



26 September 2023

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

**Interim Results**

FireAngel (AIM: FA.), a leading developer and supplier of home safety products, announces its unaudited interim results for the six months ended 30 June 2023 (“**H1 2023**” or the “**Period**”).

**FINANCIAL HIGHLIGHTS**

- Revenue down 16% to £21.4 million (H1 2022: £25.6 million) with UK revenue growth of 11% offset by a 63% decline in International revenue
- Gross profit down 32% to £3.8 million (H1 2022: £5.6 million)
- Loss before tax of £4.0 million (H1 2022: £1.7 million)
- Non-underlying items<sup>1</sup> of £0.4 million (H1 2022: £0.1 million)
- Underlying loss before tax<sup>2</sup> of £3.6 million (H1 2022: £1.7 million)
- Underlying EBITDA<sup>3</sup> £(1.6) million (H1 2022: £(0.1) million)
- Inventory at 30 June 2023 of £10.0 million (30 June 2022: £4.7 million) reduced to £8.5 million at 31 August 2023
- Net debt<sup>4</sup> (before lease obligations) at 30 June 2023 of £5.4 million (30 June 2022: £3.8 million; 31 December 2022: £4.8 million) comprising cash of £1.2 million, debt of £2.5 million and drawings under the Company's invoice finance facility of £4.1 million. As at 31 August 2023, net debt<sup>3</sup> (before lease obligations) was £4.2 million
- Fundraising of £6.1 million (gross) was announced on 6 June 2023

<sup>1</sup>Non underlying items comprise a share-based payments charge of £0.2m, restructuring and strategic review costs of £0.4m and the extinguishment of a financial liability gain of £0.3m (2022: share-based payment charge of £0.1m)

<sup>2</sup>Underlying loss before tax is before non-underlying items

<sup>3</sup>Underlying EBITDA is earnings before tax, depreciation and amortisation, finance costs and non-underlying items

<sup>4</sup>Net debt is calculated as the net value of cash and cash equivalents, invoice discounting facilities and loans and borrowing.

**BUSINESS HIGHLIGHTS**

- New business won includes contracts signed with Yale, British Gas Services and a Middle East government agency
- Signing of delivery and production contracts with Techem and our long term manufacturing partner
- Price rises agreed with major customers during H1 2023
- Resignation of Executive Chairman John Conoley on 6 June 2023 and replaced by Andrew Blazye (Non-Executive Chair) and Neil Radley (CEO)
- Strategic review commenced on 6 June 2023 and actions already taken to reduce inventory (£1.5 million reduction from 30 June 2023 to 31 August 2023) and operating costs
- Reinvigoration of Senior Leadership Team with 3 key appointments made since period end

**BUSINESS OUTLOOK**

- Future projections continue to be worked on and verified
- Key products (NGSA with Techem and our own HEG solution) due to be delivered in 2024

- Cost management initiatives being implemented including the right sizing of manufacturing capability. This has resulted in the recent notice of termination of one manufacturing supplier contract
- Realisation of certain assets for cash being explored
- Due to the ongoing strategic review, combined with the notice of termination of one manufacturing supplier contract referred to above and the uncertainty around the realisation of any asset sales, the Directors believe there are some material uncertainties which could impact the Company's future cash forecasts and banking covenants (details of which are set out below in note 2 to the Financial Information)

**Andrew Blazye, Non-Executive Chair of FireAngel, commented:** "The significant headwinds facing the Company are being addressed, the benefits of which will start to bear fruit in 2024."

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Neil Radley, Chief Executive Officer	
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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 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](http://www.fireangeltech.com)

## **CHAIR'S STATEMENT**

My appointment as Non-Executive Chair of FireAngel on 6 June 2023 coincided with the announcement of the Company's £6.1 million fundraising. The net proceeds of the fundraising have provided FireAngel with the capital which it can use to begin to drive an improvement in business momentum and, as such, I would like to thank our shareholders (old and new) for their valuable support.

Along with the fundraising, the Company announced that a strategic review would be undertaken to explore options to realise value for shareholders, which may or may not involve a sale of the Company, which is being led by its newly appointed Chief Executive Officer, Neil Radley. The strategic review is focused on future proofing the Group and returning it to profitability as quickly as possible and, even though it has yet to be completed, the Board is encouraged by its early findings.

