Autins Group – Interim Results Presentation

Six months ended 31 March 2023

Agenda

- Financials
- Operational Highlights and Markets
- Investing for Future Profitable Growth
- Summary and Outlook

01 Financials

Financial Highlights

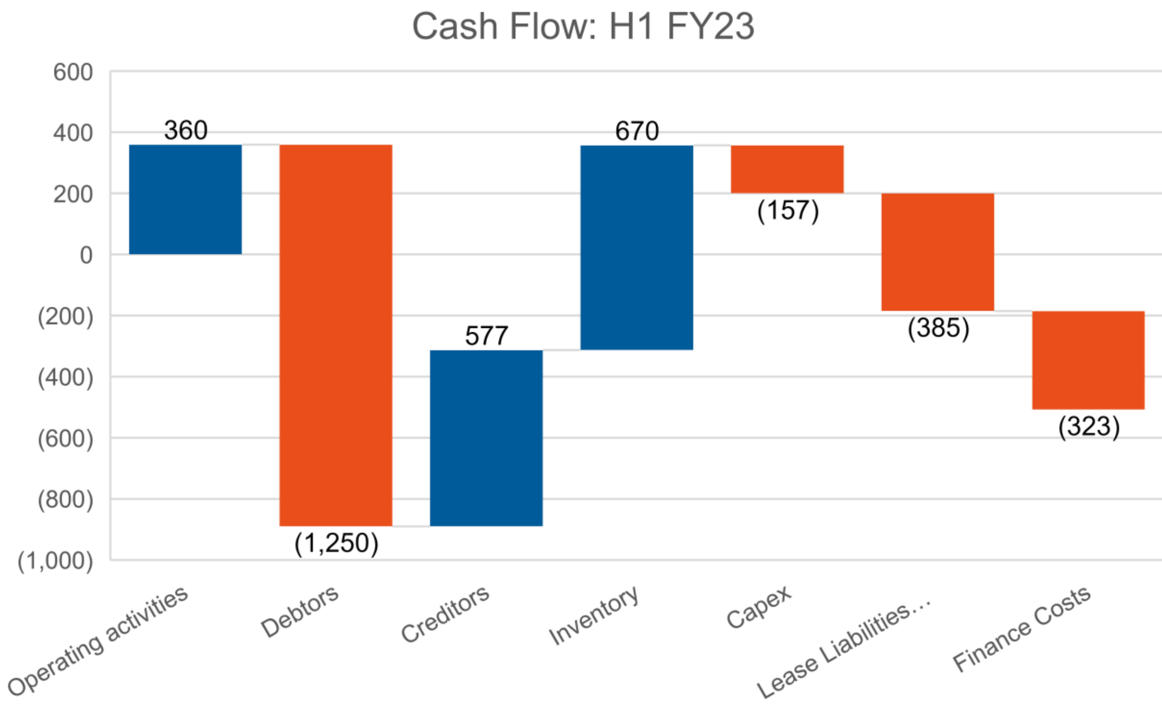
Key Financials	H1 FY23 £m	H1 FY22 £m	H2 FY22 £m	H1 23 v H1 22 £m/pence
Revenue	10.8	9.4	9.4	1.4
Gross Profit	3.1	2.4	1.9	0.7
Gross margin %	*28.2%*	*25.1%*	*19.9%*	*3.1*
EBITDA *(IFRS16)*	0.4	(0.4)	(0.8)	0.8
Loss before taxation	(0.9)	(1.4)	(2.2)	0.5
Taxation (*inc R&D tax credit*)	0.0	0.0	0.3	0.0
Loss after taxation	(0.9)	(1.4)	(1.9)	0.5
Net Operating Cash	0.4	(0.4)	(0.2)	0.7
Cash and cash equivalents	1.3	2.8	1.8	(1.5)
Net Debt *(IFRS16)**	(2.4)	(1.0)	(2.0)	(1.4)
Cash Headroom	3.5	5.2	3.7	(1.7)
EPS	(1.65)p	(2.83)p	(3.00)p	1.18p

- Revenue Increased 15.4% YoY
- Gross Margin% improved Pricing, Materials &Costs
- Coupled, with further overhead restructuring…… EBITDA improved accordingly
- OWC – further optimisation - Bank cash increased since Q1
- Post Period end: Further improvements planned

