 108 of the financial statements.

Future business developments

The Group's strategy is explained in the Strategic Report section of this Annual Report and Accounts which, as noted in the preamble to the Directors' Report, is incorporated into this report by reference.

Research & Development

The Group's dedicated Research and Product Development ('R&PD) plan, first launched in FY17, was modified in the year (in response to the overall costs reduction programme) to focus on those items that could deliver enhanced value to the Group in the near term. Particular focus was paid to improving the environmental impacts of our products and developing materials and processes tailored for the evolving electric vehicle market. During the year the patent for an encapsulation acoustic product continued to be progressed, new alternative and improved materials were tested showing potential for future value improvements, and the Neptune manufacturing process was improved to run more consistently and at improved yields. Office pod products have also been developed further with increased sales.

The high level of success in the year led to the certain of costs being recognised as intangible assets having met the Group's stated accounting policy for such expenditure.

The R&PD plan is reviewed at least twice per annum to ensure its focus continues to address customer and market problems.

Health and safety

The Chief Executive, with support from a full time Environmental, Health and Safety professional, has overall accountability for health and safety across the organisation.

The Group remains committed to providing a safe and healthy working environment for staff and contractors alike. Groupwide health and safety standards and systems exist to set out, in support of a one company approach, the required range of policies and procedures designed to manage risks and promote wellbeing at all sites.

Management and the Board regularly review a range of health and safety performance measures and take appropriate steps to address any areas for concern including ensuring lessons learned from incidents that occur are shared across the Group for best practice improvements.

Since 2020 an increased level of attention was given to knowledge and awareness around mental health in the workplace, including home working. This included external training for the Group H&S Manager and UK HR Manager.

In response to the Covid pandemic, risk assessments and Covid safe working practice policies were prepared for all sites and implemented rigorously. Travel was minimised and social distancing and adoption of PPE was made mandatory. These procedures remain in place.

Charitable and political donations in the year

The Company did not make any political or charitable donations during the year.

Going concern

Going concern has been discussed within the Financial Review on pages 43–44.

DIRECTORS' REPORT *continued* for the year ended 30 September 2021 *continued*

Auditor

BDO LLP, the Company's independent auditor, has expressed its willingness to continue in office. As recommended by the Audit Committee and pursuant to section 487 of the Companies Act 2006, the Company will propose a resolution at the AGM to reappoint BDO LLP as auditor and authorise the Directors to agree its remuneration.

Audit information

The Directors who were in office on the date of approval of the Directors' Report have confirmed that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. Each of the directors has confirmed they have taken all the reasonable steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Annual General Meeting

Details of the Company's Annual General Meeting and the resolutions to be proposed are set out in the separate Notice of Meeting.

The meeting will be held at 11am on 17 March 2022 at the Company's main offices at Central Point One, Central Park Drive, Rugby, Warwickshire, CV23 0WE.

The Directors' Report has been approved by the Board of Directors on 24 January 2022.

By order of the Board.

KAMRAN MUNIR
Company Secretary

24 January 2022

Autins Group plc
Central Point One
Central Park Drive
Rugby
Warwickshire
CV23 0WE

Company number: 08958960

The remuneration of the executive directors and certain other key management team members is subject to the approval and oversight of the Remuneration Committee which is chaired by Neil MacDonald.

The Company's remuneration policy is designed to promote the achievement of its strategic goals with regard to growth and diversification and to attract and retain staff and directors capable of accelerating achievement of the strategic plans.

In setting the measurement of executive performance, due notice is taken of the risk profile of the business and to reward progress. The committee believes that the executive directors and leadership team should be rewarded for securing long-term growth that provides for a sustained growth of investor returns.

Fixed pay is based on a market-based approach which takes into account the size of the Company, peer review of compensation packages and the experience and qualifications of the executive in question. Variable pay is designed to promote outperformance, which is achievable, repeatable and sustainable.

Directors

The Directors who served during the year under review and up to the date of approving the Annual Report and Accounts are disclosed in the Directors' Report.

At every Annual General Meeting, one-third of the Directors (excluding any Director appointed since the previous AGM) or, if their number is not a multiple of three, the number nearest to but not exceeding one-third, shall retire from office by rotation.

Directors' interests – interests in shares

	2p ordinary shares at 30 September 2021	% of issued ordinary share capital	2p ordinary shares at 1 October 2020	% of issued ordinary share capital
Adam Attwood	600,000	1.52	600,000	1.52
Ian Griffiths (resigned 12 March 2021)	14,311	0.04	14,311	0.04
Gareth Kaminski-Cook	180,228	0.46	180,228	0.46
Kamran Munir	–	–	–	–
Neil MacDonald	125,000	0.32	125,000	0.32

Directors' interests – interests in share options

Details of options held by Directors who were in office at 30 September 2021 are set out below. The Company's option schemes are set out in more detail in notes 20 and 24 to the financial statements.

	Date of Grant	Number	Exercise Price	Expiry Date
Kamran Munir	20 January 2021	1,064,189	£nil	1 October 2025
Gareth Kaminski-Cook	20 January 2021	1,459,459	£nil	1October 2025

The market price of the Company's shares at 30 September 2021 was 22.5 pence. The range of market prices during the year was 15.0 pence to 24.5 pence per share.

Contracts of service

The executive directors, Gareth Kaminski-Cook and Kamran Munir, each have a service agreement containing one year's and six months' notice respectively, and claw back and malus clauses with regard to any paid or unpaid bonuses.

The non-executive directors, Adam Attwood and Neil MacDonald, have a service agreement with a three-month notice period.

Salaries and benefits

The Remuneration Committee meets at least twice per year in order to consider, review and set the remuneration packages for the Executive Directors.

Remuneration is benchmarked annually to ensure it remains comparable and competitive with companies of a similar size and complexity. Remuneration for the executive directors comprises basic salary, pension contributions and benefits in kind (including healthcare, company cars and life insurance). The non-executive directors' remuneration consists of basic salaries but they are also reimbursed for travel and other out-of-pocket expenses. Remuneration for executive directors also includes share options as detailed above.

Year ended 30 September 2021	Salary £000	Benefits £000	Pension £000	**Total FY21 £000**	Total FY20 £000
G Kaminski-Cook	240	22	24	286	265
K Munir	187	4	16	207	130*
A Attwood	60	-	-	60	54
I Griffiths (resigned 12 March 2021)	20	-	-	20	41
N MacDonald	45	-	-	45	41
	552	26	40	618	531

** Part period payment, commencing 1st January 2020.*

There were no pay rate awards to any of the Board during the year. The Board also took salary payment deferrals in FY21, which ranged between 10% and 15%, for up to 7 months as part of a package of measures to assist the company's liquidity position. The aggregate value of the deferrals was approximately £53k. These amounts remain unpaid although they are included in the FY21 salary figures above as it is intended that these amounts will be repaid at a future date still to be determined. The Board also took 6 months of permanent pay reductions at 20% during the peak pandemic period in FY20, which lowered the cost for that year by approximately £57k.

By order of the Board

NEIL MACDONALD
Non-Executive Director and Chair of the Remuneration Committee

24 January 2022

Members of the Audit Committee

The Committee currently consists of all serving non-executive directors. The Committee was chaired by Neil MacDonald during the year.

The Board is satisfied that as Chair of the Committee in the period, Neil MacDonald had relevant and recent financial experience as well as being a Chartered Accountant who has served as Finance Director and Chair of Audit Committees in other organisations.

Meetings of the Committee may, by invitation, be attended by the Chief Executive and the Chief Financial Officer. The Committee met formally four times in the year. There were also several informal meetings with the external auditors.

The Committee reports the outcome of its deliberations at the subsequent Board meeting and minutes of each meeting are made available to all members of the Board.

Duties

The Audit Committee's duties are set out in its terms of reference, which are available on the Company's website (www.autins.com/investors) and on request from the Company Secretary.

The normal items of business considered by the Audit Committee during the year included:

- Going concern review, including sensitivity assumptions;
- Review of the financial statements, Annual Report and investor presentation;
- Consideration of the external audit report and management representation letter;
- Review of the interim results and associated presentation for investors;
- Review of the FY21 audit plan and audit engagement letter;
- Meetings with the auditor with and without management present.

In addition, during the current year, the Committee spent time on the following

- Reviewing the terms and conditions of the loan from MEIF and the associated forecasts and covenants;
- Reviewing the terms and conditions of the CBILS loan from HSBC and the associated forecasts and covenants; and
- Reviewing revised forecasts and projections necessitated by the Covid situation and supply chain issues

Role of the Auditor

The Audit Committee monitors the relationship with the auditor, BDO LLP, to ensure that auditor independence and objectivity is maintained.

The Committee monitors the provision of any non-audit services by the external auditor (if any). During the year no non-audit services have been provided to the Company by the auditor.

The Audit Committee recommends BDO LLP be reappointed as auditor at the next AGM.

Audit process

The auditor prepares and presents a plan for the audit of the full year financial statements that establishes the scope, areas of special focus and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee.

Following the audit of the annual financial statements the auditor presents its findings to the Audit Committee for discussion. There were no major areas of concern highlighted by the auditor during the year beyond those areas of significant risk and audit judgment that are routinely discussed and disclosed in their report to the members of the Group.

Internal audit

The Committee considers that, taking account of the size and structure of the Group's trading and assets, an internal audit function is not required. The Committee will keep this under review to ensure that as the Group develops and complexity increases appropriate resources are dedicated to the creation of an internal audit function.

Risk management and internal controls

As described on pages 69 to 70 of the Corporate Governance Report, the Group has established a framework of risk management and internal control systems, policies and procedures. The Audit Committee is responsible for reviewing the risk management and internal control framework and ensuring that it operates effectively. During the year, the Committee has reviewed the framework and the Committee is satisfied that it is currently operating effectively.

Whistleblowing

As noted in the Corporate Governance Report, the Group has a formal whistleblowing policy which sets out the process for any employee of the Group to raise, in confidence, any concerns about possible improprieties in financial reporting or other governance matters. The Chairman of the Audit Committee acts as the independent reviewer for any claims that are raised, with any relevant matters and actions recorded at the next appropriate meeting. During the year, there have been no incidents recorded or raised for consideration.

