27 September 2021

FireAngel Safety Technology Group plc

('FireAngel', the 'Group' or the 'Company')

Interim results for the six months ended 30 June 2021

FireAngel (AIM: FA.), a leading developer and supplier of home safety products, announces its unaudited interim results for the six months ended 30 June 2021 ('H1 2021' or the 'period').

Financial highlights

- Revenue up 35.0% to £22.2 million (H1 2020: £16.5 million)
- Gross profit up 42.8% to £5.2 million (H1 2020: £3.6 million)
- 130 bps increase in gross margin to 23.5% (H1 2020: 22.2%) in line with the Board's expectations
- Underlying operating loss[1] reduced by 46.1% to £1.4 million (H1 2020: £2.7 million)
- Underlying EBITDA[2] of £0.2 million (H1 2020: underlying LBITDA[1] £0.8 million)
- Significantly reduced loss before tax £1.7 million (H1 2020: £3.0 million)
- Capitalised product development and production set up costs of £1.3 million (H1 2020: £1.6 million)
- Inventory at 30 June 2021 of £4.9 million (30 June 2020: £9.4 million) – restriction on inventory availability due to global supply chain challenges
- Net cash (before lease obligations) at 30 June 2021 of £2.2 million (30 June 2020: £1.5 million net debt; 31 December 2020: £3.7 million net debt) which comprised cash of £5.8 million and debt of £3.6 million
- Net debt at 20 September 2021 of £0.9 million which comprises cash of £2.3 million and debt of £3.2 million with no drawings under the Company's invoice discounting facility
- Successful fundraising of £9.8 million (gross) announced in April 2021 and a £3.2 million loan under the Coronavirus Business Interruption Loan Scheme (CBILS) plus a new £0.5 million Receivables Finance CBILS secured in March. Following the repayment of the balance of the CLBILs for £2.0 million, the new loan provided a net £1.2 million cash inflow to further strengthen the Group's balance sheet

[1] Underlying operating loss of £1.4 million in H1 2021 is before a share-based payments charge of £0.1 million (H1 2020: £2.7 million before a share based payment charge of £0.2 million).

[2]Underlying EBITDA of £0.2 million in H1 2021 stated before unaudited share based payment charge of £0.1 million (H1 2020; underlying LBITDA of £0.8 million stated before unaudited share based payment charge of £0.2 million)

Business and operational highlights

- Good overall performance achieved in line with the Board's expectations for the half year, despite ongoing global supply chain challenges restricting ability to fully exploit the growing demand for FireAngel's connected products
- Strong performance in both UK and Benelux Trade with both territories seeing their best ever sales periods in the Group's history; and UK Trade sales up 87% on H1 2020
- Continued progress against strategic priorities, including gross margin improvement plan which benefitted from Connected sales mix through online retail and trade margins
- Partnership signed with German energy and efficiency service provider continues to progress with first invoices for the project now raised
- Partnership with Ealing Council remains on track with 18,000 devices now installed
- Deployment of net proceeds of approximately £9.0m from fundraising on track, with the exception of building inventory levels due to supply chain challenges

Outlook

- On track to meet market expectations for the year, albeit the Board remains cautious on H2 outlook given the current global supply chain challenges being felt across the industry
- Compelling proposition to protect and save lives with innovative, cutting-edge home safety technology continuing to underpin growth ambitions, supported further by legislative drivers

John Conoley, Executive Chairman of FireAngel, commented:

"Overall, we have delivered a positive performance in line with the Board's expectations for the half year against a challenging backdrop. Those events that are within our control have gone well and we have continued to make progress against our strategic priorities, including our gross margin improvement plan. We are seeing growing interest in our Connected technology offering as we push forward with focusing on better quality sales of our Connected propositions. The funds raised in April are being deployed as planned, although we have not been able to build our inventory to the level we had hoped due to the ongoing supply chain issues.

"The second half of the year presents challenges for the Group. Lockdown restrictions have eased in our sales markets, but increasing challenges have come from factory restrictions, port closures, driver shortages, sea freight delays, lost efficiency opportunities, missed collaboration opportunities with partners, component shortages, and ensuing complexity. There appears to be little easing up in the issues facing the global supply chain and the journey out of COVID-19 restrictions may not play out as expected. We remain on track to meet market expectations for the year, but remain cautious due to the dynamic nature of the pandemic related challenges."