**Net debt is stated prior to IFRS16 adjustments.*

Cashflow H1 FY23

Statutory Cash Flow H1 FY23	£k	Subtotal
Operating activities	360	
Debtors	(1,250)	
Creditors	577	
Inventory	670	357
Capex	(157)	(157)
Lease Liabilities IFRS 16	(385)	
Finance Costs	(323)	(708)
	(508)	(508)



- Pricing, margins and restructuring actions delivered fast to impact H1 cashflow and bank position.
- £0.7m targeted action to improve stock and release some of the (pandemic) safety buffers….
- £0.6m Creditors increase, in line with growth and revenues
- £1.2m absorption into Debtors, but this arises from sales increase
- Capital Debt repayments were deferred for the period based on lender agreements.
- CapEx continues – key machine investment in Germany to support growing sales, with better unit cost

Financial Highlights

- Revenue increased by 15.4% to £10.84m (H1 22: £9.39m)
- Gross profit increased by 30.2% to £3.06m (H1 22: £2.35m)
- Gross margins increased by 3.1%pts to 28.2% (H1 22: 25.1%)
- EBITDA[1] was a profit of £0.34m (H1 22: £0.35m loss)
- Loss after tax of £0.90m (H1 22: loss of £1.38m)
- Loss per share of 1.65p (H1 22: loss of 2.83p)
- Operating cashflow was a £0.36m net inflow (H1 22: £0.36m net outflow)
- Net debt[2] excluding IFRS16 lease liabilities increased to £2.42m (H1 22: £1.03m)
- Cash and cash equivalents were £1.27m at the period end (H1 22 £2.78m)
- Group cash headroom[3] of £3.50m (H1 22: £5.15m)
- UK loan repayments were deferred until July 2023 with its primary lender and until the end of March 2024 from its secondary lender.

P&L Improvement Actions & Impact – *status update*

We have taken the following actions to improve the performance of the Group: Impact > £2.5m in isolation

Gross Margin

- Significant Price increases have been achieved, for c.90% of Revenue £value
- Restructuring both factory and staff – c.20 personnel with labour productivity gains
- Purchasing savings, material switches, etc –saving c.£0.4m p.a.
- Energy costs hedged (April 22) capping upward pressure, impact stated within price negotiations
- Neptune improvements – Multiple projects to improve product margins and line capacity
- *FY23: Other CapEx ongoing to reduce operational costs and provide performance gains*

Overheads

- Overheads – lower Admin salaries and other general savings
- Professional fees – negotiation to lower total costs – both rate and scope based
- Insurance broker change – prevented inflationary increases

FY23	**Q1**	**Q2**	
• EBITDA *(IFRS16)*	£0.1m	£0.3m	P&L
• Cash & Equivalents	£1.1m	£1.3m	Balance Sheet
• Cash Headroom	£3.5m	£3.5m	Cash and available liquidity