Independent market assessments have ratified the Board's confidence in the continuing demand for the Group's safety products, driven by societal and regulatory changes across several of the Group's markets, including fire and carbon monoxide alarm legislation, along with wider social housing reform and environmental legislation, which is due to be enacted in the UK later this year. Forthcoming regulatory tailwinds, particularly in Germany and France, are expected to underpin further growth in future years and the Board remains confident in the Company's long-term fundamentals.

Nevertheless, there remains much work to be done. The well publicised global supply chain issues of 2022 affected the Company significantly, resulted in lower production than planned and led to restricted and intermittent supply to end customers. Sadly, this loss of momentum will not be recovered in 2023 and its impact is clear in these interim results, resulting, as previously announced, in H1 2023 unaudited revenue of £21.4 million which is down 16% on the comparable period last year (H1 2022: £25.6 million).

Analysis of the Group's operations by the senior leadership team and external advisors has identified areas where we can improve market penetration, product margin, procurement and inventory controls and tighten cost management. We are already taking action in a number of these areas and will look to target an improved performance from these self-help measures which, while beginning to have an impact in H2 2023, will be much more meaningful in 2024 and beyond.

### *Board*

Alongside the announcement of my appointment as Chair, the Company announced the appointment of Neil Radley as Chief Executive Officer and the resignation of its former Executive Chairman, John Conoley. Neil, who has over 20 years' experience in the finance, retail and technology sectors and was previously the CEO of Universe Group plc, an AIM quoted provider of transaction products and services to the retail industry, brings a valuable breadth of experience to lead the Group through this next phase.

On 25 July 2023, the Company announced that Simon Herrick, its Senior Independent Director, had resigned with immediate effect due to the increased commitment of his other business interests. As separately announced today, Graham Bird has been appointed with immediate effect as Senior Independent Director and Jon Kempster will resign as a Non-Executive Director on 30 September 2023. Graham is currently Chief Financial Officer of XP Factory plc, was formerly a Non-Executive Director of Universe Group plc and brings a wealth of experience to the Board which will prove invaluable during this transitional period.

**Andrew Blazye**  
**Non-Executive Chair**

## CHIEF EXECUTIVE'S STATEMENT BUSINESS AND FINANCIAL REVIEW

### *Overview*

I joined FireAngel in June 2023 following the announcement of the Company's successful fundraising with a clear mandate to lead a turnaround of the business. My first priority was to lead an in-depth strategic review which has proved a vital foundation in helping us to understand and address certain key issues to enable us to drive the Group forward.

As these interim results clearly show, there has been a significant loss of momentum in the Group over the course of the last nine months which will not be recovered in this financial year. Our immediate focus is therefore on addressing the issues associated with these challenges, in order to regain sales momentum and improve cash flows. We have already made a number of important management changes and begun various operational initiatives, further details of which are set out below, and I have been pleased with the way our teams are responding during this transitional period.

### *Financial Performance*

The Company achieved revenues of £21.4 million in H1 2023, down 16% on the same period last year (H1 2022: £25.6 million). Gross profit was down by 32% to £3.8 million (H1 2022: £5.6 million), taking into account £1.1 million of losses on hedging contracts and with no purchase price variance costs (H1 2022: hedging gains of £1.4 million and exceptionally high purchase price variance costs of £1.6 million). Underlying gross margin was 17.9% (H1 2022: 21.9%) resulting in an underlying loss before tax for the Period of £3.6 million (H1 2022: underlying loss before tax of £1.7 million) and a reported loss before tax of £4.0 million (H1 2022: loss before tax of £1.7 million). The Group continues to make headway on cost savings through its self-help measures. The benefits from the measures taken in H1 2023, including price increases, are now being realised and further measures taken in H2 2023 as part of the Company's ongoing strategic review (further details of which are set out below) will begin to be realised in Q4 2023 and throughout 2024.

The average exchange rate for USD to GBP in H1 2023 was 6% lower than the average rate for H1 2022 which increased the GBP value of USD denominated purchases compared to the comparable period in the prior year and reduced the gross margin. The average exchange rates against GBP are summarised below:

	Average for year ended 31 December	Average for H1	
	2022	2022	2023
US Dollar	1.24	1.31	1.23

The revenue split in H1 2023 between the Group's business units was as follows:

