29 September 2020

FireAngel Safety Technology Group plc
(‘FireAngel’, the ‘Group’ or the ‘Company’)

Interim results for the six months ended 30 June 2020

FireAngel (AIM: FA.), one of Europe’s leading developers and suppliers of home safety products, announces its unaudited interim results for the six months ended 30 June 2020 (‘H1 2020’ or the ‘period’).

Financial headlines

- Revenue £16.5 million (H1 2019: £20.7 million) due to impact of COVID-19 lockdown restrictions
- Underlying LBITDA[1] £1.4 million (H1 2019: underlying EBITDA[1] £0.2 million)
- Underlying operating loss[2] £2.7 million (H1 2019: underlying operating loss £1.7 million)
- Gross profit £3.6 million (H1 2019: £4.7 million[3])
- Gross margin 22.2% (H1 2019: 22.5%[3])
- Loss before tax £3.0 million (H1 2019: loss before tax £3.6 million)
- Basic and diluted EPS (2.6p) based on the weighted average number of shares outstanding during the period (H1 2019: (5.0p))
- Capitalised product development costs and production set up costs £1.6 million (H1 2019: £1.4 million)
- Fundraising of £6.1 million (gross) and secured a £3.2 million loan under the Coronavirus Large Business Interruption Loan Scheme (‘CLBILS’) to further strengthen the Company’s balance sheet
- Net debt (before lease obligations) at 30 June 2020 £1.5 million (30 June 2019: £1.7 million; 31 December 2019: £4.9 million) which comprised cash of £1.1 million and debt of £2.5 million. Net debt (before lease obligations) at 25 September 2020 was £5.5 million, including the drawdown of the CLBILS loan to fund the temporary increase in working capital due to COVID-19
- Inventory £9.4 million (30 June 2019: £8.5 million), increased in the short term due to the reduction in sales as a result of lockdown restrictions
- Based on current expectations of demand, while the Board expects the second half of 2020 to deliver positive EBITDA performance with improved gross margins, it is cognisant of the impact of the UK Government’s latest, and any possible future, COVID-19 guidelines/restrictions on customer demand, particularly where access to domestic properties is required, which may have a negative consequence on the outturn for the second half

Operational headlines

- Material initial purchase order in excess of £1.0 million received for the Company’s first large-scale connected homes technology rollout with installations expected to commence in October 2020
- Connected homes trials completed with two large social housing landlords, and a paid pilot with a third due to start in October 2020. Existing commercial discussions have been slow to advance against the backdrop of COVID-19, however, new opportunities and enquiries about trials have recently been received

- Encouraging start to the year, before the full impact of COVID-19 measures took effect, with revenue and gross profit in the first quarter of 2020 slightly below budget and gross margin ahead of Q1 2019 and in line with budget; revenue to 30 September 2020 expected to be around 75% of pre-COVID-19 budget
- Revenue for the period was over 70% of the Board's pre-COVID-19 budget due to the impact of short-term measures to control COVID-19 with sales improving as a percentage of the Board's pre-COVID-19 budget since May 2020
- Lockdown period has facilitated an increased focus on operational improvements and longer-term planning to refine the Company's future business model
- Post-period end, Glenn Collinson appointed as an independent Non-Executive Director as part of the reshaping of the FireAngel Board over the last two years to ensure it has the skills and experience to maximise the opportunities ahead

[1] Underlying LBITDA of £1.4 million is loss before interest, tax, depreciation, amortisation, share-based payments charge and unrealised market-to-market gains on forward contracts (H1 2019: underlying EBITDA is £0.2 million before non-underlying charges of £1.7 million).

[2] Underlying operating loss of £2.7 million is before a share-based payments charge of £0.2 million (H1 2019: £1.7 million before non-underlying charges of £1.7 million).

[3] 2019 gross profit of £4.7 million is before a non-underlying charge for legacy warranty of £1.4 million and gross margin is gross profit before the non-underlying charge as a percentage of revenue.

Commenting on the results, John Conoley, Executive Chairman of FireAngel, said:

"We reacted quickly to the extraordinary global events faced during the period and subsequently to protect the Company and mitigate the impact of COVID-19. However, FireAngel's Trade, Fire & Rescue Services and International customers' ability to access properties was severely restricted, leading to a sharp temporary reduction in demand for our products. Against this backdrop, our performance has been satisfactory. We were encouraged by the Company's strong start to the year and, in particular, securing our first large-scale connected homes technology rollout despite the economic slowdown. The lockdown period has enabled us to focus on operational improvements and longer-term planning for a connected future. As more normal patterns of customer behaviour begin to return, we remain focussed on restoring the momentum we had at the beginning of 2020."