By order of the Board

NEIL MACDONALD
Non-Executive Director

24 January 2022

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Autins Group Plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 which comprise:

Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We have determined going concern to be a key audit matter because the COVID-19 pandemic and semiconductor shortages has had a major effect on the Group, industry, and wider economy. The further uncertainty created by the pandemic and resulting semiconductor supply chain impact has therefore increased the level of estimation and judgement involved in relation to going concern assessments and was a key area of focus during our audit. Going concern is disclosed in Note 1. Accounting policies (pages 96 to 97).

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- We critically assessed management's trading and cash flow budgets and forecasts, which cover the period to 31 January 2023. This included challenging the key estimates and judgements and the evidence underpinning them. In doing so, we specifically considered the principal trading and cash flow assumptions, the quantum of the banking facilities used in the calculation of the available liquidity and the impact of the confirmed bank covenants waivers and repayment holidays on these facilities. Our challenge of the revenue assumptions included consideration of customer enquiries, current order levels and information from customers regarding expected future volumes and included information available up to the date of issuance of our report;
- We tested the various scenarios and sensitivities performed by management in respect of the key assumptions underpinning the budgets and forecasts and challenged the sensitivities to ensure they reflected all reasonably foreseeable events and circumstances. We also reviewed the reverse stress-testing performed by management and considered the headroom between the budgets and forecasts and the reverse stress-test assumptions, together with considering the likelihood that unforeseen events and circumstances might occur resulting in the reverse stress test becoming a reality;
- We have challenged management's assessment of COVID-19 and semiconductor shortage impacts, including consideration of external information, as part of our assessment of the trading and cash flow budgets and forecasts, and
- In addition to the procedures referred to above, we have considered the information provided to management by their major customers relating to future activity levels and the previous experience of these activity levels being met.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	99% (2020: 99%) of Group profit before tax 93% (2020: 92%) of Group revenue 87% (2020: 76%) of Group total assets		
Key audit matters		2021	2020
	Impairment Risk	✓	✓
	Going Concern	✓	✓
Materiality	Group financial statements as a whole £234k (2020: £215k) based on 1% (2020: 1%) of Group turnover.		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

In establishing the overall approach to the Group audit, we assessed the audit significance of each reporting unit in the Group by reference to both its financial significance and other indicators of audit risk, such as the complexity of operations and the degree of estimation and judgement in the financial results.

All of the Group's three significant components (inclusive of Autins Group Plc) were subjected to full scope audits for Group purposes. All significant components are located in the UK were audited by the Group engagement team. The remaining component, Autins GmbH is located in Germany and was audited by BDO Germany operating under the direction of the Group engagement team. This is the first year that Autins GmbH has been considered a significant component. The remaining were not significant and subject to analytical review procedures by the Group audit team.

The significant components within the scope of our work accounted for 93% of group revenues and 87% of total assets.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditor included the following:

- attending planning meetings with the component auditors;
- issuing detailed Group reporting instructions which set out key aspects of the audit such as component materiality, significant audit and accounting issues from a Group perspective and the key audit procedures to be performed in order to address these;
- reviewing the Group reporting documents submitted by the component auditor along with the work performed on significant risk areas and detailed testing throughout their audit file to ensure the work performed was sufficient for our purposes and consistent with Group instructions, and
- detailed discussion with the component team of the outcome of the work performed.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Conclusions relating to going concern" section, we have determined the matter described below to be the key audit matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Impairment risks (Accounting policies and significant judgements and estimates (note 1), property plant and equipment (note 11) and intangible assets (note 13) The Group has goodwill, other intangibles, property, plant and equipment and right of use assets of £18.4 million. In accordance with accounting standards, goodwill is not amortised but is subject to an annual impairment review through assessment of the value in use of the Automotive Noise, Vibration and Harshness ("NVH") CGU to which it is attributable. The existence of continuing operating losses, the impact of the COVID-19 pandemic, semiconductor shortage and the Group's market capitalisation being lower than the consolidated net assets, provide indicators that impairments may be present. In addition, property, plant and equipment within the NVH CGU includes the Neptune production facility with a net book value of £4.9 million. This facility was completed and brought into use in 2018 and whilst volumes continue to increase, it is currently still operating below full capacity and continued to generate losses in the year ended 30 September 2021. Therefore we consider there to be a significant risk in relation to the achievement of the forecast future trading and cash flows used to determine the value in use supporting the carrying value of the goodwill, other intangible assets, property, plant and equipment and right of use assets in the NVH CGU and the Neptune facility within the NVH CGU. No other CGU's have any assets which could be subject to material impairment.	We have tested the judgements made by management in undertaking the impairment tests. This included: • The identification of the Cash Generating Units (CGUs) and validating the assumptions and evidence supporting the allocation of the associated revenue, costs and assets to CGUs; • Reconciling the information used in the value in use models to the underlying accounting records and the budgets and forecasts for the Group. It also included considering whether the responses to the COVID-19 pandemic and semiconductor shortages impacted any of the judgements and to confirm these were appropriately modelled in the budgets and forecasts; • The recalculation of the discount rate used to discount the cash flows in each CGU and changes made to incorporate the risks in the business and sector; • Comparing the forecasts to the information used to assess the going concern assumption and challenging the robustness of the key assumptions. These assumptions included the rate of securing new customers for the Neptune facility and the assessment of conversion rates in the enquiry pipeline by reference to historic, other internal and third party evidence; • Considering the appropriateness of the sensitivities applied by management, with specific consideration of the impacts of the COVID-19 pandemic, semiconductor shortages and the structural changes in the automotive sector in the UK and internationally. This also includes reviewing the stress testing undertaken by management to assess the appropriateness of the assumptions applied for the relevant scenarios, assessing the level of underperformance against management's forecasts required to eliminate the headroom for both the NVH CGU and the Neptune facility and considering the level of headroom after the application of the relevant sensitivities; • Engaging our internal valuation experts, working with them to confirm the appropriateness of the models used by management to calculate the value in use for each CGU, and the calculation of the discount rates, and • Considering the outcomes achieved compared with the prior year forecasts to understand the reasons for the variations and challenged how the current year's

Key observations:

Nothing has come to our attention as a result of performing the above procedures that causes us to believe that the assumptions and judgements used as inputs in the impairment considerations were inappropriately applied.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Materiality	234	215	210	190
Basis for determining materiality	1% of Group turnover	1% of Group turnover	1.5% of Group net assets	2% of Group net assets limited by 95% of group materiality
Rationale for the benchmark applied	Revenue is the key driver of the business value and is the underlying driver for management's key measure of performance	Revenue is the key driver of the business value and is the underlying driver for management's key measure of performance	Calculated as a percentage of Group materiality for Group reporting purposes	Calculated as a percentage of Group materiality for Group reporting purposes
Performance materiality	175	151	158	133
Basis for determining performance materiality	Set 75% of materiality after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year	Set 70% of materiality after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year	Set 75% of materiality after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year	Set 70% of materiality after having considered a number of factors including the expected total value of known and likely misstatements and the level of transactions in the year

Component materiality

We set materiality for each component of the Group which ranged from £112,000 to £210,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £7,100 (2020: £10,750). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made, or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to compliance with the Companies Act 2006, the AIM listing rules and accounting standards.

We focused on areas that could give rise to a material misstatement in the Group financial statements.

Our testing included, but was not limited to:

- enquiries of management;
- review of minutes of Board meetings throughout the year;
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- challenge of key estimates and judgements, including those applied to key audit matters by management in the financial statements to check that they are free from management bias;
- identifying and testing a sample of journal entries for the following journal types:
  - any journals outside of the normal course of business or indicative of manipulation of the financial statements;
  - all journals posted to revenue to ascertain if any unusual transactions exist which are outside the normal course of business; and
  - any manual or late journals posted at a consolidated level
- performing the following revenue tests in response to the ISA240's presumed fraud risk:
  - review the revenue nominal accounts for any unusual transactions;
  - test a sample of credit notes issued in the year and in October 2021;
  - review the timing of revenue recognition, with a particular focus on tooling sales and the evidence of customer acceptance; and
  - review the revenue recognition policies and noted that these have been applied consistently
- consideration of management's assessment of related parties and any other unusual transactions and evaluating the process for identifying and monitoring any such transactions, and
- consideration of the total unadjusted audit differences for indications of bias or deliberate misstatement.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

JONATHAN GILPIN (SENIOR STATUTORY AUDITOR)
For and on behalf of BDO LLP, Statutory Auditor

Birmingham
United Kingdom

24 January 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

	Note	2021 £000	2020 £000
Revenue	4	23,431	21,517
Cost of sales excluding exceptional costs		(17,103)	(15,472)
Exceptional cost of sales	5	–	(164)
Total cost of sales		(17,103)	(15,636)
Gross profit		6,328	5,881
Other operating income	5	649	787
Distribution expenses		(604)	(650)
Administrative expenses excluding exceptional costs and amortisation		(6,890)	(6,780)
Exceptional administrative expenses	5	–	(292)
Amortisation of acquired intangible assets	5	(173)	(238)
Total administrative expenses		(7,063)	(7,310)
Operating loss	5	(690)	(1,292)
Finance expense	8	(542)	(523)
Share of post-tax profit of equity accounted joint ventures	14	53	55
Loss before tax		(1,179)	(1,760)
Tax credit	9	95	37
Loss after tax for the year		(1,084)	(1,723)
Earnings per share for loss attributable to the owners of the parent during the year			
Basic (pence)	10	(2.74)p	(4.35)p
Diluted (pence)	10	(2.74)p	(4.35)p

All amounts relate to continuing operations.

The notes on pages 96 to 124 form part of these financial statements.