For further information, please contact:

FireAngel Safety Technology Group plc 024 7771 7700

John Conoley, Executive Chairman

Zoe Fox, Chief Finance Officer

Shore Capital (Nominated adviser and joint broker) 020 7408 4050
Tom Griffiths/David Coaten

Singer Capital Markets (Joint broker) 0207 496 3000
Rick Thompson/Alex Bond

Houston (Financial PR) 0204 529 0549
Kate Hoare/Laura Stewart

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 Group has experienced positive trading momentum in the first half of the year, in line with the Board's expectations. The operational progress made in 2020 has provided a strong platform from which the Group has continued to make further progress against its strategic priorities. The easing of lockdown restrictions has also significantly reduced the disruption to day-to-day working and resulted in growing momentum in the roll-out of major partnerships.

As a result, revenues in H1 2021 were up 35.0% to £22.2 million (H1 2020: £16.5 million) resulting in underlying EBITDA of £0.2 million versus LBITDA of £0.8 million in the corresponding period in the prior year. Gross margin rose to 23.5% (H1 2020: 22.2%) reflecting continued progress against the Group's gross margin improvement plans.

Whilst the remaining COVID-19 restrictions combined with the well documented and ongoing challenges in global supply chains are hampering the Group's ability to exploit fully the growing demand for FireAngel's connected products, the Board is pleased with the Group's progress to date.

Business review

The overriding planned output of the Group's activity in 2021, 2022 and 2023 is to improve gross margin significantly year-on-year. We will do this by leveraging our differentiation, which includes our pioneering Connected Homes technology, and our data opportunity, further details of which are set out below.

Our three key strands of activity to achieve this are:

- Migrating to higher value activities and cut out lower value, lower impact activities;
- Commercialising our investment in Connected technology; and
- Streamlining our value chain of end-to-end administrative and production activities.

There remains significant opportunity in all three of these areas as set out further below.

Moving to Higher Value Activities

The Group's project to source certain entry level products which are uneconomic to design and produce in Europe, from an existing Chinese partner, remains on track and is expected to be margin enhancing in FY22. Products are on track in certification and, following a detailed channel and pricing review, the project now indicates a higher opportunity than originally identified.

Further to its announcement on 7 April 2021 of a significant partnership with a German energy and efficiency service provider to develop a new generation alarm, mainly for the German market, FireAngel has successfully scaled up its activities to meet this opportunity, with the first phase currently on track to be completed this month as planned. Billing commenced in Q2 2021 with approximately £850,000 having been invoiced by the Company by the end of September 2021 for development work and IP.

Better Quality Sales of Connected Technology

H1 2021 saw a strong performance across UK Trade as lockdown restrictions were lifted and the market fully reopened. Overall UK Trade sales were up 87% in the period compared with the corresponding period in the prior year and 52% up on 2019. With UK and Benelux's performance

in H1 2021 being the best in the Group's history and performance in Q2 2021 remained strong despite historically being a softer quarter.
Retail sales also delivered further growth on last year with improved margin performance reflecting a higher mix of Connected and online sales, with sales through Amazon being up 46% on the corresponding period in the prior year.

Consumer interest and uptake in FireAngel's Connected products has also continued to grow with over 21,000 thousand devices, at the date of this announcement, now registered on its consumer mobile phone application, a marked increase from the 1,400 devices at 1 July 2020.

Over the course of the period, the Group was able to re-establish momentum in the Connected trials and potential sales of larger opportunities, particularly in social housing where the Board sees significant potential for the Group's Connected Homes proposition. The Group's partnership with Ealing Council has progressed significantly as COVID-19 restrictions have eased and 18,000 devices have now been installed across 11 blocks, with the rollout of hardware and connectivity continuing during the remainder of the year.

Value Chain Improvements

The Group's strategy to improve its value chain continued to progress in the period, underpinned by operational enhancements, intended to make the business more efficient, as previously communicated in part through the gross margin improvement programme.