An interview with John Conoley in which he provides some background on the Company, its interim results and its progress in becoming a connected solutions provider is available at http://bit.ly/FA_H1_overview

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Notes to Editors

About FireAngel Safety Technology Group plc

FireAngel's mission is to protect and save lives by making innovative, leading-edge home safety products which are simple and accessible. FireAngel is one of the market leaders in the European home safety products market.

FireAngel's principal products are connected smoke alarms, CO alarms, heat alarms and accessories. The Company has an extensive portfolio of patented intellectual property in Europe, the US and other selected territories. Products are sold under FireAngel's leading brands of FireAngel, FireAngel Pro, FireAngel Specification and AngelEye.

For further product information, please visit: www.fireangeltech.com

Chairman's Statement

Overview

The Company made an encouraging start to the year, before the full impact of COVID-19 lockdown measures took effect, with revenue and gross profit in the first quarter of 2020 slightly below budget and gross margin ahead of Q1 2019 and in line with budget. Revenue in H1 2020 was over 70% of the Board's pre-COVID-19 budget with sales improving as a percentage of that budget since May 2020.

In order to conserve cash and minimise the impact of lockdown measures on the Company's performance, the Board took mitigating actions whilst at the same time maintaining capability. These actions protected the Company's staff, customers and core business.

Given the extraordinary global events faced during the period, the Board considers the result for H1 2020 to be satisfactory and is encouraged by the strong start to the year made by the Company before domestic and international lockdown restrictions took hold. The forced restrictions on FireAngel's Trade, Fire & Rescue Services and International customers' ability to access properties has had a material impact on the Company's performance in the period.

Revenue in August 2020 was significantly ahead of last year's comparative illustrating the flow through of an element of pent up demand and some normality returning to customer behaviour. September 2020 sales are expected to be the highest of any month so far this year with year-to-date revenue to 30 September 2020 expected to be around 75% of the Board's pre-COVID-19 budget.

During the period, the Company received a material initial purchase order for its first large-scale connected homes technology rollout with installations expected to commence in October 2020. This represents a significant validation of FireAngel's connected proposition. By the end of 2021, the Board expects the associated recurring revenue will form a material and growing income stream for the Company. Connected homes trials were completed with two large social housing landlords, and a paid pilot with a third is due to start in October 2020. Existing commercial discussions have been slow to advance against the backdrop of COVID-19, however, new opportunities and enquiries about trials have recently been received. We will be working across the remainder of 2020 to restore the momentum evident in both new and existing opportunities before the slowdown caused by lockdown restrictions. The fundamental benefits of FireAngel's connected proposition remain unaltered.

Reduced trading activity during the lockdown period has allowed the Company to increase focus on operational improvements and long-term planning to refine its future business model. The Board's gross margin improvement plan, although severely restricted by COVID-19 in terms of immediate financial benefit, has achieved a number of significant milestones, including:

- the signing of a lease for a new warehouse which will improve the speed and efficiency of order fulfilment and ultimately lead to a reduction in the Group's warehousing and logistics costs;
- a 15% net reduction in SKUs achieved, with a 30% net reduction ultimately targeted, which will reduce production complexity and lead to less inventory being held;
- transitioning from plastic packaging to cardboard for a large proportion of UK products with all FireAngel products to be transitioned by the end of 2020; and

- the recruitment of a Configuration Manager dedicated to component pricing and specification to drive improvements in the cost and mix of products used in production.

Further to these completed actions, the Board has continued to progress with its longer-term plans. The Company has created a new business model for future social housing connected rollouts, commissioned detailed external market research to better understand the size of the accessible connected marketplace, and worked with its primary manufacturing partner in commissioning the first robotic cell on one of FireAngel's production lines to assist with longer-term manufacturing planning.

Results

FireAngel's revenue for H1 2020 was £16.5 million (H1 2019: £20.7 million) representing over 70% of the Board's pre-COVID-19 budget. The Company recorded a consolidated underlying LBITDA[1] of £1.4 million (H1 2019: underlying EBITDA[1]: £0.2 million) and a consolidated underlying operating loss[2] of £2.7 million (H1 2019: underlying operating loss £1.7 million).

[1] Underlying LBITDA of £1.4 million is loss before interest, tax, depreciation, amortisation, share-based payments charge and unrealised market-to-market gains on forward contracts (H1 2019: underlying EBITDA is £0.2 million before non-underlying charges of £1.7 million).

[2] Underlying operating loss of £2.7 million is before a share-based payments charge of £0.2 million (H1 2019: £1.7 million before non-underlying charges of £1.7 million).

After deducting share-based payment charges of £0.2 million and finance costs of £0.2 million, the loss before tax was £3.0 million (H1 2019: loss before tax £3.6 million).