	2021 £000	2020 £000
Loss after tax for the year	(1,084)	(1,723)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	2	18
Total comprehensive expense for the year	(1,082)	(1,705)

The notes on pages 96 to 124 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Note	2021 £000	2020 £000
Non-current assets			
Property, plant and equipment	11	9,636	10,082
Right-of-use assets	12	4,876	5,001
Intangible assets	13	3,059	3,322
Investments in equity-accounted			
joint ventures	14	120	147
Deferred tax asset	19	95	149
Total non-current assets		17,786	18,701
Current assets			
Inventories	15	2,433	1,938
Trade and other receivables	16	3,630	4,339
Cash and cash equivalents		1,262	2,974
Total current assets		7,325	9,251
Total assets		25,111	27,952
Current liabilities			
Trade and other payables	17	2,584	3,151
Loans and borrowings	18	719	1,027
Lease liabilities	12	842	917
Total current liabilities		4,145	5,095
Non-current liabilities			
Trade and other payables	17	111	117
Loans and borrowings	18	3,248	3,847
Lease liabilities	12	4,794	4,970
Deferred tax liability	19	46	74
Total non-current liabilities		8,199	9,008
Total liabilities		12,344	14,103
Net assets		12,767	13,849
Equity attributable to equity holders of the company			
Share capital	20	792	792
Share premium account	22	15,866	15,866
Other reserves	22	1,886	1,886
Currency differences reserve	22	(125)	(127)
Profit and loss account	22	(5,652)	(4,568)
Total equity		12,767	13,849

The notes on pages 96 to 124 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 24 January 2022.

KAMRAN MUNIR
Group Chief Financial Officer

Autins Group plc
Registered number: 08958960

PARENT COMPANY STATEMENT OF FINANCIAL POSITION
As at 30 September 2021

	Note	2021 £000	2020 £000
Non-current assets			
Property, plant and equipment	11	2	–
Intangible assets	13	57	57
Investments	14	16,239	16,239
Total non-current assets		16,298	16,296
Current assets			
Trade and other receivables	16	9,359	10,031
Cash and cash equivalents		155	1,390
Total current assets		9,514	11,421
Total assets		25,812	27,717
Current liabilities			
Trade and other payables	17	8,354	8,389
Loans and borrowings	18	600	729
Total current liabilities		8,954	9,118
Non-current liabilities			
Loans and borrowings	18	2,855	3,378
Total non-current liabilities		2,855	3,378
Total liabilities		11,809	12,496
Net assets		14,003	15,221
Equity attributable to equity holders of the company			
Share capital	20	792	792
Share premium account	22	15,866	15,866
Other reserves	22	1,886	1,886
Profit and loss account	22	(4,541)	(3,323)
Total equity		14,003	15,221

The Company has elected to take the exemption under section 408 of the Companies Act not to present the parent Company profit and loss account. The loss for the parent Company for the year was £1,218,000 (2020: loss of £1,996,000).

The notes on pages 96 to 124 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 24 January 2022.

KAMRAN MUNIR
Group Chief Financial Officer

Autins Group plc
Registered number: 08958960

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2021

	Share capital £000	Share premium account £000	Other reserves £000	Cumulative currency differences reserve £000	Profit and loss £000	Total equity £000
At 30 September 2020	792	15,866	1,886	(127)	(4,568)	13,849
Comprehensive income for the year						
Loss for the year	–	–	–		(1,084)	(1,084)
Other comprehensive income	–	–	–	2	–	2
Total comprehensive expense for the year	–	–	–	2	(1,084)	(1,082)
At 30 September 2021	792	15,866	1,886	(125)	(5,652)	12,767

	Share capital £000	Share premium account £000	Other reserves £000	Cumulative currency differences reserve £000	Profit and loss £000	Total equity £000
At 30 September 2019	792	15,883	1,886	(145)	(2,313)	16,103
Effect of adoption of IFRS 16 (note 1)	–	–	–	–	(517)	(517)
Comprehensive income for the year						
Loss for the year	–	–	–	–	(1,723)	(1,723)
Other comprehensive income	–	–	–	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

The cumulative currency differences reserve may be reclassified subsequently to profit and loss.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 30 September 2021

	Share capital £000	Share premium account £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 30 September 2019	792	15,883	1,886	(1,312)	17,249
Comprehensive income for the year					
Loss for the year and total comprehensive expense	–	–	–	(1,996)	(1,996)
Total comprehensive expense for the year	–	–	–	(1,996)	(1,996)
Contributions by and distributions to owners					
Shares issued					
Share issue expenses	–	(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	(3,323)	15,221
Comprehensive income for the year					
Loss for the year and total comprehensive expense	–	–	–	(1,218)	(1,218)
Total comprehensive expense for the year	–	–	–	(1,218)	(1,218)
At 30 September 2021	792	15,866	1,886	(4,541)	14,003

	2021 £000	2020 £000
Operating activities		
Loss after tax	(1,084)	(1,723)
Adjustments for:		
Income tax	(95)	(37)
Finance expense	542	523
Employee share based payment (credit)/charge	–	(15)
Non-cash element of other income	–	(109)
Depreciation of property, plant and equipment	788	836
Depreciation of right-of-use assets	825	851
Loss on disposal of tangible fixed assets	25	–
Amortisation and impairment of intangible assets	282	317
Share of post-tax profit of equity accounted joint ventures	(53)	(55)
	1,230	588
Decrease in trade and other receivables	725	2,296
(Increase)/decrease in inventories	(515)	23
Decrease in trade and other payables	(538)	(1,426)
	(328)	893
Cash generated from operations	902	1,481
Income taxes received/(paid)	92	(5)
Net cash flows from operating activities	994	1,476
Investing activities		
Purchase of property, plant and equipment	(405)	(154)
Purchase of intangible assets	(30)	(125)
Proceeds from disposal of tangible fixed assets	8	–
Dividend received from equity-accounted for joint venture	80	125
Net cash used in investing activities	(347)	(154)
Financing activities		
Interest paid	(380)	(421)
Share issue expenses paid	–	(17)
Bank loans advanced	–	4,523
Loan issue expenses paid	–	(66)
Bank loans repaid	(753)	(213)
Principal paid on lease liabilities	(951)	(549)
Hire purchase agreements repaid	(108)	(168)
Decrease in invoice discounting	–	(3,716)
Net cash used in financing activities	(2,192)	(627)
Net (decrease)/increase in cash and cash equivalents	(1,545)	695
Cash and cash equivalents at beginning of year	2,820	2,125
Foreign exchange movements	(37)	–
Cash and cash equivalents at end of year	1,238	2,820

	2021 £000	2020 £000
Cash and cash equivalents comprise:		
Cash balances	1,262	2,974
Bank overdrafts	(24)	(154)
	1,238	2,820

Reconciliation of movements in net cash/financing liabilities

Year ended 30 September 2021	Opening £000	Cash flows £000	Non-cash movements £000	Closing £000
Cash and cash equivalents				
Cash balances	2,974	(1,675)	(37)	1,262
Bank overdrafts	(154)	130	–	(24)
	2,820	(1,545)	(37)	1,238
Financing liabilities				
Bank loans	(4,383)	753	(84)	(3,714)
Hire purchase liabilities	(337)	108	–	(229)
Lease liabilities	(5,887)	1,221	(970)	(5,636)
	(10,607)	2,082	(1,054)	(9,579)
	(7,787)	537	(1,091)	(8,341)

Year ended 30 September 2020	Opening £000	Cash flows £000	Non–cash movements £000	Closing £000
Cash and cash equivalents				
Cash balances	3,132	(158)	–	2,974
Bank overdrafts	(1,007)	853	–	(154)
	2,125	695	–	2,820
Financing liabilities				
Invoice discounting	(3,716)	3,716	–	–
Bank loans	(216)	(4,244)	77	(4,383)
Hire purchase liabilities	(505)	168	–	(337)
Lease liabilities	–	854	(6,741)	(5,887)
	(4,437)	494	(6,664)	(10,607)
	(2,312)	1,189	(6,664)	(7,787)

Material non cash transactions

Financing liabilities now include lease liabilities, primarily in respect of property leases, following the adoption of IFRS 16 from 1 October 2019. Additions of £705,000 net of foreign exchange movements of £5,000 are shown in non cash movements together with financing charges of £270,000 (2020: The discounted liability at the transition date of 1 October 2019 of £6,422,000 is shown in non-cash movements together with a £14,000 foreign exchange movement and financing charges of £305,000).

1. Accounting policies

Description of business

Autins Group is a public limited company (Plc) registered and domiciled in England and Wales and listed on AIM, a market operated by the London Stock Exchange. The principal activity of the Group is the supply of Noise Vibration and Harshness (NVH) insulating materials. Supply is primarily to the automotive industry but, more recently, the Group has diversified supply into other industries such as commercial vehicles, flooring, office pods and building applications. The address of the registered office is Central Point One, Central Park Drive, Rugby, Warwickshire, CV23 0WE.

Accounting convention and basis of preparation

The financial statements have been prepared in accordance with the historical cost convention and International Accounting Standards in conformity with the requirements of the Companies Act 2006. The stated accounting policies have been consistently applied to all periods presented.

The parent company financial statements have been prepared under applicable United Kingdom Accounting Standards (FRS101) in order to apply International Accounting Standards in conformity with the requirements of the Companies Act 2006. The following FRS 101 disclosure exemptions have been taken in respect of the parent company only information:

- IAS 7 Statement of cash flows;
- IFRS 7 Financial instruments disclosures and;
- IAS 24 Key management remuneration.

The consolidated financial statements are drawn up in sterling, the functional currency of Autins Group plc. The level of rounding for the financial statements is the nearest thousand pounds.

Going concern

The Board have concluded, on the basis of current and forecast trading and related expected cash flows and available sources of finance, that it remains appropriate to prepare these financial statements on the basis of a Going Concern.

The Group completed an equity placing with gross proceeds of £3.0 million (£2.8m net of costs) in December 2021, primarily with the participation and support of its existing shareholders. In addition dual lender support has been agreed in the form of covenant waivers with testing to resume at the end of March 2023. The waivers are coupled with a minimum 6-month capital deferment holiday on both the outstanding CBILS and MEIF term loans. As at the reporting date in January 2022 the prevailing cash headroom for the Group is in excess of £5.0 million (FY20: £5.6 million). This includes undrawn balances on the UK invoice financing facility which has in excess of £2.0 million headroom available, with its operational limit currently agreed at £3.5 million against relevant trade receivables. Despite the Covid trading backdrop, the Group reported positive operating cash flows of £0.9 million, and £0.75 million of CBILS loans were repaid during the year.

Whilst the operating cash flows benefit from a combination of improved working capital and cost management, they are also impacted by significant decreases in revenues as a result of the pandemic and semiconductor disruption. The Group has also made further operational and overhead cost improvements, including significant carefully considered headcount reductions which improve the cost structure by more than £0.7 million per annum, with continuing programmes in place to make additional cost and profit improvements.