The packaging review and SKU rationalisation, which were both implemented at the start of this year, have helped drive encouraging progress. The Board expects this margin improvement to continue in H2 2021 and into 2022 at an annualised rate of 1%.

Finally, a new framework agreement via the West Midlands Fire and Rescue Authority ('WMFRA') was signed for FireAngel to be one of the official suppliers of smoke alarms and associated products to the UK's Fire and Rescue Service ('UK F&RS') for the next four years. This was awarded at the end of H1 2021 and includes greater focus on Connected products. This is expected to further improve the Group's margin mix from H2 2021.

Supply chain and ongoing COVID-19 challenges

The widely reported global supply chain challenges have inevitably been felt by the Group. The biggest impact has been unexpected variability of input prices and timely component availability. Also significant in the course of H1 2021 has been shipping disruption and delays restraining FireAngel's ability to meet the growing demand for its products.

The inability to travel freely as a result of the ongoing COVID-19 international restrictions is also still hampering our ability to work constructively with our manufacturing partners to drive further efficiencies and change. The Board expects the potential unlocking of travel restrictions in the coming months to assist with a revision to normal practice over the second half of the financial year and beyond.

To date, the Group has successfully managed the impact of these issues and absorbed associated costs, with actions put in place to mitigate the potential longer-term impact, including an inventory strategy pricing review, channel mix and cost control. However, we continue to monitor the situation very closely.

Use of net proceeds of fundraising

The net proceeds of the fundraising announced in April 2021 have been used to strengthen the Company's balance sheet whilst the Group continues its commitment to focus on product development.

As previously outlined, the global supply chain challenges have frustrated the planned Q2 2021 increase in inventory. The Group is aiming to increase inventory levels during H2 2021 to meet expected demand and will deploy appropriate funds to secure critical components for supply.

Investments have been made in the Group's IT systems to improve efficiencies and operational processes, driving cost savings. These have included increasing EDI capacity alongside improvements to ERP and phone systems which will improve communication, provide greater reporting capabilities and control through the business in addition to reducing costs in FY22.

Spend on and utilisation of the Group's legacy warranty provision covering its historic battery issues has continued. This is tracking the Board's forecasts and is in line with the year to date provision expectation.

Financial performance

FireAngel's revenue for H1 2021 was £22.2 million (H1 2020: £16.5 million) representing 35.0% growth on the corresponding period in the prior year. The Company recorded an underlying EBITDA[1] of £0.2 million (H1 2020 LBITDA[1]: £0.8 million), resulting in a reduction in the underlying operating loss[2] to £1.4m (H1 2020: £2.7m).

The gross margin was 23.5% (H1 2020: 22.2%, before non-underlying charges of £0.1 million) reflecting further progress against the Board's self-help gross margin improvement plan.

[1]Underlying EBITDA of £0.2 million in H1 2021 stated before unaudited share-based payment charge of £0.1 million (H1 2020; underlying LBITDA of £0.8 million stated before share based payment charge of £0.2 million)
[2] Underlying operating loss of £1.4 million in H1 2021 is before a share-based payments charge of £0.1 million (H1 2020: £2.7 million before a share-based payment charge of £0.2 million).
The Group has a forward hedging policy, which aims to mitigate the risk of currency fluctuations by locking into current rates for future periods on a set percentage of expected future currency flows. At 30 June 2021, there was a market to market decrease to the sterling cost on the Group's forward contracts in place, which is required to be recognised in cost of sales. At 30 June 2021, this had a £0.6 million beneficial impact on the gross margin for the period (H1 2020: £0.6m benefit).

Recognised under "other income", furlough payments of £0.1 million were received under the Canadian Emergency Wage Subsidy during the period. The scheme enabled employers to retain staff despite the economic impact of COVID-19 through government grants relating to wage subsidies. There were no UK furlough payments received during the period.

Basic and diluted EPS was a loss per share of 1.0p based on the weighted average number of shares outstanding during the period of 139.2 million (H1 2020: 2.6p, based on the weighted average number of shares outstanding during the period of 99.3 million).