The consolidated gross margin was 22.2% (H1 2019: 22.5%, before non-underlying charges of £1.4 million). Given its link to sales levels and the necessity to conserve cash in the short term due to the impact of COVID-19 lockdown restrictions, the Board's self-help gross margin improvement plan was held back in the period. In addition, the sterling costs of the Group's US-dollar denominated components remained high relative to previous periods as the US dollar to sterling exchange rate weakened to an average of 1.27 over the period due to COVID-19-related market uncertainty (H1 2019: 1.29; H1 2018: 1.38). The Board's budgeted performance for 2020 was based on a rate of 1.31 which appeared reasonable before the COVID-19 crisis.

Basic and diluted EPS was a loss per share of 2.6p, based on the weighted average number of shares outstanding during the period of 99.3 million (H1 2019: loss per share of 5.0p, based on a weighted average of 58.3 million shares in issue).

Further commentary around these results is set out in the Business review section below.

At 30 June 2020, the Group had £1.1 million of cash and £2.5 million of debt through its invoice discounting facility ('ID') (30 June 2019: £1.5 million of cash and £3.2 million debt via ID; 31 December 2019: £2.1 million of cash and £7.0 million debt via ID) following the Company's successful equity fundraising of £6.1 million (gross) announced on 23 March 2020. To further strengthen its balance sheet, as announced on 22 June 2020, the Company secured a £3.2 million loan under the Coronavirus Large Business Interruption Loan Scheme ('CLBILS'), which remained undrawn at the period end. Net debt (before lease obligations) at 25 September 2020 was £5.5 million, which included the drawdown in August 2020 of the CLBILS loan to fund the temporary increase in working capital due to COVID-19.

At £9.4 million at 30 June 2020, the Group's inventory was significantly higher than would have been expected before the impact on sales of lockdown measures to address COVID-19 (30 June

2019: £8.5 million; 31 December 2019: £6.3 million). New stock orders have been adjusted to take account of higher levels in the short term which are expected to be sold through in the second half of 2020.

The net book value of 'other intangible assets' at 30 June 2020 was £13.2 million (30 June 2019: £13.7 million), the majority of which related to capitalised product development costs.

Net cash used by operations in the period was £0.1 million (H1 2019: £0.8 million) comprising an operating cash outflow (before cash flows relating to non-underlying items) of £1.4 million improved by a net working capital inflow of £2.2 million. A non-underlying amount of £0.9 million was spent in providing free-of-charge replacement products in relation to the legacy battery warranty issue.

During the period, £1.6 million was invested in continuing to develop the Group's connected home and new product ranges (H1 2019: £1.4 million).

On 8 April 2020, the Company raised £6.1 million (gross) through the issue of 50,623,480 new ordinary shares at an issue price of 12p per share and incurred fundraising costs of £0.6 million.

As a result of the temporary reduction in sales in the period due to COVID-19 lockdown restrictions, funding available through the Company's invoice discounting facility reduced significantly. An amount of £4.5 million was repaid in the period reflecting this temporary reduction. The Board took steps to mitigate this reduction by securing a CLBILS loan as described above.

In total, the net reduction in cash in the period was £1.0 million (H1 2019: increase of £0.2 million). As described above, net debt (before lease obligations) at 30 June 2020 amounted to £1.5 million (30 June 2019: £1.7 million; 31 December 2019: £4.9 million).

Subsequent to the period end, in September 2020, the Company received a research and development tax credit payment of £0.8 million (2019: £1.2 million relating to 2018 and delayed 2017 claim).

Dividend

The Board does not propose to pay an interim dividend (H1 2019: nil).

Business review

Major connected home order
In June 2020, FireAngel received a material initial purchase order in excess of £1.0 million for the Company's first large-scale connected homes technology rollout. The order, for a large London Borough Council, represents the first phase of the Council's planned rollout of FireAngel's connected homes technology. Installer training commenced in August 2020, as soon as the lifting of COVID-19 restrictions allowed, with installations expected to commence in October 2020.

Connected homes trials were completed with two large social housing landlords, and a paid pilot with a third is due to start in October 2020. Existing commercial discussions have been slow to advance against the backdrop of COVID, however, new opportunities and enquiries about trials have recently been received.

Business unit performance

Despite an encouraging first quarter's performance, revenue for the Group decreased by 21% in the first half of the year compared to the same period in the prior year due to the impact of COVID-19 lockdown restrictions.

Revenue split between the Group's business units was as follows:

Revenue	**Six months ended 30 June 2020 £000**	Six months ended 30 June 2019 £000	Change £000	%
UK Trade	**2,920**	3,365	(445)	(13%)
UK Retail	**6,008**	7,540	(1,532)	(20%)
UK Fire & Rescue Services	**1,530**	2,249	(719)	(32%)
UK Utilities	**519**	1,317	(798)	(61%)
Total sales in the UK	**10,977**	14,471	(3,494)	(24%)
International	**4,630**	5,404	(774)	(14%)
Pace Sensors	**848**	866	(18)	(2%)
Total revenue	**16,455**	20,741	(4,286)	(21%)

From 1 January 2020, certain customers previously reported within the UK Trade business unit are now reported through the UK Retail and UK Utilities business units. The 2019 comparatives have been adjusted accordingly.