In undertaking their assessment of the future prospects for the Group, the Directors have prepared trading and cash flow forecasts for the period to 30 September 2026. These take into consideration the current and expected future impacts of the pandemic and semiconductor supply recovery timelines, diversification and development of customer product ranges and also have regard to the committed business and enquiry levels from existing customers. The Directors have also considered the impact of current and future demand levels for new vehicles, the migration to EV's and publicly available forward looking market information regarding market sizes and dynamics. These forecasts have been compared, together with considering a range of material but plausible downside sensitivities, to the available bank facilities and the related covenant requirements.

Notwithstanding the agreed deferments, the loan repayments and interest costs are expected to be adequately covered by operating cash generation over the period and the Group has significant liquidity headroom within its facilities to accommodate all reasonably foreseeable cash flow requirements in the event of changes to its demand as a result of prevailing supply chain conditions, or other economic factors, with further flexibility also available to favourably manage the cost base in respect of operating costs, should the need arise, or flex other payment structures to increase cash headroom.

The most sensitive factor impacting the forecast period, and the continued availability of the current facilities, is ensuring that liquidity remains reliably positive (above £0) for the Group, albeit the Board has set a minimum target of £0.5 million. In the next financial year, achievement of this minimum required UK (and group) liquidity target, without significant further unplanned cost or efficiency improvements, is predicated on minimum UK revenue levels of £9.4 million in FY22 and £14.4 million in FY23. This compares with UK revenues of £14.3 million in FY21, £16.8 million in FY20 and £21.5 million in FY19. New business continues to be won and, accordingly, the Board are confident that the sales and liquidity targets will be met, especially having regard to further additional mitigating actions which remain available to the Group.

The Board continues to review the Group's banking and funding arrangements with a view to ensuring that they remain appropriate for the planned growth within mainland Europe and to allow for the more volatile demand pattern in the current economic environment.

Composition of the Group

A list of the subsidiary undertakings and joint ventures is given in note 14 to the financial statements.

Changes in accounting policies

These financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 for periods beginning on or after 1 October 2020 with no new standards adopted in these financial statements

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. After Brexit, the UK continues to apply International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Basis of consolidation

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 (both tangible and intangible), liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

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. Any non-controlling interest in a subsidiary entity is recognised at a proportionate share of the subsidiary's net assets or liabilities. On acquisition of a non-controlling interest, the difference between the consideration paid and the non-controlling interest at that date is taken to equity reserves.

1. Accounting policies *continued*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable when performance obligations are satisfied and represents the amount receivable for goods supplied, net of returns, discounts and rebates allowed by the Group and value added taxes.

Revenue from the sale of goods is recognised when the customer has taken control of the goods and is able to benefit from or direct the use of the goods, which is usually when the goods have been accepted by the customer.

The Group recognises revenue from the sale of tooling when the obligation for it to be capable of the specified production use are satisfied which is considered to be when the specific tool has passed pre-production assessment and sign off by the relevant customer engineer.

Where the costs of developing a specific automotive tooling component for a customer do not result in a product that will enter volume production, the revenue arising from cost recovery for obsolete materials, tooling and design and development work is recognised at the point of customer acceptance of the claim.

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when a present obligation exists for a future liability relating to a past event and where the amount of the obligation can be reliably estimated.

Exceptional expenses

The Group classifies certain one-off charges or credits that have a material impact on the financial results, and which are largely non-trading or not expected to reoccur as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group, and are explained in note 5.

Goodwill

Goodwill arising on acquisitions is the excess of the fair value of the cost of acquisition, over the fair value of identifiable net assets acquired. Any direct costs are expensed in the income statement. Goodwill on acquisition is recorded as an intangible fixed asset and represents the residual amount remaining after taking account of the fair values attributed to the identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition, reflecting their condition at that date. Adjustments are also made to align the accounting policies of acquired businesses with those of the Group. This is applied either on initial acquisition or where control is gained over a previously equity accounted interest in an entity. A fair value is measured for the entire holding on taking control and in respect of all assets and liabilities resulting in a gain or loss on a previously held and equity accounted investment.

Goodwill is assigned an indefinite useful economic life. Impairment reviews are performed annually, or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

Impairment of non-financial assets

Impairment tests on goodwill are undertaken annually at the financial year end. All other individual non-financial assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount of the asset or cash-generating unit. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Intangible assets acquired as part of a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they are separable from the acquired entity or give rise to other contractual/legal rights. Amounts assigned to intangibles acquired as part of a business combination are arrived at by using an appropriate valuation technique for the asset concerned.

All intangible assets acquired through a business combination are amortised on a straight line basis over their estimated useful lives.

The intangibles currently recognised by the Group; their useful economic lives and the methods used to determine the separable cost of the intangibles acquired in business combinations are as follows:

Intangible asset	Useful economic life	Valuation method
Tooling intellectual property	10 years	Estimated discounted cash flow of post tax royalty earnings potential
Key customer relationships	7 years	Estimated discounted cash flow

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and impairment losses.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs, pre-production plant commissioning costs and interest incurred during the course of construction.

Depreciation is provided on all items of property, plant and equipment so as to write off their cost, less expected residual value over the expected useful economic lives. It is provided at the following rates:

Plant and machinery	–	5–20 years straight line or units of production (see below)
Leasehold improvements	–	Period of the lease
Fixtures and fittings	–	3–15 years straight line

Depreciation of the Group's Neptune material production line has been provided based on a fixed unit of production method since the commencement of commercial production.

The unit of production has been calculated based on the original equipment manufacturer's warranted minimum annual capacity, adjusted for management's recent experience, and management's assessment of expected life. Any re-assessment of this lifetime capacity will affect the depreciation rate prospectively.

Right-of-use assets

Assets and liabilities arising from a lease are initially measured at the present value of the lease payments and payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal, presented as a separate category within liabilities, and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received and any initial direct costs. Depreciation is charged on a straight line basis over the period of the lease and assets are subject to impairment reviews where circumstances indicate their value may not be recoverable or if they are not being utilised.

1. Accounting policies *continued*

Profit/loss on disposal of property, plant and equipment and intangible assets

Profits and losses on the disposal of property, plant and equipment and intangible assets represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for when the relevant transaction becomes unconditional.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and an appropriate proportion of fixed and variable overheads incurred in bringing the inventories to their present location and condition. Net realisable value being the estimated selling price less costs to complete and sell. Where necessary, provision is made to reduce cost to no more than net realisable value having regard to the nature and condition of inventory, as well as its anticipated utilisation and saleability.

Tooling for resale – contract assets

Where a customer project or component is secured, the Group may be required to source and test production tooling in advance of volume production. Tooling sourced for a customer is recognised at cost and held as a contract asset in receivables when the Group has a documented commitment from the customer and is valued at the lower of cost and net realisable value. The cost is expensed when the revenue is recognised and where the Group has no customer commitment to meet the costs of tooling production, the costs are expensed within cost of sales as incurred.

Research and development

An internally generated intangible asset arising from development (or the development phase) of an internal project is recognised if, and only if, all of the following have been demonstrated:

- It is technically feasible to complete the development such that it will be available for use, sale or licence;
- There is an intention to complete the development;
- The method by which probable future economic benefits will be generated is known;
- There are adequate technical, financial and other resources required to complete the development and;
- There are reliable measures that can identify the expenditure directly attributable to the project during its development.

The amount recognised is the expenditure incurred from the date when the project first meets the recognition criteria listed above. Expenses capitalised consist of employee costs incurred on development and an apportionment of appropriate overheads.

Where the above criteria are not met, development expenditure is charged to the consolidated income statement in the period in which it is incurred. The expected life of internally generated intangible assets varies based on the anticipated useful life, currently ranging from five to ten years.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and impairment losses.

Amortisation is charged on a straight-line basis over the estimated period in which the intangible asset has economic benefit from the commencement of related product sales and is reported within administrative expenses in the consolidated statement of comprehensive income.

Research expenditure is recognised as an expense in the period in which it is incurred.

Revenue based grants

Revenue based grants, including those related to government coronavirus job and business support schemes, are recognised as income based on the specific terms related to them as follows:

- A grant is recognised in other operating income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions;
- If the terms of a grant do impose performance-related conditions then the grant is only recognised in income when the performance-related conditions are met; and
- Any grants that are received before the revenue recognition criteria are met are recognised in the statement of financial position as an other creditor within liabilities.

Capital grants

Grants received relating to tangible fixed assets are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned.

Foreign currencies

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their ‘functional currency’) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement.

Translation of the results of overseas businesses

The results of overseas subsidiaries and joint ventures are translated into the Group’s presentational currency of sterling each month at the weighted average exchange rate for the month. The weighted average exchange rate is used, as it is considered to approximate the actual exchange rates on the date of the transactions. The assets and liabilities of such undertakings are translated at the year-end exchange rate. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in a separate equity reserve.

Hire purchase liabilities

Hire purchase agreements where the Group has substantially all the risks and rewards of ownership and retains the asset at the end of the payment term are classified as hire purchase liabilities within loans and borrowings. Assets are capitalised at the agreement’s commencement at the lower of the fair value of the related asset and the present value of the minimum lease payments.

Each payment is allocated between the liability and finance charges. The remaining future rental obligations, net of finance charges, are included in hire purchase obligations in current or non-current liabilities. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under hire purchase contracts is depreciated over the useful life of the asset.

Borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost and the difference between the proceeds (net of transaction costs) and the total redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

1. Accounting policies *continued*

Operating leases
From 1 October 2019 IFRS 16 was applied with additional right-of-use-assets and related liabilities recognised as set out in the policy above. Payments associated with short-term leases of property, plant and equipment and leases of low-value assets continue to be recognised on a straight-line basis as an expense. Short-term leases are leases with a lease term of 12 months or less.

Employee benefit costs
The Group operates a defined contribution pension scheme. Contributions payable to the pension scheme are charged to the consolidated statement of comprehensive income in the period to which they relate.

Share based payment
The Group operates an equity-settled share based compensation plan in which the Group receives services from directors and certain employees as consideration for share options. The fair value of the services is recognised as an expense, determined by reference to the fair value of the options granted.