Business unit performance

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

Revenue	**Six months ended 30 June 2021 £000**	Six months ended 30 June 2020 £000	Change £000	%
UK Trade	**5,791**	3,101	2,690	87%
UK Retail	**8,328**	6,008	2,320	39%
UK Fire & Rescue Services	**1,488**	1,530	(42)	(3%)
UK Utilities	**207**	338	(131)	(39%)
Total sales in the UK	**15,814**	10,977	4,837	44%
International	**5,434**	4,630	804	17%
European Partner	**174**	-	174	N/A
Pace Sensors	**799**	848	(49)	(6%)
Total revenue	**22,221**	16,455	5,766	35%

From 1 January 2021, certain customers previously reported within the UK Utilities business unit are now reported through UK Trade. The 2020 comparatives have been adjusted accordingly.

UK Trade

The UK Trade business was significantly up on the first half year in both 2020 and 2019 with strong margins despite the continued COVID-19 restrictions, which were still in place for the majority of the period.

The Group was successful in winning new business during the period and onboarding new accounts which we expect to unlock new market opportunities as the year progresses.

UK Retail

The Group continued to drive positive margin performance in UK Retail with a higher mix of Connected and online sales resulting in a 3% uplift on the corresponding period in the prior year. Whilst sales growth was held back by the lack of available inventory due to the global supply chain issues, good growth was still achieved during the period, particularly when compared to the corresponding periods in the prior two years.

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

UK F&RS and Utilities both continued to be hampered by the ongoing access limitations as a result of the COVID-19 restrictions. However, this started to improve in April 2021 with Connected sales growth continuing to support margin improvement. As aforementioned, the Group was also pleased to announce that it had been selected as one of the official suppliers of smoke alarms and associated products to the UK's Fire and Rescue Services, which continues FireAngel's long standing relationship with UK F&RS and is the second time the Group has been included in such a framework agreement.

International

The impact of the global COVID-19 lockdown restrictions continued to significantly hamper international retail sales. Nevertheless, Amazon sales started the year well significantly up on the prior year and the Group started to see improvement in some of its core European territories as the period progressed with a particularly strong performance from our Benelux Trade business, up 78% versus budgeted profit for H1 2021, driven by the upcoming Dutch legislation which will take effect in July 2022 where all new and existing properties must have smoke alarms on every floor. Overall H1 2021 performance remained in line with H1 2019 which was a satisfactory result given the trading challenges.

Pace Sensors

At £0.8 million, revenue at Pace Sensors, the Group's manufacturer of CO sensors, is in line with the same period in the prior year (H1 2020: £0.8 million), representing 3.5% of total turnover for the period, which is slightly behind the same period in the previous year (H1 2020: 5%), as demand for the CO sensor technology continues to be strong.

Balance Sheet and Cash Flow

In March of this year, the Company secured a £3.2 million loan under the Coronavirus Business Interruption Loan Scheme (CBILS) and a new £0.5 million Receivables Finance CBILS. The balance sheet was further strengthened in April 2021 with a successful fundraising of £9.8 million (gross) through the issue of 54.4 million new ordinary shares at an issue price of 18p per share and incurred fundraising costs of £0.8 million.

At £4.9 million at 30 June 2021, the Group's inventory was lower than budgeted, reflecting the challenges the business is experiencing with the supply chain impacted by component shortages, freight delays and production interruptions (30 June 2020: £9.4 million; 31 December 2020: £6.6 million). As we move through the second half of the year, this continues to be a challenge within the business with demand and momentum of sales continuing, but restrictions on inventory for supply.

Net book value of 'other intangibles' at 30 June 2021 was £12.0 million (30 June 2020: £13.2 million), of which £11.3 million is capitalised product development and software. During the period, the Group had reduced investment of £1.0 million in continuing to develop the Group's Connected Homes and new product ranges (H1 2020: £1.6 million).

The Company invested a further £0.3 million in the period on plant and equipment investing in tooling as part of migrating to higher value activities and increasing capacity (2020: £0.1 million).

At 30 June 2021, the Company had £0.4 million VAT payable under the UK Government VAT deferral scheme. This relates to VAT, which was originally payable in July 2020, and the final payment will be made in January 2022.