Revenue	Unaudited	Unaudited	Change	
	Six months ended 30 June 2023	Six months ended 30 June 2022	£000	%
UK Trade	4,120	4,025	95	2%
UK Retail	8,773	7,157	1,616	23%
UK Fire & Rescue Services ("F&RS")	1,786	1,575	211	13%
UK Utilities & Leisure	1,256	1,642	(386)	(24%)
<b>Total UK sales</b>	<b>15,935</b>	<b>14,399</b>	<b>1,536</b>	<b>11%</b>
International	3,306	8,404	(5,098)	(61%)
Techem	1,118	1,698	(580)	(34%)
Pace Sensors	1,089	1,055	34	3%
<b>Total revenue</b>	<b>21,448</b>	<b>25,556</b>	<b>(4,108)</b>	<b>(16%)</b>

From 1 January 2023, certain customers previously reported within the UK Trade business unit are now reported through UK Utilities & Leisure. The 2022 comparatives have been adjusted accordingly.

Total UK sales improved by 11% on the comparable period in the prior year to £15.9 million (H1 2022: £14.4 million) driven mainly by the impact of price increases which successfully mitigated the reduction in UK sales volumes in H1 2023. New contract opportunities secured during the Period included Yale (announced on 26 January 2023) and British Gas Services Limited (announced on 31 March 2023). However, the impact of the delay in signing the British Gas Services contract resulted in a significant decline in UK Utilities & Leisure's revenue in the Period.

International sales fell by more than half to £3.3 million (H1 2022: £8.4 million), which was primarily the result of the impact of new legislation in Benelux which had led to a surge in customer demand for products in the comparable period in the prior year and significantly less demand in H1 2023 as customers looked to reduce inventory intake. Whilst the Group was pleased to have secured a new contract with a government agency in the Middle East (announced on 12 May 2023), the delay in signing this contract also compounded a weaker international performance in H1 2023.

The Company's partnership with Techem Energy Services GmbH ("Techem") continued to progress well during the period. On 18 April 2023, the Group announced the signing of production and delivery contracts with Techem and its long-term manufacturing partner, marking yet another important milestone. Initial shipments of the next generation smoke alarm ("NGSA") being developed for Techem are expected to commence in late 2024 and be significantly cash generative for the Group thereafter. I am also pleased to confirm that the sixth (of ten) contractual NGSA development milestone of our agreement with Techem has also now been successfully delivered on schedule. This deliverable which includes all plastic parts for the product and sample units with functional Printed Circuit Boards ("PCBs") represents the final milestone based around product design and subsequent deliverables are focused on the testing and production of devices.

The £1.1 million (H1 2022: £1.7 million) of revenue from Techem in H1 2023 is recognised under IFRS15 accounting standards, adopting the input methodology approach to phase revenue recognition as this is based upon direct efforts to satisfy the dominant component of the performance obligation which is the product design. The total revenue associated with this contract amalgamates the background IP, minimum royalty amounts and the charges for the product development phases. The revenue

reported in the Period is lower than in H1 2022 due to the phasing of the development work and lower costs incurred in the Period.

As a result of H1 2023's weak sales volume performance and a lack of agility in the Group's forecasting process to cope with these shifts in demand, inventory was £10.0 million at 30 June 2023 (30 June 2022: £4.7 million). This has been an immediate area of focus for the Company's strategic review and the actions being taken to improve sales performance, as detailed below, have meant that this had fallen to £8.5 million as at 31 August 2023. We are now focused on renegotiating contracts with suppliers to better reflect the current volume demand and manage our existing stock. As a result, notice was served earlier this month to end the manufacturing contract with one supplier and both sides are working together to ensure a smooth exit.

On 14 June 2023, the Group successfully completed a fundraising resulting in net proceeds of £5.3 million which were used to reduce debt and for working capital purposes. The reinforced balance sheet position left the Group with net debt<sup>4</sup> (before lease obligations) at 30 June 2023 of £5.4 million (30 June 2022: £3.8 million; 31 December 2022: £4.8 million) comprising cash of £1.2 million, debt of £2.5 million and drawings under the Company's invoice finance facility of £4.1 million. As at 31 August 2023, net debt<sup>4</sup> (before lease obligations) was £4.2 million.

The Group has invested over £2.5 million into its new Home Environment Gateway ("HEG") product which is due to be launched in Q1 2024. The Company believes the solution opens up the Trade market by allowing inter-connected capability within and between connected premises. In addition, it extends functionality into the damp and mould detection market with full monitoring capability. The business model allows for long term recurring revenue.