Invoice discounting
The Group has an agreement with HSBC whereby its trade receivables are discounted, with recourse after 120 days. On the basis that the benefits and risks attaching to the debts remained with the Group, the gross debts are included as an asset within trade receivables (net of any provisions and discounts) and the proceeds received are included within current liabilities as short-term borrowings under invoice discounting facilities. The net cash advances or repayments are presented as financing cash flows.

Charges and interest are recognised in the finance expense in the consolidated statement of comprehensive income as they accrue.

Investments in subsidiaries
Investments in subsidiaries are stated at cost or at the fair value of shares issued as consideration less provision for any impairment.

Investments in joint ventures
A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for its interests in joint ventures using the equity method. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses, unless and only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture for those losses.

Any premium paid for an investment in a joint venture above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the investment in the joint venture. Where there is objective evidence that the investment in a joint venture has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

Financial assets
The Group classifies its financial assets based upon the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held at fair value through profit and loss or through other comprehensive income.

The classes of financial assets are commented upon further below:

(a) Receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods to customers (e.g. trade receivables and contract balances). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method.

The Group's receivables comprise trade and other receivables included within the consolidated statement of financial position.

The Group applies the simplified IFRS 9 approach and recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost to the extent that these are experienced and significant for assets subject to similar credit risks and ageing. The group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECL and the expected loss rates are based on a three year period adjusted where required for current and forward looking information on the group's customers. The potential default of receivables from other group companies is measured using a 12-month ECL and assessment for any significant changes in risk related to changes in underlying trading or prospects. The gross carrying amount of a financial asset is written off (either partially or in full) against the allowance to the extent that there is no realistic prospect of recovery.

(b) Cash and cash equivalents
Cash and cash equivalents comprise cash held at bank which is available on demand.

Financial liabilities
The Group classifies its financial liabilities as other financial liabilities and does not enter into any financial liabilities which are held at fair value through profit or loss or through other comprehensive income. This reflects the purpose for which the liabilities were acquired.

Other financial liabilities comprise:

- Trade payables, amounts owed to equity accounted joint ventures, accruals and other creditors are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.
- Bank loans, bank overdrafts, invoice discounting, lease liabilities and hire purchase agreements are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost ensuring the interest (effective rate) element of the borrowing is expensed over the repayment period at a constant rate.

Share capital
Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

Dividends
Dividend distributions to the Group's shareholders are recognised as a liability in the period in which the dividend becomes a committed obligation.

Final dividends are recognised when they are approved by the shareholders. Interim dividends are recognised when paid.

Taxation
Current taxes are based on the results and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the date of the statement of financial position.

1. Accounting policies *continued*

Deferred taxation

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the date of the statement of financial position and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable Group company; or
- different entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

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 Officer, 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 Noise, Vibration and Harshness (NVH). Revenue and profit before tax primarily arises from the principal activity based in the UK. Management reviews the performance of the Group by reference to total results against budget.

The total profit measure is operating 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 statements.

2. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances and any further evidence that arises relevant to judgements taken. In the future, actual experience may differ from these estimates and assumptions. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Property, plant and equipment and right-of-use assets (Notes 11 and 12)

Judgement

Depreciation commences once an asset is considered to be capable of operating in the manner intended and to the specification set by management when ordering the equipment. Judgement is applied based on testing of the equipment and trial products which impacts the commencement and charge in a period. Depreciation on right-of-use property assets commences from the start of the lease.

Estimates

Property, plant and equipment are depreciated over the estimated useful lives of the assets. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness and events which may cause the estimate to be revised.

The key areas of estimation uncertainty regarding depreciation is the use of the unit of production method for the Neptune assets and the determination of the lifetime capacity; risk of obsolescence from technological and regulatory changes; and required future capital expenditure (refurbishment or replacement of key components). The lifetime capacity has initially been assessed using an assumed 2.7 million linear metres production per annum (based on a weighted average of the original equipment manufacturer's warranted minimum annual production capacity for each of three primary material grades produced) and fifteen years use at full line speed when refurbishment and replacement of key components would be considered likely. Management will continue to monitor the position for future periods.

In respect of right-of-use leased assets a key estimate is the incremental borrowing rate used to discount the total cash flows and derive both the opening asset value and lease liability as well as the consequential depreciation and financing charges. Assessment of the rate, particularly for property, takes account of the group's borrowing rates, financial position and factors specific to leases, including property yields. If the rate applied had been 1% lower at 4%, it would have increased the transition asset by £350,000, the transition liability by £280,000 and reduced the debit to retained earnings by £70,000. The depreciation charge for the year ended 30 September 2021 would have been £35,000 higher and financing charges £38,000 lower with a net £3,000 impact on the profit and loss account.

The carrying values are tested for impairment when there is an indication that the value of the assets might not be realisable or impaired. When carrying out impairment tests these are based upon future cash flow forecasts and these forecasts include management estimates for sales pricing and volumes informed by external market forecasts and experience. Future events or changes in the market could cause the assumptions to change, therefore this could have an adverse effect on the future results of the Group.

Other intangible assets (Note 13)

As set out in the policy in note 1, intangible assets acquired in a business combination are capitalised and amortised over their estimated useful lives which may be impacted by future events.

Estimate

Both initial valuations and subsequent impairment tests for intangible assets are based on risk adjusted future cash flows discounted using appropriate discount rates. These future cash flows will be based on forecasts for the individual assets or, where the specific cash flows cannot be separately identified, the CGU to which the assets are attributable which include estimated factors and are inherently judgemental. Future events could cause the assumptions to change which could have an adverse effect on the future results of the Group.

Judgement

The capitalisation of development costs is also subject to a degree of judgement in respect of the viability of new products, supported by the results of testing and customer trials, and by forecasts for the overall value and timing of sales which may be impacted by other future factors which could impact the assumptions made.

Trade receivables (Note 15)

Estimate Trade receivables are initially recognised at invoiced value. Where specific amounts remain outstanding or disputed beyond their agreed settlement date management, having reviewed all commercial documentation, proof of delivery and credit risk of the customer, apply judgement as to the likelihood of the future settlement. This judgement will be influenced by the passage of time, the documentation available and previous experience of collection of past due invoices with that customer and the Group's customer base in general.

In addition, where the Group has historic experience of a rate of loss against a specific group of receivables (or where circumstances are indicative of a likely future change in the rate of estimated loss) then a change in that estimated loss rate would alter the impairment provision recognised.

3. Financial instruments – risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

The Group is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign exchange risk
- Interest rate risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Fixed and floating rate bank loans
- Floating rate overdrafts
- Fixed rate hire purchase agreements
- Fixed rate lease liabilities
- Floating rate invoice discounting facilities

Group financial instruments by category

Financial assets

	Financial assets at amortised cost	
	2021 £000	2020 £000
Cash and cash equivalents	1,262	2,974
Trade and other receivables	2,793	4,078
Total financial assets	4,055	7,052

Financial liabilities

	Financial liabilities at amortised cost	
	2021 £000	2020 £000
Trade and other payables	2,355	2,620
Borrowings	3,967	4,874
Lease liabilities	5,636	5,887
Total financial liabilities	11,958	13,381

All financial instruments are carried at amortised cost and the carrying value of the Group's financial assets and liabilities is considered to approximate to their fair value at the current reporting date. Cash and cash equivalents are held in Sterlng, Euro and Krona and placed on deposit in UK, German and Swedish banks.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 30 September 2021, the Group has net trade receivables of £2,640,000 (2020: £3,925,000).

The Group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the creditworthiness of customers and closely monitoring payment history.

The ageing of debtors past due and not impaired is included in note 15. Having assessed the recoverability of past due invoices, including consideration of time elapsed and associated commercial documents, the directors have made provision, using the Expected Credit Loss methodology, of £48,000 at 30 September 2021 (2020: £144,000) for doubtful debts.

Credit risk on cash and cash equivalents is considered to be minimal as the counterparties are all substantial banks with high credit ratings.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the continued availability of its other funding facilities. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group actively manages its cash generation and maintains sufficient cash holdings to cover its immediate obligations. Cash and cash equivalents at the year end were £1.3 million (2020: £2.8 million). There was an unutilised invoice discounting facility at 30 September 2021 of up to £6.0 million subject to eligible receivables, and an unutilised £0.3 million import loan facility (2020: £6.0 million discounting facility and £0.3 million import loan facility) together with the existing undrawn hire purchase facilities of £0.4 million (2020: £0.4 million) for capex. The parent company has drawn down on term loan facilities of £3.5 million in order to improve the overall liquidity and has loaned this to subsidiary companies where required for their working capital requirements.

The tables below set out the maturities of the Group's financial liabilities, including interest payments as at the year end dates:

At 30 September 2021	Up to 1 year £000	1 to 2 years £000	2 to 5 years £000	Over 5 years £000
Overdrafts	24			
Trade and other payables	2,355			
Bank loans	825	1,015	2,312	125
Hire purchase liabilities	105	105	54	–
Lease liabilities	1,102	962	2,506	2,192
Total	4,411	2,082	4,872	2,317

At 30 September 2020	Up to 1 year £000	1 to 2 years £000	2 to 5 years £000	Over 5 years £000
Overdrafts	154	–	–	–
Trade and other payables	2,620	–	–	–
Bank loans	835	983	2,574	572
Hire purchase liabilities	167	105	87	–
Lease liabilities	1,192	925	2,106	2,993
Total	4,968	2,013	4,767	3,565

Subsequent to the year end, the company has raised a further £3.0 million gross in an equity placing and UK bank loan terms have been amended to defer repayments. The first two quarterly repayments of £100,000 and half yearly repayment of £205,000 commencing in FY22 have been deferred to the final repayment dates in 2026 and 2027.

3. Financial instruments – risk management *continued*

Foreign exchange risk

Foreign exchange risk is the risk that movements in exchange rates adversely affect the profitability or cash flows of the business.

The majority of the Group's financial assets are held in Sterling but movements in the exchange rate of the Euro, the US Dollar and the Swedish Krona against Sterling have an impact on both the result for the year and equity. The Group considers its most significant exposure is to movements in the Euro, although there are no material net foreign currency denominated assets/liabilities in the Group other than the Swedish Krona denominated goodwill in respect of Autins AB at 30 September 2021.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to cash and external borrowings (including overdrafts and invoice discounting arrangements).