With the increasing sales in the period, the funding available through the Company's invoice discounting facility has returned to pre-COVID-19 levels. On 30 June 2021, the facility was not significantly drawn on.

In total, the net increase in cash in the period was £4.3 million (H1 2020: decrease of £1.0 million). Net cash (excluding IFRS16 lease liabilities) at 30 June 2021 amounted to £2.2 million (30 June 2020: £1.5 million net debt; 31 December 2020: £3.7 million net debt). Net debt at 20 September 2021 was £0.9 million which comprises cash of £2.3 million and debt of £3.2 million.

The net cash outflow of £3.1m from 30 June 2021 to 20 September 2021 was due to planned seasonal changes in working capital. In addition, we have worked with our suppliers to secure components much further out than normal in order to mitigate against the impact of the global supply chain challenges. We expect this additional working capital investment to unwind when things return to normal. As at 20 September 2021, the Company's invoice discounting financing facility had no drawings and availability under the facility is £2.6 million.

Dividend

The Board does not propose to pay an interim dividend (H1 2020: nil).

Outlook

Since early this year, FireAngel has faced growing challenges from its supply chain due to disruptions relating to COVID-19. While lockdown restrictions have eased in our sales markets, our increasing challenges have come from factory restrictions, port closures, driver shortages, sea freight delays, lost efficiency opportunities, missed collaboration opportunities with partners, component shortages, and ensuing complexity. The impact has been most notable in sharply rising costs, and in the Company's inability to meet rising demand in a timely way. We have largely mitigated the increasing costs to this point in part through tight management of costs and through initial price increases.

We remain on track to meet market expectations for the year, but remain cautious due to the dynamic nature of the pandemic related challenges. The cost variances are expected to remain over the medium term, impacting 2022. Our detailed and wide-ranging restorative actions will have a deeper impact on FY 2022 and the longer-term margin expansion journey is strongly supported by our current work.

Nonetheless, our compelling proposition to protect and save lives with innovative, cutting-edge home safety technology continues to underpin our growth ambitions and is supported further by legislative drivers.

John Conoley
Executive Chairman

Consolidated income statement
For the six months ended 30 June 2021

	Note	**(Unaudited) Six months ended 30 June 2021**			(Unaudited) Six months ended 30 June 2020			(Audited) Year ended 31 December 2020		
		Before non-underlying items	**Non-underlying items (note 4)**	**Total**	Before non-underlying items	Non-underlying items (note 4)	Total	Before non-underlying items	Non-underlying items (note 4)	Total
		£000	**£000**	**£000**	£000	£000	£000	£000	£000	£000
Revenue	3	**22,221**	**-**	**22,221**	16,455	-	16,455	39,928	-	39,928
Cost of sales		**(17,009)**	**-**	**(17,009)**	(12,806)	-	(12,806)	(32,032)	(1,717)	(33,749)
Gross profit		**5,212**	**-**	**5,212**	3,649	-	3,649	7,896	(1,717)	6,179
Operating expenses		**(6,778)**	**(112)**	**(6,890)**	(6,327)	(176)	(6,503)	(13,606)	(1,924)	(15,530)
Other operating income	5	**122**	**-**	**122**	-	-	-	291	-	291
Loss from operations		**(1,444)**	**(112)**	**(1,556)**	(2,678)	(176)	(2,854)	(5,419)	(3,641)	(9,060)
Finance costs		**(104)**	**-**	**(104)**	(152)	-	(152)	(278)	-	(278)
Loss before tax		**(1,548)**	**(112)**	**(1,660)**	(2,830)	(176)	(3,006)	(5,697)	(3,641)	(9,338)
Income tax credit	6	**282**	**-**	**282**	390	-	390	630	-	630
Loss attributable to equity owners of the Parent		**(1,266)**	**(112)**	**(1,378)**	(2,440)	(176)	(2,616)	(5,067)	(3,641)	(8,708)
Basic earnings per share	8			**(1.0)**			(2.6)			(7.7)
Diluted earnings per share	8			**(1.0)**			(2.6)			(7.7)

All amounts stated relate to continuing activities.