UK Trade
The UK Trade business unit performed well in Q1 2020 with both sales and gross margin ahead of the same period in the prior year. The impact of COVID-19 access restrictions in Q2 2020 led to an overall reduction in revenue in H1 2020 of 13% to £2.9 million (H1 2019: £3.4 million). Slightly ahead of last year, UK Trade sales represented 18% of the Group's turnover in the period (H1 2019: 16%).

Although sales were inevitably impacted in H1 2020, the Board is confident that the significant progress made over the last two years with agreements signed with various councils and housing associations will see momentum quickly return. UK Trade sales in August and September 2020 are expected to be close to 90% of last year's comparative figure.

As stated in previous announcements, alarms fitted through the UK Trade channel are predominantly mains-powered solutions with multiple devices being required in each property. This significantly increases the value to the Company of each sale. FireAngel's new and unique connected technology solutions offer housing associations, landlords and their tenants the highest level of protection and maintenance. As a result, the Group is seeing increased interest in its connected solutions which have been designed to meet heightened duty of care concerns within social housing.

UK Retail
Sales in the UK Retail business unit performed close to budget in Q1 2020 with gross margin ahead of the same period in the prior year. The impact of COVID-19 restrictions in Q2 2020 led to an overall reduction in revenue in H1 2020 of 20% to £6.0 million (H1 2019: £7.5 million). UK Retail sales represented a consistent 37% of the Group's turnover in the period (H1 2019: 36%).

Sales through online platforms, particularly Amazon, proved remarkably resilient during the lockdown period, underlining the suitability of the channel to clearly articulate the benefits and product features of FireAngel's connected technology. The Company is continuing to invest to optimise revenue through the digital channel. UK Retail sales in August and September 2020 are expected to be ahead of last year's comparative figure.

UK Fire & Rescue Services ('UK F&RS') and UK Utilities

Together the UK F&RS and UK Utilities sectors accounted for £2.0 million or 12% of the Group's revenue in the period. Due to the home access requirements to fit smoke and CO alarms by both the UK F&RS and British Gas, lockdown restrictions in Q2 2020 significantly impacted demand in both business units. As a result, combined sales declined by over 40% to £2.0 million (H1 2019: £3.6 million). The Group continued to supply over 90% of the UK F&RS. Together, UK F&RS and UK Utilities sales represented 12% of the Group's turnover in the period (H1 2019: 17%).

International

International revenue in Q1 2020 was strong with sales significantly ahead of the same period in the prior year and close to budgeted levels. International lockdown restrictions were put in place at varying times over the first half of 2020 and led to an overall reduction in revenue of 14% to £4.6 million (H1 2019: £5.4 million). Slightly ahead of last year, International sales represented 28% of the Group's turnover in the period (H1 2019: 26%).

Pace Sensors

At £0.8 million, revenue at Pace Sensors, the Group's manufacturer of CO sensors, while slightly below the same period in the prior year (H1 2019: £0.9 million), represented 5% of total turnover for the period, slightly ahead of the previous year (H1 2019: 4.2%), due to the requirement to continue to produce CO sensors during the lockdown period.

Manufacturing

The Group transitioned the manufacture of the majority of its smoke alarms and connected devices from China to Poland in 2018. After a period of considerable disruption, production capacity increased to meet the Group's demand in 2019. Both parties continue to work closely to ensure that current processes operate optimally and processes for future production are more efficient, including the commissioning of the first robotic cell in September 2020. The key to unlocking material efficiency improvements in the production process remains in further rationalisation of the Group's product range which is in hand and designing new ranges with production automation at front of mind. This remains a key area of focus for the Board in its future manufacturing strategy.

Products and brands

In January 2020, the Group's retail range was completed with the launch of the FireAngel Pro Connected B2C platform, initially through selected retail channels. The FireAngel Pro Connected gateway connects directly to the FireAngel Pro Connected range of domestic safety products and utilises the unique features provided by FireAngel Predict™.

In February 2020, the Group announced that FireAngel Predict™, the Group's predictive algorithm management information platform, had been granted a patent by the European Patent Office following successful patent awards in both the US and Australia. This gives FireAngel the exclusive right to exploit this technology in Europe and protects the key operating system required to deliver the functionality behind FireAngel Predict™. The technology pinpoints properties where there is a higher risk of a fire which provides stakeholders within the housing sector a unique insight into the safety of the occupants and their property portfolio. This is delivered seamlessly through online notifications, thereby protecting lives and homes and providing a compelling proposition to help fulfil the stakeholders' duty of care.