<sup>4</sup>Net debt is calculated as the net value of cash and cash equivalents, invoice discounting facilities and loans and borrowing

#### *Strategic Review Update*

Whilst the strategic review, which was announced on 6 June 2023, remains ongoing, the following outlines the two phases of work being undertaken by the Company:

### **Phase One – Refocusing business under new management team**

#### **H2 2023 – Q1 2024**

##### ***Recover sales performance and cash generation. Key issues currently being addressed:***

- ***Sales:*** analysis has shown that the Group needs to focus more on key segments of the market where it is underweight compared to its competitors. In addition, improvements in its forecasting process are being made so that issues can be identified and dealt with much earlier in the business cycle. Investment in the Company's sales team to seek out new opportunities is also being made.
- ***Margins:*** certain customers, products and market segments have been identified where the Group's returns are not adequate and, therefore, unless appropriate returns are obtained, the Group will cease doing business with those customers and/or withdraw products and/or exit certain market segments.
- ***Products:*** the Board has analysed the Company's product roadmap for the medium term and is in the process of finalising its strategy. The Home Environment Gateway product is expected to be launched in Q1 2024 and the NGSA being developed for Techem remains on track for a late 2024 delivery. The strategic review has focused on understanding those products where the Group can leverage its IP versus those which it can source 'ready made' (but with the expected FireAngel quality) direct from manufacturers. A new range of smoke and heat detectors is being planned for delivery in early 2025. In addition to analysing the Company's

*product roadmap, a review of all current products has been made with the plan to reduce our current product offer from more than 200 SKUs to less than 100.*

- **Manufacturing:** *as a result of poor historical sales forecasting, the Group's procurement has been out of sync and, as a result, it has built up excess inventory. In the short term, the Board is focused on reducing the inventory to appropriate levels through reducing manufacturing volumes and is working closely with manufacturing partners to reduce the impact on their production schedules. As highlighted previously, this has resulted in a fall in inventory from £10.0 million at 30 June 2023 to £8.5 million at 31 August 2023.*
- **Cost Management:** *a thorough review of the Group's cost base has been undertaken and cost savings are being implemented.*

## **Phase Two – Optimising business to deliver sustainable growth**

### **FY2024**

***Deliver key investment initiatives and improve planning. Key issues currently being addressed:***

- ***Sales/Margin Growth and Stock Management:*** *ensure the short term initiatives noted above are sustained and built upon*
- ***Improve Forecasting:*** *independent market research has confirmed the annualised total potential European market at over £0.5 billion per annum. FireAngel must ensure it has the right product set to take advantage of the current and future fast evolving legislative landscape*
- ***NGSA Delivery:*** *launch of the NGSA in partnership with Techem – initial shipments of products expected to commence in late 2024*
- ***HEG:*** *ensure that the solution is launched in a manner that maximises the commercial opportunities*
- ***Build Generation 6 Product Range:*** *utilising certain IP and learnings from the Techem partnership, launch a new range of Smoke and Heat detectors. Target date Q1 2025.*

### *Senior Management*

As the Company enters a new phase in its history, Nick Rutter (Chief Product Officer) Rene Nolten (Sales Director) and James Seaman (Product Delivery Director) will be leaving shortly to pursue new opportunities. On behalf of the Group, I would like to thank each of them for their contributions during their time with us.

I am also pleased to announce the appointments of Neal Marathe (Sales Director) and John Walsh (Product Delivery Director) who have already joined and Adrian Wilding (Commercial Director) who will join us in early October. We look forward to their contribution as we continue to deliver on our plans.

### *Current Trading and Outlook*

As previously outlined, whilst every effort is being made to mitigate the impact of the momentum lost across the Group in H1 2023, it will take some time to recover.

The Company will continue to build on the progress made since June 2023 as the Board seeks to refocus the Group and expects to see the benefit of further cost management initiatives in Q4 2023 and into 2024.

I would like to thank all of the staff at FireAngel for their ongoing commitment to the Group during what has been a challenging period.