Consolidated statement of comprehensive income
For the six months ended 30 June 2021

	(Unaudited) Six months ended 30 June 2021	(Unaudited) Six months ended 30 June 2020	(Audited) Year ended 31 December 2020
	£000	£000	£000
Loss for the period	**(1,378)**	(2,616)	(8,708)
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations (net of tax)	**38**	30	(22)
Total comprehensive loss for the period	**(1,340)**	(2,586)	(8,730)

Consolidated statement of financial position
As at 30 June 2021

	Note	**(Unaudited) 30 June 2021**	(Unaudited) 30 June 2020	(Audited) 31 Dec 2020
		£000	£000	£000
Non-current assets				
Goodwill		**169**	169	169
Other intangible assets		**12,045**	13,215	11,738
Purchased software costs		**1,842**	2,275	2,059
Property, plant and equipment		**3,860**	4,677	4,263
		17,916	20,336	18,229
Current assets				
Inventories		**4,894**	9,366	6,558
Trade and other receivables		**9,442**	6,418	10,071
Current tax asset		**1,012**	1,135	711
Derivative financial assets		**-**	158	-
Cash and cash equivalents	10	**5,839**	1,073	1,466
		21,187	18,150	18,806
Total assets		**39,103**	38,486	37,035
Current liabilities				
Trade and other payables		**(10,060)**	(11,805)	(12,834)
Lease liabilities		**(444)**	(351)	(440)
Current tax liabilities		**-**	-	(32)
Provisions	11	**(1,304)**	(1,319)	(1,491)
Invoice discounting facilities	9	**(409)**	(2,515)	(2,539)
Loans and borrowings	9	**(160)**		(2,600)
Derivative financial liabilities		**(117)**	-	(693)
		(12,494)	(15,990)	(20,629)
Net current assets/(liabilities)		**8,693**	2,160	(1,823)
Non-current liabilities				
Loans and borrowings	9	**(3,063)**	(24)	(23)
Lease liabilities		**(722)**	(958)	(941)
Provisions	11	**(870)**	(1,249)	(1,254)
		(4,655)	(2,231)	(2,218)
Total liabilities		**(17,149)**	(18,221)	(22,847)
Net assets		**21,954**	20,265	14,188
Equity				
Called up share capital	12	**3,621**	2,531	2,531
Share premium account	12	**30,008**	22,104	22,104
Currency translation reserve		**159**	173	121
Retained earnings		**(11,834)**	(4,543)	(10,568)
Total equity attributable to equity holders of the Parent Company		**21,954**	20,265	14,188

Consolidated statement of changes in equity
For the six months ended 30 June 2021

	Called up share capital £000	Share premium account £000	Currency translation reserve £000	Retained earnings £000	Total £000
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**
Balance at 1 January 2021	**2,531**	**22,104**	**121**	**(10,568)**	**14,188**
Loss for the six months	-	-	-	(1,378)	(1,378)
Foreign exchange gains from overseas subsidiaries	-	-	38	-	38
Total comprehensive income/(loss) for the six months	**-**	**-**	**38**	**(1,378)**	**(1,340)**
Transactions with owners in their capacity as owners:					
Issue of equity shares	1,090	-	-	-	1,090
Premium arising on issue of shares	-	8,711	-	-	8,711
Share issue expenses	-	(807)	-	-	(807)
Total transactions with owners in their capacity as owners	**1,090**	**7,904**	**-**	**-**	**8,994**
Credit in relation to share-based payments	-	-	-	112	112
Balance at 30 June 2021	**3,621**	**30,008**	**159**	**(11,834)**	**21,954**