The launch of the connected range, combined with the predictive analytics offered by FireAngel Predict™, will address the increasing demand for connected solutions and allow the Company to access the higher margin product and recurring revenue streams this unique technology will command.

Board changes

Further changes were made to the Board's composition in the period and subsequently to provide it with the skills and experience required to assist in guiding the Company's transition to a connected homes technology provider.

As announced on 30 July 2020, electronics engineer and serial entrepreneur, Glenn Collinson was appointed to the Board as an independent Non-Executive Director with effect from 1 August 2020. Ashley Silverton and John Shepherd stepped down from the Board and as Non-Executive Directors on 30 June 2020 and 1 August 2020 respectively. Simon Herrick is now the Board's Senior Independent Non-Executive Director.

Outlook

The impact of national and international measures to address COVID-19 has had a material impact on performance for the period and is expected to for the full year. Despite an encouraging start to the year, core sales have been held back and the pace of progress with certain strategically significant connected homes trials has inevitably been delayed.

Based on current expectations of demand, while the Board expects the second half of 2020 to deliver positive EBITDA with improved gross margins based on the mix of revenue, it is cognisant of the impact of the UK Government's latest, and any possible future, COVID-19 guidelines/restrictions on customer demand, particularly where access to domestic properties is required, which may have a negative consequence on the outturn for the second half. The unprecedented level of continuing uncertainty makes it particularly difficult to forecast full year performance within reasonable boundaries. The Board has therefore decided not to give market guidance for 2020 full year performance.

Although the impact of COVID-19 has held back the Board's self-help gross margin improvement plan, the recovery of sales in higher-margin sectors in due course will help to restore this momentum. This plan, allied to an expected improvement in margin mix, still remains central to the Company's improved performance towards the end of 2020 and beyond.

Reaching the milestone of commencing FireAngel's first large-scale connected homes technology rollout is hugely significant, particularly given the enormous disruption in the period. The Board remains focussed on restoring the momentum the Company had at the beginning of 2020 and is confident that the Company's medium and long-term prospects are strong and remain underpinned by the market need matching our compelling and unique products. The fundamental benefits of FireAngel's connected proposition remain unaltered.

John Conoley
Executive Chairman
29 September 2020

Consolidated income statement
For the six months ended 30 June 2020

	Note	**(Unaudited) Six months ended 30 June 2020** Before non-underlying items £000	Non-underlying items (note 4) £000	Total £000	(Unaudited) Six months ended 30 June 2019 Before non-underlying items £000	Non-underlying items (note 4) £000	Total £000	(Audited) Year ended 31 December 2019 Before non-underlying items £000	Non-underlying items (note 4) £000	Total £000
Revenue	3	**16,455**	**-**	**16,455**	20,741	-	20,741	45,486	-	45,486
Cost of sales		**(12,806)**	**-**	**(12,806)**	(16,076)	(1,400)	(17,476)	(36,821)	(4,308)	(41,129)
Gross profit		**3,649**	**-**	**3,649**	4,665	(1,400)	3,265	8,665	(4,308)	4,357
Operating expenses		**(6,327)**	**(176)**	**(6,503)**	(6,392)	(300)	(6,692)	(12,461)	(2,608)	(15,069)
Loss from operations		**(2,678)**	**(176)**	**(2,854)**	(1,727)	(1,700)	(3,427)	(3,796)	(6,916)	(10,712)
Finance costs		**(152)**	**-**	**(152)**	(173)	-	(173)	(312)	-	(312)
Loss before tax		**(2,830)**	**(176)**	**(3,006)**	(1,900)	(1,700)	(3,600)	(4,108)	(6,916)	(11,024)
Income tax credit	6	**390**	**-**	**390**	359	323	682	548	1,056	1,604
Loss attributable to equity owners of the Parent		**(2,440)**	**(176)**	**(2,616)**	(1,541)	(1,377)	(2,918)	(3,560)	(5,860)	(9,420)
Basic earnings per share	8			**(2.6)**			(5.0)			(14.0)
Diluted earnings per share	8			**(2.6)**			(5.0)			(14.0)

All amounts stated relate to continuing activities.