The Group is exposed to cash flow interest rate risk on its import and capital asset backed loans and on the floating rate invoice discounting and overdrafts where the cost of borrowing in all cases is calculated by a fixed margin over Bank of England base rate, ranging from 1.75% to 3.99%.

	2021 £000	2020 £000
Overdrafts	24	154
CBIL term bank loan	1,982	1,913
Asset backed bank loans	–	3
Total floating rate debt	2,006	2,070

Borrowings under asset finance/hire purchase arrangements are at a fixed interest rate over their term, a fixed rate of 7.5% applies to the £1.5 million MEIF growth funding loan and 1.03% to a German bank loan of £0.3 million both advanced in the prior year. Lease liabilities have been derived by applying an incremental borrowing rate of 5%.

The interest rates applicable to the fixed rate borrowings are equivalent to current market rates and therefore there is no material difference between their carrying value and fair value.

All borrowing is approved by the Board of Directors to ensure that it is conducted at the most competitive rates available to it.

The Group has not entered into interest rate derivatives to mitigate the interest rate risk and a 1% increase in base rates would impact the annual results by approximately £20,000.

Capital management

The Group is financed by a mixture of equity, term loans and invoice discounting facilities as required for working capital purposes and with hire purchase finance used for certain capital projects. The capital comprises all components of equity which includes share capital, retained earnings and other reserves.

The Company's and Group's objectives when maintaining capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

All working capital requirements are financed from existing cash and invoice discounting resources.

The Company and Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS *continued*

4. Revenue and segmental information

Revenue analysis

	2021 £000	2020 £000
Revenue, recognised at a point in time, arises from:		
Sales of components	23,084	20,192
Sales of tooling	347	1,325
	23,431	21,517

Segmental information

The Group currently has one main reportable segment in each year, 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, mainly flooring sales together with Personal Protective Equipment ('PPE') in the prior year, as they individually do not have a significant impact on the Group result. These segments have no material identifiable assets or liabilities.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services.

Measurement of operating segment profit or loss

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of operating profit/(loss). Automotive remained the only significant segment in the year although there has been investment and costs incurred in the development and commissioning of equipment which can manufacture both automotive and other products.

The Group's non-automotive revenues, including acoustic flooring and personal protective equipment in FY20 are included within the others segment.

Segmental analysis for the year ended 30 September 2021

	Automotive NVH £000	Others £000	2021 Total £000
Group's revenue per consolidated statement of comprehensive income	18,659	4,772	23,431
Depreciation	1,613	–	
Amortisation	235	47	
Segment operating (loss)/profit	(971)	281	(690)
Finance expense			(542)
Share of post-tax profit of equity accounted joint ventures			53
Group loss before tax			(1,179)
Additions to non-current assets	1,140	–	1,140
Reportable segment assets	24,991	–	24,991
Investment in joint ventures			120
Reportable segment assets/total Group assets			25,111
Reportable segment liabilities/total Group liabilities	12,344		12,344

4. Revenue and segmental information *continued*

Segmental analysis for the year ended 30 September 2020

	Automotive NVH £000	Others £000	2020 Total £000
Group's revenue per consolidated statement of comprehensive income	18,446	3,071	21,517
Depreciation	1,600	–	
Amortisation	301	16	
Segment operating (loss)/profit	(1,504)	212	(1,292)
Finance expense			(523)
Share of post-tax profit of equity accounted joint ventures			55
Group loss before tax			(1,760)
Additions to non-current assets	279	–	279
Reportable segment assets	27,805	–	27,805
Investment in joint ventures			147
Reportable segment assets/total Group assets		–	27,952
Reportable segment liabilities/total Group liabilities	14,103	–	14,103

Revenues from one UK customer in 2021 total £9,991,000 and £2,968,000 of revenue arose from another European customer (2020: one customer £10,895,000). This largest customer purchases goods from Autins Limited in the United Kingdom and there are no other customers which account for more than 10% of total revenue.

External revenues by location of customers

	2021 £000	2020 £000
United Kingdom	13,680	16,063
Sweden	680	322
Germany	6,753	3,197
Other European	2,318	1,913
Rest of the World	–	22
	23,431	21,517

The only material non-current assets in any location outside of the United Kingdom are £900,000 (2020: £899,000) of fixed assets and £540,000 (2020: £551,000) of goodwill in respect of the Swedish subsidiary. £233,000 (2020: £775,000) of cash balances were held in Germany which has been partly utilised to repay intercompany debt owed to a UK group company.

5. Loss from operations

The operating loss is stated after charging/(crediting):

	2021 £000	2020 £000
Foreign exchange losses	105	11
Depreciation of property, plant and equipment	788	836
Depreciation of right-of-use assets	825	851
Amortisation of intangible assets	282	317
Cost of inventory sold	15,663	14,573
Impairment of trade receivables	(83)	17
Government job retention scheme income	(649)	(672)
Other government assistance and grants	–	(115)
Employee benefit expenses (see note 6)	6,499	6,822
Lease payments (short term leases only)	109	120
Auditors' remuneration:		
Fees for audit of the Group	90	85
Exceptional inventory provisions	–	164
Exceptional restructuring costs in respect of:		
Restructuring programme, inc severance costs	–	132
Change of Chief Financial Officer	–	160
	–	292

Prior year exceptional costs

Overhead and operational restructuring programme

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 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, which necessitated further operational changes and cost reductions, the Group incurred a further £132,000 of severance related costs.

6. Staff costs

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Wages and salaries	5,574	5,932	1,271	1,287
Social security costs	767	754	161	148
Share based payments	–	(15)	–	(15)
Other pension costs	158	151	45	44
	6,499	6,822	1,477	1,464

The average monthly number of employees during each year was as follows:

	2021 Number	2020 Number	2021 Number	2020 Number
Directors	4	5	4	5
Administrative and development	53	60	13	13
Production	125	147	–	–
	182	212	17	18

Group key personnel are considered to be the directors and senior management team of Autins Group plc and Autins Limited which is the largest trading entity in the Group. The remuneration of Group key personnel is disclosed in note 24.

7. Directors remuneration

Year ended 30 September 2021	Salary £000	Benefits £000	Pension £000	Total £000
A Attwood	60	–	–	60
G Kaminski-Cook	240	22	24	286
K Munir	187	4	16	207
I Griffiths (resigned 12 March 2021)	20	–	–	20
N MacDonald	45	–	–	45
	552	26	40	618

The remuneration above includes £53,000 of salary where payment has been deferred.

Year ended 30 September 2020	Salary £000	Benefits £000	Pension £000	Compensation £000	Total £000
A Attwood	54	–	–	–	54
G Kaminski-Cook	230	25	10	–	265
K Munir	116	4	10	–	130
J Larner	41	4	3	105	153
I Griffiths	41	–	–	–	41
N MacDonald	41	–	–	–	41
	523	33	23	105	684

8. Finance expense

	2021 £000	2020 £000
Bank interest	236	180
Amortisation of loan issue costs	14	7
Right-of-use asset financing charges	270	305
Interest element of hire purchase agreements	22	31
	542	523

9. Income tax

(i) Tax credit in income statement excluding share of tax of equity accounted for joint ventures

	2021 £000	2020 £000
Current tax expense		
Current tax on loss for the period	29	–
Prior year adjustments	(150)	–
Total current tax	(121)	–
Deferred tax credit		
Origination and reversal of timing differences	22	(37)
Prior year adjustments	4	
Total deferred tax	26	(37)
Total tax credit	(95)	(37)

	2021 £000	2020 £000
(ii) Total tax credit		
Tax credit excluding share of tax of equity accounted for joint ventures (as stated above)	(95)	(37)
Share of tax (credit)/expense of equity accounted joint ventures (2021: including £19,000 prior year adjustment)	(3)	16
	(98)	(21)

No tax arises in respect of other comprehensive income.

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the loss for the year are as follows:

	2021 £000	2020 £000
Loss for the year	(1,079)	(1,723)
Income tax credit (including tax on joint ventures)	(99)	(21)
Loss before income taxes	(1,178)	(1,744)
Expected tax credit based on corporation tax rate of 19% in 2021 (2020: 19%)	(224)	(331)
Expenses not deductible for tax purposes	17	3
Enhanced R&D tax relief	(19)	(19)
Impact of different tax rates	36	63
Tax losses not recognised	257	263
Prior year adjustments	(165)	–
Total tax including joint ventures	(98)	(21)

In March 2020, the Finance Bill 2020 was substantively enacted which maintained the corporation tax rate at 19% and in May 2021 the rate was increased to 25% in the Finance Bill 2021, effective from April 2023. Deferred taxes at the balance sheet date have been measured using the enacted tax rates and the expected timing of reversals. The rate of 19% is accordingly applied to UK deferred taxation balances at 30 September 2021 (2020: 19%).

The current rate of corporation tax in Sweden is 21.4% and the current rate of corporation tax in Germany is 30–33%. The Group's Swedish subsidiary did not have taxable profits during the years under review and the German subsidiary profits are partly offset by losses brought forward.

10. Earnings per share

	2021 £000	2020 £000
Loss used in calculating basic and diluted EPS	(1,084)	(1,723)
Number of shares		
Weighted average number of £0.02 shares for the purpose of basic earnings per share ('000s)	39,601	39,601
Weighted average number of £0.02 shares for the purpose of diluted earnings per share ('000s)	39,601	39,601
Earnings per share (pence)	(2.74)p	(4.35)p
Diluted earnings per share (pence)	(2.74)p	(4.35)p

Earnings per share have been calculated based on the share capital of Autins Group plc and the earnings of the Group for both years. There are options in place over 2,523,648 (2020: 524,204) shares that were anti-dilutive at the year end but which may dilute future earnings per share.