Consolidated cash flow statement
For the six months ended 30 June 2021

	(Unaudited) Six months ended 30 June 2021 £000	(Unaudited) Six months ended 30 June 2020 £000	(Audited) Year ended 31 Dec 2020 £000
Loss before tax	**(1,660)**	(3,006)	(9,338)
Finance expense	**104**	152	278
Operating loss for the period	**(1,556)**	(2,854)	(9,060)
Adjustments for:			
Depreciation of property, plant and equipment, and right-of-use assets	**697**	703	1,429
Amortisation of intangible assets	**909**	1,162	2,482
Loss on disposal of non-current assets	**23**	2	-
Non-underlying items	**112**	176	3,641
Cash flow relating to non-underlying items	**(610)**	(897)	(2,287)
(Increase)/decrease in fair value of derivatives	**(576)**	(587)	264
Operating cash flow before movements in working capital	**(1,001)**	(2,295)	(3,531)
Movement in inventories	**1,664**	(3,062)	(479)
Movement in receivables	**629**	5,630	1,911
Movement in provisions	**-**	(28)	(28)
Movement in payables	**(2,734)**	(345)	683
Cash used by operations	**(1,442)**	(100)	(1,444)
Income taxes (paid)/received	**(50)**	(12)	680
Net cash used by operating activities	**(1,492)**	(112)	(764)
Investing activities			
Capitalised development costs	**(998)**	(1,575)	(2,554)
Purchase of property, plant and equipment	**(315)**	(52)	(277)
Net cash used in investing activities	**(1,313)**	(1,627)	(2,831)
Financing activities			
Proceeds from issue of ordinary shares (net of expenses)	**8,993**	5,499	5,499
Repayment of invoice finance	**(2,131)**	(4,469)	(4,445)
Drawdown of loan	**3,200**	24	3,223
Repayment of loan	**(2,600)**	-	(600)
Repayment of lease obligations	**(215)**	(175)	(381)
Interest paid	**(104)**	(152)	(278)
Net cash generated by financing activities	**7,143**	727	3,018
Net increase/(decrease) in cash and cash equivalents	**4,338**	(1,012)	(577)
Cash and cash equivalents at beginning of period	**1,466**	2,062	2,062
Non-cash movements	**35**	23	(19)
Cash and cash equivalents at end of period	**5,839**	1,073	1,466

Notes to the financial information

1. General information

These consolidated interim financial statements were approved by the Board of Directors on 27 September 2021.

2. Basis of preparation

These consolidated interim financial statements of the Group are for the six months ended 30 June 2021.

The condensed consolidated interim financial statements for the six months to 30 June 2021 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 2020 which are available at www.fireangeltech.com/investors.

The condensed consolidated interim financial statements for the six months to 30 June 2021 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 2021 have been prepared on the basis of the accounting policies expected to be adopted for the year ending 31 December 2021. These are anticipated to be consistent with those set out in the Group's latest annual financial statements for the year ended 31 December 2020. These consolidated financial statements are prepared in accordance with international accounting standards in conformity with the Companies Act 2006 ('IFRS'). The financial statements are presented in thousands (£'000) unless otherwise indicated.

In determining whether the Group and Parent Company's financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the factors likely to affect its future development, performance and position. The Directors prepared cash flow forecasts for the period ending 31 December 2022 which considered the financial position of the Group, its cash flows, borrowing facilities and financial covenants thereon.

The Board regularly reviews revenue, profitability and cash flow forecasts across the short, medium and longer term. A number of downside sensitised scenarios are modelled and considered to create a wide range of possible outcomes, the assumptions behind which are robustly challenged. The Board compares actual performance against budgets and forecasts and reviews variances to continually refine and improve forecasting ability from which to make effective decisions.

The Group has been loss making in recent years and absorbed cash. The Group raised equity funding in April 2021 and secured support from its bank through the government backed loan schemes. Based on the cash flow forecasts, the Group is anticipated to absorb cash in 2021 and to be close to cash neutral in 2022 and as such has successfully achieved increased committed loans through the government backed COVID-19 loan schemes. Accordingly, the interim accounts for 2021 have been prepared on the going concern basis.

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 2021 £000	(Unaudited) Six months ended 30 June 2020 £000	(Audited) Year ended 31 Dec 2020 £000
Revenue from continuing operations:			
UK Trade	**5,791**	3,101	8,000
UK Retail	**8,328**	6,008	16,603
UK Fire & Rescue Services	**1,488**	1,530	2,875
UK Utilities	**207**	338	923
Total sales in the UK	**15,814**	10,977	28,401
International	**5,434**	4,630	9,198
European Partner	**174**	-	-
Pace Sensors	**799**	848	2,329
Total revenue	**22,221**	16,455	39,928

From 1 January 2021, certain customers previously reported within the UK Utilities business unit are now reported through the UK Trade. The 2020 comparatives have been adjusted accordingly.