Consolidated statement of comprehensive income
For the six months ended 30 June 2020

	(Unaudited) Six months ended 30 June 2020 £000	(Unaudited) Six months ended 30 June 2019 £000	(Audited) Year ended 31 December 2019 £000
Loss for the period	**(2,616)**	(2,918)	(9,420)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations (net of tax)	**30**	93	31
Total comprehensive loss for the period	**(2,586)**	(2,825)	(9,389)

Consolidated statement of financial position
As at 30 June 2020

	Note	**(Unaudited) 30 June 2020 £000**	(Unaudited) 30 June 2019 Restated £000	(Audited) 31 Dec 2019 £000
Non-current assets				
Goodwill		**169**	169	169
Other intangible assets		**13,215**	13,683	12,560
Purchased software costs		**2,275**	2,693	2,492
Property, plant and equipment		**4,677**	5,431	5,323
Deferred tax assets		**-**	1,624	-
		20,336	23,600	20,544
Current assets				
Inventories		**9,366**	8,506	6,304
Trade and other receivables		**6,418**	9,234	12,073
Current tax asset		**1,135**	1,084	729
Derivative financial assets		**158**	54	-
Cash and cash equivalents	10	**1,073**	1,522	2,062
		18,150	20,400	21,168
Total assets		**38,486**	44,000	41,712
Current liabilities				
Trade and other payables		**(11,805)**	(10,110)	(12,150)
Lease liabilities		**(351)**	(340)	(348)
Current tax liabilities		**-**	(3)	-
Provisions	11	**(1,319)**	(1,821)	(1,496)
Invoice discounting facilities	9	**(2,515)**	(3,173)	(6,985)
Derivative financial liabilities		**-**	-	(429)
		(15,990)	(15,447)	(21,408)
Net current assets/(liabilities)		**2,160**	4,953	(240)
Non-current liabilities				
Loans and borrowings	9	**(24)**	-	-
Lease liabilities		**(958)**	(1,288)	(1,131)
Provisions	11	**(1,249)**	(1,363)	(1,997)
Deferred tax liabilities		**-**	(2,199)	-
		(2,231)	(4,850)	(3,128)
Total liabilities		**(18,221)**	(20,297)	(24,536)
Net assets		**20,265**	23,703	17,176
Equity				
Called up share capital	12	**2,531**	1,519	1,519
Share premium account	12	**22,104**	17,617	17,617
Currency translation reserve		**173**	205	143
Retained earnings		**(4,543)**	4,362	(2,103)
Total equity attributable to equity holders of the Parent Company		**20,265**	23,703	17,176

Consolidated statement of changes in equity
For the six months ended 30 June 2020

	Called up share capital £000	Share premium account £000	Currency translation reserve £000	Retained earnings £000	Total £000
Restated balance at 1 January 2019	**918**	**12,729**	**112**	**7,280**	**21,039**
Loss for the six months	-	-	-	(2,918)	(2,918)
Foreign exchange gains from overseas subsidiaries	-	-	93	-	93
Total comprehensive income/(loss) for the six months	**-**	**-**	**93**	**(2,918)**	**(2,825)**
Transactions with owners in their capacity as owners:					
Issue of equity shares	601	-	-	-	601
Premium arising on issue of shares	-	5,400	-	-	5,400
Share issue expenses	-	(512)	-	-	(512)
Total transactions with owners in their capacity as owners	**601**	**4,888**	**-**	**-**	**5,489**
Balance at 30 June 2019	**1,519**	**17,617**	**205**	**4,362**	**23,703**
Balance at 1 January 2020	**1,519**	**17,617**	**143**	**(2,103)**	**17,176**
Loss for the six months	-	-	-	(2,616)	(2,616)
Foreign exchange gains from overseas subsidiaries	-	-	30	-	30
Total comprehensive income/(loss) for the six months	**-**	**-**	**30**	**(2,616)**	**(2,586)**
Transactions with owners in their capacity as owners:					
Issue of equity shares	1,012	-	-	-	1,012
Premium arising on issue of shares	-	5,062	-	-	5,062
Share issue expenses	-	(575)	-	-	(575)
Total transactions with owners in their capacity as owners	**1,012**	**4,487**	**-**	**-**	**5,499**
Credit in relation to share-based payments	-	-	-	176	176
Balance at 30 June 2020	**2,531**	**22,104**	**173**	**(4,543)**	**20,265**