11. Property, plant and equipment

Group	Plant and machinery £000	Leasehold improvements £000	Fixtures and fittings £000	Total £000
COST				
At 1 October 2019	13,450	178	565	14,193
Additions	144	3	7	154
Foreign exchange movement	56	–	–	56
At 30 September 2020	13,650	181	572	14,403
Additions	398	1	6	405
Foreign exchange movement	(56)	–	–	(56)
Disposals	(77)	(11)	(7)	(95)
At 30 September 2021	13,915	171	571	14,657
DEPRECIATION				
At 1 October 2019	3,194	44	228	3,466
Charge for year	778	12	46	836
Foreign exchange movement	19	–	–	19
At 30 September 2020	3,991	56	274	4,321
Charge for year	740	12	36	788
Foreign exchange movement	(26)	–	–	(26)
Disposals	(44)	(11)	(7)	(62)
At 30 September 2021	4,661	57	303	5,021
NET BOOK VALUE				
At 30 September 2021	9,254	114	268	9,636
At 30 September 2020	9,659	125	298	10,082
At 30 September 2019	10,256	134	337	10,727

Net book value of assets held under hire purchase contracts are as follows:

	Plant and Machinery £000
At 30 September 2021	386
At 30 September 2020	612

Depreciation of £56,000 was charged on these assets in the year (2020: £55,000).

The Neptune plant and equipment represents £4.8 million (2020: £5.0 million) of the net book value. The Directors, having prepared both a discounted cash flow assessment for the NVH segment within which the goodwill is allocated (note13) and the Neptune facility as a standalone cash generating unit, are satisfied that the carrying values remain appropriate. Whilst losses continued in the current year, with results materially impacted by the Covid pandemic and the associated global semiconductor supply disruption, these were reduced and £2.6 million of revenue was earned in this unpredictable economic environment. The cost actions already taken and prevailing margins mean that the overall carrying value of the Neptune plant and equipment is supported at an annual revenue level of £4.0 million, with our current annualised sales volumes already at a value of £6 million. Latest sales enquiry levels and actual conversion into orders indicate that even a slow recovery provides opportunities to exceed £5.0 million sales per annum. Accordingly, the achievement of profitable trading is expected in the foreseeable future.

The Company has fixed assets with a cost from additions to office equipment of £3,000 in the year, less £1,000 of depreciation and a net book value of £2,000.

12. Right-of-use assets

The right-of-use assets are as follows:

Group	Property £'000	Plant and machinery £'000	Total £'000
At 1 October 2020	4,888	113	5,001
Additions	612	93	705
Foreign exchange movements	(5)	–	(5)
Depreciation charge for the year	(727)	(98)	(825)
At 30 September 2021	4,768	108	4,876

Group	Property £'000	Plant and machinery £'000	Total £'000
On transition at 1 October 2019	5,651	187	5,838
Foreign exchange movements	14	–	14
Depreciation charge for the year	(777)	(74)	(851)
At 30 September 2020	4,888	113	5,001

The lease liabilities relating to these are:

Group	£000
At 1 October 2020	5,887
Additions	705
Foreign exchange movements	(5)
Lease payments	(1,221)
Financing charge for the year	270
At 30 September 2021	5,636
Current	842
Non-current	4,794

Group	£000
On transition at 1 October 2019	6,422
Foreign exchange movements	14
Lease payments	(854)
Financing charge for the year	305
At 30 September 2020	5,887
Current	917
Non-current	4,970

13. Intangible assets

Group	Goodwill £000	Development costs £000	Customer relationships £000	Tooling intellectual property £000	Total £000
COST					
At 1 October 2019	2,196	814	1,079	830	4,919
Additions	–	125	–	–	125
Foreign currency differences	21	–	–	–	21
At 30 September 2020	2,217	939	1,079	830	5,065
Additions	–	30	–	–	30
Foreign currency differences	(11)		–	–	(11)
At 30 September 2021	2,206	969	1,079	830	5,084
AMORTISATION AND IMPAIRMENT					
At 1 October 2019	–	142	834	450	1,426
Charge for the year	–	79	155	83	317
At 30 September 2020	–	221	989	533	1,743
Charge for the year	–	109	90	83	282
At 30 September 2021	–	330	1,079	616	2,025
NET BOOK VALUE					
At 30 September 2021	2,206	639	–	214	3,059
At 30 September 2020	2,217	718	90	297	3,322
At 30 September 2019	2,196	672	245	380	3,493

The Group tests goodwill for impairment annually or where there is an indication that goodwill might be impaired. The Directors have, in considering impairment of goodwill, reviewed the operating activities and structure of the Group and considers the goodwill is attributable to a single cash generating unit related to the existing established products of the automotive NVH segment.

The recoverable amount of that cash generating unit has been determined on a value-in-use basis. Value-in-use calculations for the cash generating unit are based on projected three-year (2020: three-year) discounted cash flows, together with a terminal value which assumes a 1% (2020: 1%) long term growth rate. The cash flows have been discounted at pre-tax rates of 11.0% (2020: 11.2%) reflecting the Group's weighted average cost of capital adjusted for country-specific tax rates and risks.

Whilst acknowledging the loss in the current year, the Directors have reviewed a range of reasonably foreseeable trading forecasts for future periods, as described further under "going concern" in note 1. The key assumption which underpins these forecasts relates to the rate of revenue growth and reflects trading experience, as adjusted for the expected recovery from global pandemic effects. Prior to Covid pandemic effects, we had secured new contracts with strong growth potential, and we have continued to reduce the cost base, and improve operational efficiency over the last 2 years. Revenue had shown some recovery in the first half of FY21 as lockdown initially eased, before being materially impacted by the semiconductor shortage in the automotive industry. Revenue, supported by demand for new vehicles, is expected to show some initial recovery in FY22 and continue improving into FY23, aided by the continued diversification of the customer base and product range, a return to profitability and cash generation is expected in the foreseeable future. Recurring revenues from automotive NVH need to recover to a level of some £28 million a year, lower than is budgeted, in order to support the carrying value of the goodwill. These revenues were at £25 million in FY19 including the impact of shut down periods at the major customer and £27 million in FY18. The key sensitivity in the forecasts is the level of revenue. A 15% fall in revenue would reduce the headroom from £5.5 million to £1.9 million.

The Company had a closing net book value of £50,000 (2020: £50,000) for goodwill and £7,000 (2020: £7,000) for development costs in intangible assets.

NOTES TO THE FINANCIAL STATEMENTS *continued*

14. Fixed asset investments

Company	Investments in subsidiaries £000
COST AND NET BOOK VALUE	
At 30 September 2020 and 2021	16,239

The Directors have considered the carrying value of the investments and consider that this remains supported by the projections and impairment tests referred to in notes 11 and 13 in respect of the trading prospects and value in use of the subsidiaries.

The subsidiaries of the Company, which have all been included in the consolidated financial statements based on their results to 30 September 2021, are as follows:

Name	Principal activity	30 Sept 2021 and 2020 Ownership %
UK subsidiaries:		
Autins Limited	Supply of insulating materials	100
Automotive Insulations Limited	Dormant	100
Solar Nonwovens Limited	Supply of insulating materials	100
Autins Technical Centre Limited	Development of insulating materials	100
Acoustic Insulations Limited	Dormant	100
European subsidiaries:		
Autins GmbH	Supply of insulating materials	100
Autins AB	Supply of insulating materials	100
DBX Acoustics AB	Supply of insulating materials	100

The Group has agreed to guarantee the liabilities of Solar Nonwovens Limited and Autins Technical Centre Limited, thereby allowing these companies to take the exemption from an audit under Section 479A of the Companies Act 2006.

All UK companies are incorporated in England with a registered office at Central Point One, Central Park Drive, Rugby, Warwickshire, CV23 0WE.

Autins AB and DBX Acoustics AB operate in and are incorporated in Sweden with a registered office at Hamneviksvägen 12, SE-418 79 Gothenburg. Autins GmbH operates in and is incorporated in Germany with a registered office at Hilden Amtsgericht, Düsseldorf HRB 70344. They are held by Autins Limited.

Interests in joint ventures comprise the following:

Name	Principal activity	30 Sept 2021 and 2020 Ownership %
Indica Automotive Limited	Supply of insulating materials	50

The joint venture is incorporated in England with a registered office at Central Point One, Central Park Drive, Rugby, Warwickshire, CV23 0WE. The group has a 50% shareholding and joint management is exercised through the right to appoint two of the four directors.

14. Fixed asset investments *continued*

Group	Interest in joint ventures £000
COST AND NET BOOK VALUE	
At 30 September 2019	217
Share of profit for the year	55
Dividend paid by JV	(125)
Net book value at 30 September 2020	**147**
Share of profit for the year	**53**
Dividend paid by JV	**(80)**
Net book value at 30 September 2021	**120**

The Group's share of joint venture profit in each year was as follows:

	2021 £000	2020 £000
Profit before tax	50	71
Taxation	3	(16)
Profit after tax	53	55

Summarised aggregated financial information in relation to the joint ventures is presented below and includes the impact of IFRS16 transition in 2020 with the addition of right-of-use assets and lease liabilities:

As at 30 September	2021 £000	2020 £000
Current assets	893	1,097
Non-current assets	317	335
Current liabilities	(445)	(653)
Non-current liabilities	(525)	(485)
Included in the above amounts are:		
Cash and cash equivalents	405	373
Current financial liabilities (excluding trade payables)	(84)	(352)
Non-current financial liabilities (excluding trade payables)	(517)	(475)
Net assets (100%)	240	294
Group share of net assets	120	147

Year ended 30 September	2021 £000	2020 £000
Revenues	2,402	2,104
Profit after tax	106	110
Total comprehensive income (100%)	106	110
Group share of total comprehensive income	53	55
Included in the above amounts are:		
Depreciation and amortisation	18	38
Right-of-use asset depreciation	81	81
Interest expense	20	16
Income tax (credit)/expense	(3)	30

15. Inventories

Group	2021 £000	2020 £000
Raw materials	1,985	1,525
Work in progress	77	47
Finished goods	371	366
	2,433	1,938

Inventory is stated net of impairment provisions of £125,000 (2020: £331,000). The Company has no inventories.