4. Non-underlying items

	(Unaudited) Six months ended 30 June 2021 £000	(Unaudited) Six months ended 30 June 2020 £000	(Audited) Year ended 31 Dec 2020 £000
Within cost of sales			
Provision for warranty costs	**-**	-	1,168
Commercial distributer settlements			324
Provision against stock and disposal costs	**-**	-	225
	-	-	1,717
Within operating expenses			
Restructuring and fundraising costs	**-**	-	77
Impairment of intangible assets	**-**	-	1,416
Impairment of tangible assets			188
Share-based payment charges	**112**	176	243
	112	176	1,924
Total non-underlying items	**112**	176	3,641

5. Other Operating Income

Furlough payments of £0.1 million were received under the Canadian Emergency Wage Subsidy during the period. The scheme enabled employers to retain staff despite the economic impact of COVID-19 through government grants relating to wage subsidies. As per the accounting policies adopted, the grant received was recognised in the profit and loss in 'other income' as the related salaries for the furloughed employees were recognised.

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 2021.

7. Dividends

As a result of the loss reported for the period, the Directors do not propose payment of an interim dividend for 2021 (2020: nil pence per share).

8. Earnings per share

Earnings per share are as follows:

	(Unaudited) Six months ended 30 June 2021	(Unaudited) Six months ended 30 June 2020	(Audited) Year ended 31 Dec 2020
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)	**(1,378)**	(2,616)	(8,708)
Number of shares	**'000**	'000	'000
Weighted average number of ordinary shares - basic earnings calculation	**139,204**	99,300	112,865
Dilutive potential ordinary shares from share options	**-**	-	-
Weighted average number of ordinary shares - diluted calculation	**139,204**	99,300	112,865

	2021 pence	2020 pence	2020 pence
Basic earnings per share	**(1.0)**	(2.6)	(7.7)
Diluted earnings per share	**(1.0)**	(2.6)	(7.7)

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 2021.

9. Loans and borrowings

	(Unaudited) 30 June 2020 £000	(Unaudited) 30 June 2020 £000	(Audited) 31 Dec 2020 £000
Canadian government COVID-19 loan	**23**	24	23
Bank Term Loan	**3,200**	-	2,600
Invoice discounting facilities	**409**	2,515	2,539
	3,632	2,539	5,162

On 26 March 2021 the Group announced it had refinanced its existing Coronavirus Large Business Interruption Loan Scheme ('CLBILS'). As the Group's revenue dropped below £45.0 million, the CLBILS (which reduced to £2.0 million at the end of March 2021) have been refinanced under the Coronavirus Business Interruption Loan Scheme ("CBILS") with HSBC UK. The new loan of, in aggregate, £3.7 million ("New Loan") comprises a CBILS loan of £3.2 million and £0.5 million Receivables Finance CBILS.

10. Cash and cash equivalents

	(Unaudited) 30 June 2021 £000	(Unaudited) 30 June 2020 £000	(Audited) 31 Dec 2020 £000
Cash at bank and in hand	**5,839**	1,073	1,466

11. Provisions

	FireAngel warranty provisions £000	**BRK Brands warranty provisions £000**	**Total £000**
At 1 January 2020	3,465	28	3,493
Charge in period			
Utilisation	(897)	(28)	(925)
At 30 June 2020	2,568	-	2,568
At 1 January 2021	2,745	-	2,745
Utilisation	(571)	-	(571)
At 30 June 2021	**2,174**	**-**	**2,174**

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

	(Unaudited) 30 June 2021 £000	(Unaudited) 30 June 2020 £000	(Audited) 31 Dec 2020 £000
Current provision	**1,304**	1,319	1,491
Non-current provision	**870**	1,249	1,254

Total warranty provision	**2,174**	2,568	2,745

12. Share capital and reserves

On 19 May 2021, the Company raised £9.8 million (gross) through the issue of 54,444,444 new ordinary shares of 2p nominal value each at an issue price of 18p per share.

The premium on issue was 16p per share amounting to £8.7 million. This was credited to the share premium account. Share issue expenses amounted to £0.8 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.