Consolidated cash flow statement
For the six months ended 30 June 2020

	(Unaudited) Six months ended 30 June 2020 £000	(Unaudited) Six months ended 30 June 2019 £000	(Audited) Year ended 31 Dec 2019 £000
Loss before tax	**(3,006)**	(3,600)	(11,024)
Finance expense	**152**	173	312
Operating loss for the period	**(2,854)**	(3,427)	(10,712)
Adjustments for:			
Depreciation of property, plant and equipment, and right-of-use assets	**703**	562	1,267
Amortisation of intangible assets	**1,162**	1,146	2,105
Loss on disposal of non-current assets	**2**	-	16
Non-underlying items	**176**	1,700	6,916
Cash flow relating to non-underlying items	**(897)**	(1,546)	(2,346)
(Increase)/decrease in fair value of derivatives	**(587)**	159	643
Operating cash flow before movements in working capital	**(2,295)**	(1,406)	(2,111)
Movement in inventories	**(3,062)**	(83)	418
Movement in receivables	**5,630**	1,558	(1,281)
Movement in provisions	**(28)**	(37)	(106)
Movement in payables	**(345)**	(1,287)	520
Cash used by operations	**(100)**	(1,255)	(2,560)
Income taxes (paid)/received	**(12)**	491	1,191
Net cash used by operating activities	**(112)**	(764)	(1,369)
Investing activities			
Capitalised development costs	**(1,575)**	(1,422)	(2,882)
Purchase of property, plant and equipment	**(52)**	(212)	(841)
Interest received	**-**	-	1
Net cash used in investing activities	**(1,627)**	(1,634)	(3,722)
Financing activities			
Proceeds from issue of ordinary shares (net of expenses)	**5,499**	5,488	5,488
Drawdown of invoice finance	**(4,469)**	3,173	6,985
Drawdown of loan	**24**	1,300	1,300
Repayment of loan	**-**	(7,000)	(7,000)
Loan restructuring costs	**-**	-	(209)
Repayment of lease obligations	**(175)**	(130)	(307)
Interest paid	**(152)**	(242)	(382)
Net cash generated by financing activities	**727**	2,589	5,875
Net (decrease)/increase in cash and cash equivalents	**(1,012)**	191	784
Cash and cash equivalents at beginning of period	**2,062**	1,251	1,251
Non-cash movements	**23**	80	27
Cash and cash equivalents at end of period	**1,073**	1,522	2,062

Notes to the financial information

1. General information

These consolidated interim financial statements were approved by the Board of Directors on 29 September 2020.

2. Basis of preparation

These consolidated interim financial statements of the Group are for the six months ended 30 June 2020.

The comparative figures for the financial year ended 31 December 2019 are not the Group's statutory accounts for that financial year. Those statutory accounts have been reported on by the Group's auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) included, without qualifying its report, a reference to the existence of a material uncertainty around the potential impact of COVID-19 which might cast doubt on the Group's ability to continue as a going concern and (iii) did not contain a statement under Section 498 of the Companies Act 2006.

The condensed consolidated interim financial statements for the six months to 30 June 2020 do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019 which are available at www.fireangeltech.com/investors.

The condensed consolidated interim financial statements for the six months to 30 June 2020 have not been audited or reviewed by an auditor pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

The condensed consolidated interim financial statements for the six months to 30 June 2020 have been prepared on the basis of the accounting policies expected to be adopted for the year ending 31 December 2020. These are anticipated to be consistent with those set out in the Group's latest annual financial statements for the year ended 31 December 2019. These accounting policies are drawn up in accordance with adopted International Accounting Standards ('IAS') and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and adopted by the EU.

As detailed in the audited statutory accounts for the year ended 31 December 2019, a prior period adjustment was recorded to increase the FireAngel battery warranty provision. Full details are given in those statutory accounts. As a result, the consolidated statement of financial position as at 30 June 2019 has been restated as detailed in note 5 below.

AIM-quoted companies are not required to comply with IAS 34 Interim Financial Reporting and accordingly the Company has taken advantage of this exemption.

3. Operating segments

An analysis of the Group's revenue by business unit is as follows:

	(Unaudited) Six months ended 30 June 2020 £000	(Unaudited) Six months ended 30 June 2019 £000	(Audited) Year ended 31 Dec 2019 £000
Revenue from continuing operations:			
UK Trade	**2,920**	3,365	7,486
UK Retail	**6,008**	7,540	18,283
UK Fire & Rescue Services	**1,530**	2,249	4,718

UK Utilities	**519**	1,317	2,173
Total sales in the UK	**10,977**	14,471	32,660
International	**4,630**	5,404	11,140
Pace Sensors	**848**	866	1,686
Total revenue	**16,455**	20,741	45,486

From 1 January 2020, certain customers previously reported within the UK Trade business unit are now reported through the UK Retail and UK Utilities business units. The 2019 comparatives have been adjusted accordingly.

4. Non-underlying items

	(Unaudited) Six months ended 30 June 2020 £000	(Unaudited) Six months ended 30 June 2019 £000	(Audited) Year ended 31 Dec 2019 £000
Within cost of sales			
Provision for warranty costs	**-**	1,400	2,605
Provision against stock and disposal costs	**-**	-	1,703
	-	1,400	4,308
Within operating expenses			
Restructuring and fundraising costs	**-**	300	746
Impairment of intangible assets	**-**	-	1,825
Share-based payment charges	**176**	-	37
	176	300	2,608
Total non-underlying items	**176**	1,700	6,916

5. Restatement of consolidated statement of financial position as at 30 June 2019

As detailed in the audited statutory accounts for the year ended 31 December 2019, a prior period adjustment of £1.5 million was recorded to increase the FireAngel battery warranty provision. Full details are given in the audited statutory accounts for the year ended 31 December 2019.