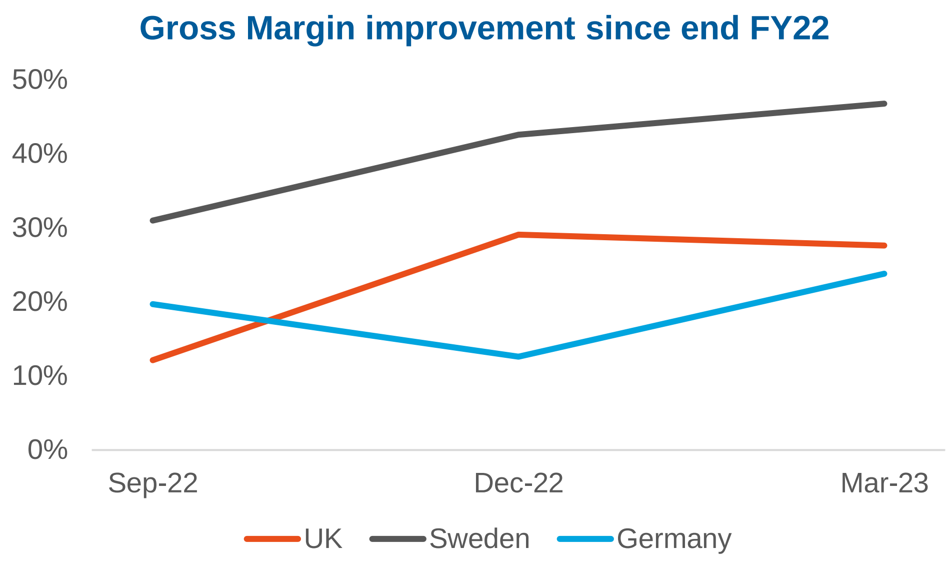
02 Market Analysis

Operational Highlights

- Significant financial benefits from price, material and cost improvements, adjustments to commercial contracts, and restructuring actions
- Supply chain to the UK automotive market is more stable, although sales volumes were c.5% lower than the prior year
- Automotive sales in Germany are up 65% year on year including EV platforms wins
- Flooring product sales down 26% to €1.5m due to slowdown in EU construction
- Neptune retail sales up 34% on H1 22 to £4.4m
- Gross profit primarily improved from price, material and improved labour productivity which more than offset input cost pressures, leading to improved Group gross margins
- Overheads largely consistent YoY, albeit Germany added a stock storage facility to assist growth

Customer Contract Improvements

- Successful price and contract negotiations were achieved across the customer base, in all regions and across all market sectors
- This has driven a positive margin progression since the end of FY22
- German price improvements achieved later than UK and Sweden



Gross Margin	Sep 22	Dec 22	Mar 23
Group	**17.3%**	**26.6%**	**29.5%**
UK	12.1%	29.1%	27.6%
Sweden	31.0%	42.6%	46.8%
Germany	19.7%	12.6%	23.8%

Automotive Macro Market Trends

REDUCED PRODUCTION IN UK & EUROPE DUE TO CHIP SHORTAGES AND DELAYS TO NEW EV PRODUCTION LAUNCHES

UK

- 2019: 1.37m
- 2020: 972k, down 28.8%
- 2021: 917k, down 5.7%
- 2022: we had expected 1.12m, up c.22%, just c.82% of 2019:
  - But chip shortages mean 2022 was only c.853k
- And by 2027: UK should reach close to 1.1m, still 20% down on 2019

Europe

- 2019: 19.4m; 2020:15.4m, down 20.2%
- 2021: 14.7m, down 4.4%
- 2022: we had expected 16.9m, up 17.4%, just 87% of 2019
  - But chip shortages, wider supply chain issues and delays to EV launches mean 2022 will be just under 14.9m, only c.1% rise
- By 2027: Europe should be c.17m, still 13% down on 2019
- European OEMs pulling out of small car production – replaced by China and other Asian supply points