16. Trade and other receivables

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Trade receivables	2,688	4,069	–	–
Provisions for impairment	(48)	(144)	–	–
Trade receivables net	2,640	3,925	–	–
Amounts owed by subsidiaries undertakings	–	–	9,158	10,012
Amount owed by equity-accounted joint venture controlled entities	96	10	45	10
Tooling contract balances	–	53		–
Other receivables	57	90	14	–
Total financial assets other than cash and cash equivalents classified as loans and receivables	2,793	4,078	9,217	10,022
Corporation tax debtor	87	29	–	–
Other receivables	485	–	–	––
Prepayments	265	232	142	9
Total trade and other receivables	3,630	4,339	9,359	10,031
The analysis of trade receivables is as follows:				
Not yet due gross amount	2,549	3,852	–	–
Past due gross amount	139	217	–	–
Past due impairment loss allowance	(48)	(144)	–	–
	2,640	3,925	–	–

With the exception of one customer which accounts for 44% (2020: 53%) of the net trade receivable balance at the year end, credit risk with respect to accounts receivable is dispersed due to the number of customers. An impairment allowance of £86,000 has been reversed and credited (2020: £17,000 charged) in respect of specific trade receivables for the year ended 30 September 2021. The expected credit loss in respect of debt not due and past due is otherwise considered immaterial.

The Group has financing agreements whereby certain trade debts can be subject to an invoice discounting agreement which is secured against the associated trade receivables. The amounts outstanding at 30 September 2021 were £nil (2020: £nil).

The movement in the provision for trade receivables is as follows:

Group	2021 £000	2020 £000
At 1 October	144	218
(Credited)/charged in year	(86)	17
Receivables written off in year	(10)	(91)
At 30 September	48	144

16. Trade and other receivables *continued*

The movement in the tooling contract assets balances are as follows:

	2021 £'000	2020 £'000
Brought forward at 1 October	53	276
Additions during the year	183	790
Recognised as cost of sales in the year	(236)	(1,013)
Assets as at 30 September	–	53
Revenue yet to be recognised on tooling contract balances	–	68

17. Trade and other payables

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Current				
Trade payables	1,263	1,366	181	166
Amounts owed to subsidiaries		–	7,841	7,850
Amount owed to equity-accounted joint venture controlled entities	216	410	–	–
Accruals	876	844	281	203
Total financial liabilities, excluding loans borrowings, classified as financial liabilities measured at amortised cost	2,355	2,620	8,303	8,219
Corporation tax payable	29	–	–	–
Social security and other taxes	194	525	51	170
Deferred income	6	6		–
Total current trade and other payables	2,584	3,151	8,354	8,389
Non-current liabilities				
Deferred income	111	117	–	–

No interest is payable on the amounts owed to the company or by the company to its subsidiaries.

18. Borrowings

	Group 2021 £000	Group 2020 £000	Company 2021 £000	Company 2020 £000
Bank loans and overdrafts	3,783	4,596	3,500	4,166
Unamortised issue costs	(45)	(59)	(45)	(59)
Hire purchase liabilities	229	337	–	–
Total borrowings	3,967	4,874	3,455	4,107
Bank overdrafts	24	154	–	–
Bank loans	608	732	600	729
Hire purchase liabilities	87	141	–	–
Current	719	1,027	600	729
Bank loans – instalments due in 2 to 5 years	3,106	3,090	2,855	2,978
Bank loans – instalments due in more than 5 years	–	562	–	400
Hire purchase liabilities due in 2 to 5 years	142	196	–	–
Non-current	3,248	3,847	2,855	3,378

Bank loans and overdrafts are secured by fixed and floating charges over the Group's assets.

Principal terms and the debt repayment schedule of the Group's bank borrowings are as follows:

	Nominal Currency	Conditions		Rate %	Year of Maturity
Bank term CBIL	GBP	Secured	Repayable by quarterly instalments	Base rate + 3.99%	2026
MEIF term loan	GBP	Secured	Repayable by instalments	7.50% fixed rate	2024
German bank loan	Euro		Repayable by instalments	1.03% fixed rate	2030

The CBIL loan terms include no interest being payable for a year as part of the government assistance. This is recognised in other income with the loans stated net of this amount at draw down and a financing charge made in the income statement over the first year.

Net obligations under hire purchase contracts are denominated in sterling and secured on the assets to which they relate.

Details of financing facilities are also included in note 3, liquidity risk.

Subsequent to the year end, the company has raised a further £3.0 million gross in an equity placing, and UK bank loan terms have been amended to defer repayments. The first two quarterly CBILS repayments of £100,000 and half yearly MEIF loan repayment of £205,000 commencing in FY22 have been deferred to the final repayment dates in 2026 and 2027.

Hire purchase liabilities

The future minimum lease payments in respect of hire purchase liabilities are as follows:

Group	2021 £000	2020 £000
Less than one year	105	167
Between one and five years	160	192
Total gross payments	265	359
Less: interest charge allocated to future periods	(36)	(22)
Carrying amount of liability	229	337

19. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2020:19%) for the UK, 21% (2020: 21%) for Sweden and 30% for Germany (2020: 30%). The movement on the deferred tax account is as shown below:

	2021 £000	2020 £000
Opening net asset	(75)	(38)
Total credit recognised in profit and loss	26	(37)
Closing net balance	(49)	(75)

19. Deferred tax *continued*

Group	2021 £000	2020 £000
Details of the deferred tax (asset) and liability are as follows:		
Deferred tax (asset)		
Accelerated capital allowances	612	460
Losses	(745)	(709)
Other temporary differences	38	100
Closing asset	(95)	(149)
Deferred tax liability		
Deferred tax on intangible assets	46	74
Closing liability	46	74

The Group's deferred tax balances have arisen primarily due to the timing differences on accelerated capital allowances, recognition of intangible assets on acquisition or development costs and tax losses carried forward.

The Company deferred tax asset recognised is £nil (2020: £nil). The company has an unrecognised deferred tax asset of approximately £755,000 (2020: £540,000) in respect of losses carried forward.

The Group has an unrecognised deferred tax asset of approximately £980,000 at 30 September 2021 (2020: £800,000) in respect of losses carried forward as it is, as yet, uncertain when these will be utilised.

Group tax losses have been recognised where there is capacity to utilise them against specific group or joint venture profits or where budgets and forecasts indicate that they can be used to offset overseas trading profits within the next two years, supported by the trend in trading results and order books in these entities.

20. Share capital

Allotted, issued and fully paid ordinary shares of £0.02 each

	Number	£'000
At 30 September 2020 and 2021	39,600,984	792

21. Share based payment (company and group)

Share options are granted to directors and selected employees. All options granted in prior years have now lapsed.

2,858,107 share options were granted in January 2021 with an effective nil cost exercise price. These are exercisable in 3 tranches subject to meeting EBITDA targets for the 3 years ending 30 September 2023 and with 1,587,837 of them also dependent on growth in the share price. The fair value of the options issued was primarily determined using a Black Scholes model and was calculated at 20p pence per share option for the EBITDA performance only options and 15p per share option for those subject to both conditions.

334,459 options lapsed prior to the year end and at 30 September 2021 following difficult trading conditions through 2021, no options are currently expected to vest. The cumulative share based payment charge is therefore nil.

There were 2,523,648 of unexpired options in place at 30 September 2021 with an average exercise price of £nil (2020: 524,204 and £0.22) and a remaining average exercise period of 3 years (2020: 5.3 years).

22. Reserves

Retained earnings are the cumulative net profits in the consolidated statement of comprehensive income. Movements on these reserves are set out in the consolidated statement of changes in equity.

The cumulative currency differences reserve represents translation differences in respect of the net assets of overseas subsidiaries.

Other reserves of £1,391,000 arose from the difference between the fair value and nominal value of shares issued in partial satisfaction of the acquisition of 100% of the equity of Autins Limited (formerly Automotive Insulations Limited) in April 2014 and £495,000 from the difference between the fair value of shares issued and the existing cost of investment in order to acquire the remaining 50% of Autins AB and 10% of Autins Gmbh in April 2016.

The share premium account represents the amount by which the issue price of shares exceeds the nominal value of the shares less any share issue expenses. A share premium of £3,150,000 arose on the shares issued in the prior year and £205,000 of issue expenses were deducted from this balance. A further £17,000 of late costs relating to these shares was deducted from this account in the current year.

23. Commitments

The Group leases all its office and manufacturing properties as well as a number of vehicles and forklifts used by the business. The lease terms vary from 3 years for vehicles, property rentals with an annual rolling renewal for certain overseas properties through to 15 year terms for the principal UK manufacturing sites, which are subject to three yearly rent reviews.

The Group had capital commitments at 30 September 2021 of £nil (2020: £nil).

The Company had no lease or capital commitments.

24. Related party transactions

Share options

Directors and other key management members hold the following unexpired share options (see note 20) which are all subject to meeting EPS targets.

At 30 September 2021	Number
G Kaminski-Cook	1,459,459
K Munir	1,064,189
	2,523,648

At 30 September 2020	Number
G Kaminski-Cook	279,070
Other senior management	215,967
	495,037

24. Related party transactions *continued*

Transactions with related parties and key management personnel

Group key management personnel costs

	2021 £000	2020 £000
Group aggregate salaries and short term benefits	1,335	1,516
Post employment benefits	37	40
Share based payments	–	(15)
	1,372	1,541

Indica Automotive Limited is a joint venture undertaking in which the Group has joint control.

	2021 £000	2020 £000
Transactions:		
Sales and costs recharged to joint venture	177	86
Purchases from joint venture	1,895	1,775
Balance at the year end owed to the Group	96	10
Balance at the year end (owed by) the Group	(216)	(420)

25. Control

In the opinion of the Directors there is no one ultimate controlling party.

Directors	Adam Attwood, Non-Executive Chairman Ian Griffiths, Non-Executive Director (resigned 12 March 2021) Gareth Kaminski-Cook, Chief Executive Officer Neil MacDonald, Non-Executive Director Kamran Munir, Chief Financial Officer
Company Secretary	Kamran Munir
Registered Office	Central Point One Central Park Drive Rugby Warwickshire CV23 0WE
Telephone Number	+44(0)1788 578 300
Website	www.autins.com
Nominated Advisor and Broker	Singer Capital Markets 1 Bartholomew Lane London EC2N 2AX
Solicitors to the Company	Freeths LLP 1 Vine Street Mayfair London W1J 0AH
Auditors	BDO LLP Two Snowhill Birmingham B4 6GA
Public Relations	Newgate Communications 50 Basinghall Street London EC2V 5DE
Registrars	Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

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