As a result, the consolidated statement of financial position as at 30 June 2019 has been restated as follows:

	As previously stated £000	Prior period adjustment £000	**Restated £000**
Current liabilities			
Provisions	(1,094)	(727)	**(1,821)**
Net current assets	5,680	(727)	**(4,953)**
Non-current liabilities			
Provisions	(558)	(805)	**(1,363)**
Deferred tax liabilities	(2,459)	260	**(2,199)**
Total liabilities	(19,025)	(1,272)	**(20,297)**
Net assets	24,975	(1,272)	**23,703**
Total equity	24,975	(1,272)	**23,703**

6. Income tax

The income tax credit for the period is based on the estimated rate of corporation tax that is likely to be effective for the year to 31 December 2020.

7. Dividends

As a result of the loss reported for the period, the Directors do not propose payment of an interim dividend for 2020 (2019: nil pence per share).

8. Earnings per share

Earnings per share are as follows:

	(Unaudited) Six months ended 30 June 2020	(Unaudited) Six months ended 30 June 2019	(Audited) Year ended 31 Dec 2019
Earnings from continuing operations	**£000**	£000	£000
Earnings for the purposes of basic and diluted earnings per share (loss for the period attributable to owners of the parent)	**(2,616)**	(2,918)	(9,420)
Number of shares	**'000**	'000	'000
Weighted average number of ordinary shares - basic earnings calculation	**99,300**	58,336	67,219
Dilutive potential ordinary shares from share options	**-**	-	-
Weighted average number of ordinary shares - diluted calculation	**99,300**	58,336	67,219

	2020	2019	2019
	pence	pence	pence
Basic earnings per share	**(2.6)**	(5.0)	(14.0)
Diluted earnings per share	**(2.6)**	(5.0)	(14.0)

Basic EPS is calculated by dividing the earnings attributable to ordinary owners of the parent by the weighted average number of shares outstanding during the period.

Diluted EPS is calculated on the same basis as basic EPS but with a further adjustment to the number of weighted average shares in issue to reflect the effect of all potentially dilutive share options. The number of potentially dilutive share options is derived from the number of share options and awards granted to employees and Directors where the exercise price is less than the average market price of the Company's ordinary shares during the period. Under IFRS no allowance is made for the dilutive impact of share options which reduce a loss per share. The basic and diluted EPS measures are therefore the same for the period ended 30 June 2019.

9. Loans and borrowings

	(Unaudited) 30 June 2020 £000	(Unaudited) 30 June 2019 £000	(Audited) 31 Dec 2019 £000
Canadian government COVID-19 loan	**24**	-	-
Invoice discounting facilities	**2,515**	3,173	6,985
	2,539	3,173	6,985

To further strengthen its balance sheet, as announced on 22 June 2020, the Company secured a £3.2 million loan under the Coronavirus Large Business Interruption Loan Scheme, which remained undrawn at the period end. The full amount was subsequently drawn in August 2020 to fund the temporary increase in working capital due to COVID-19.

10. Cash and cash equivalents

	(Unaudited) 30 June 2020 £000	(Unaudited) 30 June 2019 £000	(Audited) 31 Dec 2019 £000
Cash at bank and in hand	**1,073**	1,522	2,062

11. Provisions

	FireAngel warranty provisions £000	**BRK Brands warranty provisions £000**	**Total £000**
At 1 January 2019 (Restated)	2,932	134	3,066
Charge in period	1,400	-	1,400
Utilisation	(1,246)	(36)	(1,282)
At 30 June 2019 (Restated)	3,086	98	3,184
At 1 January 2020	3,465	28	3,493
Utilisation	(897)	(28)	(925)
At 30 June 2020	**2,568**	**-**	**2,568**

The total warranty provision is classified between less than one year and greater than one year as follows:

	(Unaudited) 30 June 2020 £000	(Unaudited) 30 June 2019 Restated £000	(Audited) 31 Dec 2019 £000
Current provision	**1,319**	1,821	1,496
Non-current provision	**1,249**	1,363	1,997
Total warranty provision	**2,568**	3,184	3,493

As detailed in note 5, a prior period adjustment of £1.5 million was recorded to increase the FireAngel battery warranty provision. As a result, the disclosures in relation to the provision as at 30 June 2019 have been restated as above.

12. Share capital and reserves

On 8 April 2020, the Company raised £6.1 million (gross) through the issue of 50,623,480 new ordinary shares of 2p nominal value each at an issue price of 12p per share.

The premium on issue was 10p per share amounting to £5.1 million. This was credited to the share premium account. Share issue expenses amounted to £0.6 million. These were debited to the share premium account.

13. Availability

Further copies of this interim announcement are available on the FireAngel Safety Technology Group plc investor relations website, www.fireangeltech.com.