Source: Ian Hendry, AutoAnalysis Dec 2022

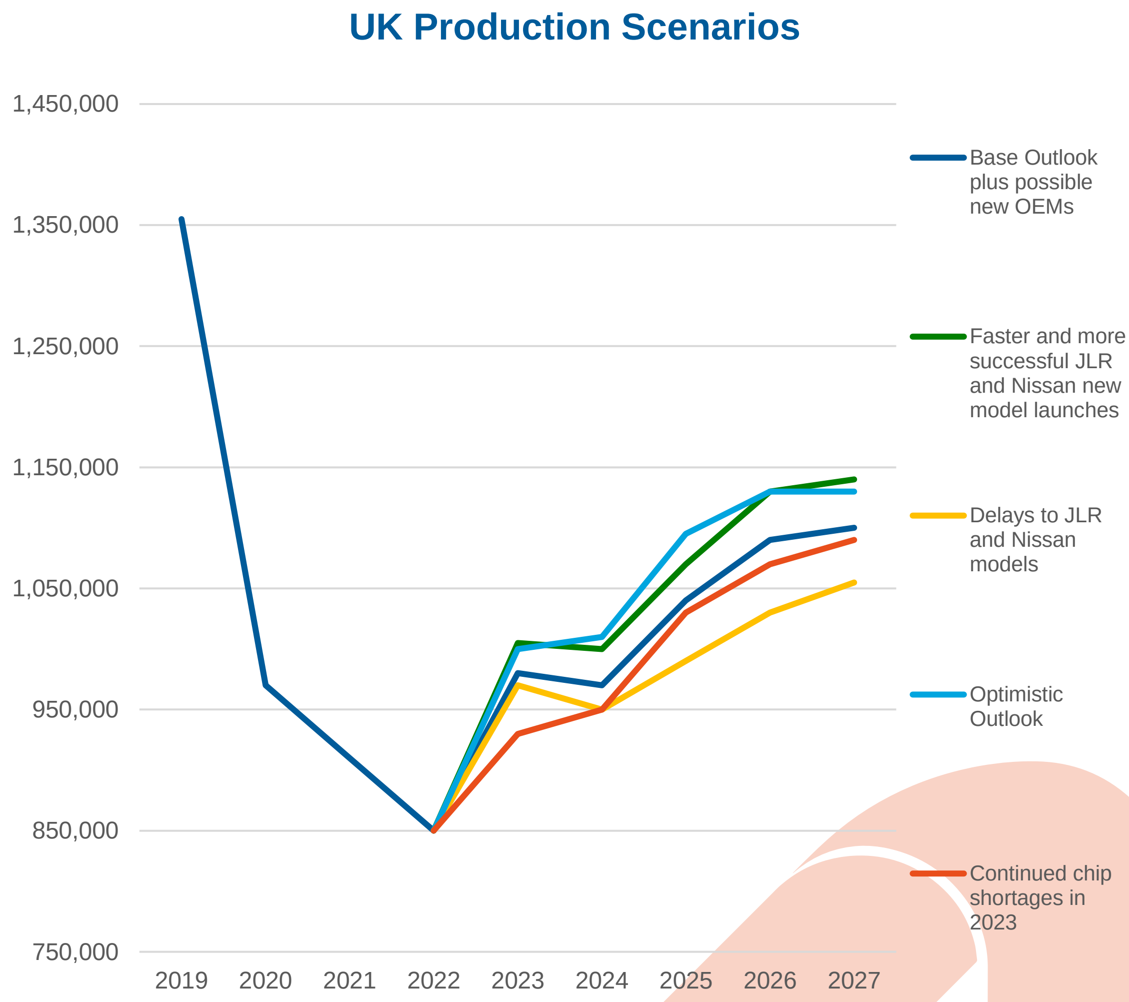
UK Macro Market Conditions

Base Outlook assumes

- Chips and broader supply chain issues unresolved until 2023/24
- JLR completes EV switch, Nissan launches new EVs
- No factory closures

5 scenarios

- Continued chip shortages -50k vehicles from 2023, smaller annual reductions to 2027
- Optimistic outlook, with chips resolved and 2023 production boosted by 20k, 2024 by 40k+
- Delays to EV at JLR and with new Nissan launches – taking out 30k pa off Base Outlook
- Faster and more successful introductions for JLR and Nissan, adding 25k in 2023, slightly more in 2045/25
- New OEMs start production, although Arrival story suggests optimism is misplaced

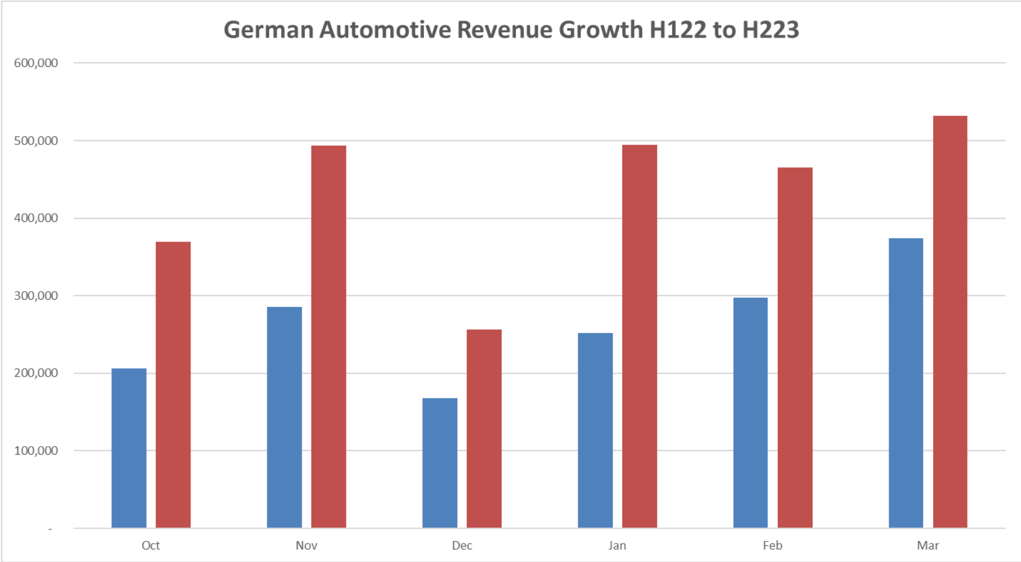


Source: Ian Hendry, AutoAnalysis Dec 2022

We therefore expect a slow recovery path and lower long-term volumes than pre-Covid

German Automotive market

- Autins' automotive sales are up 65% vs last year
- Fuelled by new business wins on EV platforms
- Volumes with VW group and Porsche on high level and stable
- Supply chain disruptions from semi-conductors less than expected
- Car registrations in Germany + 8% year to date
- Some of supply chain are struggling and some have failed, so ongoing caution but also creating opportunity for Autins



German Flooring market

- H1 sales dropped 26% to €1.5m compared to last year
- This was in line with management expectations related to the economy and EU construction/building activity
- We have not lost any customers, but sales drop related to strained supply chains (China), cost increases and high inflation leading to reserved buying behaviour of end customers
- Recovery will reflect economic market confidence

03

Investing for future profitable growth

New equipment to support EU growth

- New Cut and Seal Machine installed and commissioned 15th June 2023
- £300k Capex - financed
- This is needed to meet growing demand in Germany
- New machine will also improve margins:
  - Better quality
  - Less downtime and scrap

Neptune improvements to reduce costs, improve quality and increase capacity

Hammer IMS:

Unique innovation of in -line density scanning and monitoring

- 100% realtime quality monitoring: more frequent at higher accuracy
- **Best quality assurance in the world**
- **Improved margins:**
  - Increased OEE
  - Labour saving
- Faster development time

Aerodynamics:

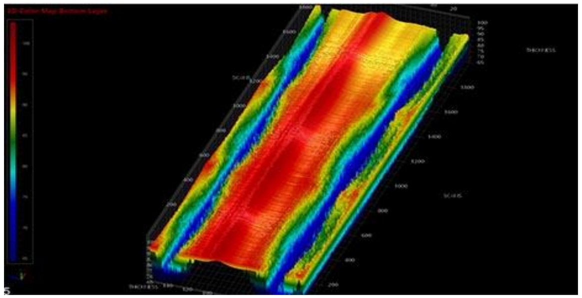
Newly designed equipment for improved airflow

- Improved product quality
- **Improved margins**
  - Lower scrap rate
  - Higher OEE
  - Less material waste

Traceability:

Full automated electronic traceability

- Faster response time when something out of specification
- **Perfect quality control**
- If customer specifies this “control” no-one else can match it



Product Innovation – a greener future

Developed

Neptune-R & Neptune Green™

SilentShell™

In Development

- 100% recycled PET
    - c.50% cost reduction
- Recycled PP
- Recycling of waste Neptune-R
    - Target is to gain commercial value for our waste
    - Technologies identified
    - Evaluating partners

ESG

Environment

As presented at the 2022 FY results, we reduced the Carbon footprint across the Group by 84% @ Oct 1st 2022

Current focus is now on reducing energy usage:

- Solar panels have been evaluated and whilst payback has improved, costs and payback cannot be justified
- Focus is therefore on energy management and building a culture of continuous improvement to reduce energy, akin to a Quality or Safety culture

Social

Autins supports local engineering community events and from time-to-time hosts school visits

Several senior staff are Governors or Trustees on school and Charitable Trusts

Governance

The Autins' Board follows all QCA guidelines

Autins ranks in the top quartile of Governance as rated by FinnCap

Strategy for Profitable Growth

- Maximise margins – focus on operational efficiencies such as energy usage
- Continuous push for more volume and capture market recovery
- Continue to expand customer base across Europe
- Launch innovative 100% recyclable materials and products
- Leverage Neptune-R & Neptune Green to expand in Commercial and Off-Highway and evaluate the Apparel market with Neptune-R and Neptune Green

04 Summary and Outlook

In Summary

- HY23 has seen good progress to recover margins through price, cost, labour and material
- Company continues pushing forward on all fronts:
  - Improving relationships with major customers and winning new business
  - Investment in new equipment to meet growing European auto demand
  - Expanding our product offering to provide more environmentally friendly solutions
  - Managing costs and margins
- Engaged and motivated workforce
- Demand for NVH solutions over the long term continues to grow
- Outlook for the automotive sector is improving
- In the short term, our ability to increase volumes in the UK will be affected by the limited release of new vehicle models by OEM’s