**Neil Radley**  
**Chief Executive Officer**

**Consolidated income statement**  
**For the six months ended 30 June 2023**

	Note	(Unaudited)			(Unaudited)			(Audited)		
		Six months ended 30 June 2023			Six months ended 30 June 2022			Year ended 31 December 2022		
		Before non-underlying items	Non-underlying items (note 5)	Total	Before non-underlying items	Non-underlying items (note 5)	Total	Before non-underlying items	Non-underlying items (note 5)	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Revenue	3	21,448	-	21,448	25,556	-	25,556	57,461	-	57,461
Cost of sales		(17,619)	-	(17,619)	(19,952)	-	(19,952)	(47,414)	54	(47,360)
<b>Gross profit</b>		<b>3,829</b>	<b>-</b>	<b>3,829</b>	5,604	-	5,604	10,047	54	10,101
Operating expenses		(7,300)	(638)	(7,938)	(7,359)	(76)	(7,435)	(15,362)	(1,127)	(16,489)
Other operating income	6	69	-	69	-	-	-	834	-	834
Other operating expenses	6	-	-	-	-	-	-	(358)	-	(358)
<b>Loss from operations</b>		<b>(3,402)</b>	<b>(638)</b>	<b>(4,040)</b>	(1,755)	(76)	(1,831)	(4,839)	(1,073)	(5,912)
Interest received on discounted cash flows		188	-	188	148	-	148	227	-	227
Finance income		-	272	272	-	-	-	-	-	-
Finance costs		(372)	-	(372)	(44)	-	(44)	(422)	-	(422)
<b>Loss before tax</b>		<b>(3,586)</b>	<b>(366)</b>	<b>(3,952)</b>	(1,651)	(76)	(1,727)	(5,034)	(1,073)	(6,107)
Income tax credit	7	70	-	70	194	-	194	262	-	262
<b>Loss attributable to equity owners of the Parent</b>		<b>(3,516)</b>	<b>(366)</b>	<b>(3,882)</b>	(1,457)	(76)	(1,533)	(4,772)	(1,073)	(5,845)
Basic earnings per share	9			(2.1)			(0.8)			(3.2)
Diluted earnings per share	9			(2.1)			(0.8)			(3.2)

All amounts stated relate to continuing activities.

**Consolidated statement of comprehensive income**  
**For the six months ended 30 June 2023**

	(Unaudited)	(Unaudited)	(Audited)
	Six months ended 30 June 2023	Six months ended 30 June 2022	Year ended 31 December 2022
	£000	£000	£000
Loss for the period	(3,882)	(1,533)	(5,845)
<b>Items that may be reclassified subsequently to profit and loss:</b>			
Exchange differences on translation of foreign operations (net of tax)	(53)	196	85

Total comprehensive loss for the period	(3,935)	(1,337)	(5,760)
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**Consolidated statement of financial position**  
**As at 30 June 2023**

		(Unaudited) 30 June 2023	(Unaudited) 30 June 2022	(Audited) 31 Dec 2022
	Note	£000	£000	£000
<b>Non-current assets</b>				
Goodwill		169	169	169
Other intangible assets		9,805	11,702	10,197
Purchased software costs		975	1,409	1,192
Property, plant and equipment		1,913	2,684	2,175
		<b>12,862</b>	15,964	13,733
<b>Current assets</b>				
Inventories		10,030	4,706	8,061
Trade and other receivables		10,832	13,599	13,804
Current tax asset		447	621	690
Derivative financial assets		-	971	-
Cash and cash equivalents	11	1,243	656	1,431
		<b>22,552</b>	20,553	23,986
<b>Total assets</b>		<b>35,414</b>	36,517	37,719
<b>Current liabilities</b>				
Trade and other payables		(10,502)	(11,128)	(13,805)
Lease liabilities		(324)	(463)	(397)
Provisions	12	(329)	(658)	(502)
Invoice discounting facilities	10	(4,128)	(1,361)	(3,451)
Loans and borrowings	10	(640)	(693)	(664)
Derivative financial liabilities		(1,070)	-	(1,563)
		<b>(16,993)</b>	(14,303)	(20,382)
<b>Net current assets</b>		<b>5,559</b>	6,250	3,604
<b>Non-current liabilities</b>				
Loans and borrowings	10	(1,837)	(2,426)	(2,133)
Lease liabilities		(270)	(263)	(94)
Provisions	12	(342)	(568)	(471)
		<b>(2,449)</b>	(3,257)	(2,698)
<b>Total liabilities</b>		<b>(19,442)</b>	(17,560)	(23,080)
<b>Net assets</b>		<b>15,972</b>	18,957	14,639
<b>Equity</b>				
Called up share capital		6,046	3,621	3,621
Share premium account		34,167	30,009	30,009
Warrant reserve		(1,517)	-	-
Currency translation reserve		185	349	238
Retained earnings		(22,909)	(15,022)	(19,229)

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<b>Total equity attributable to equity holders of the Parent Company</b>	<b>15,972</b>	18,957	14,639
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**Consolidated statement of changes in equity**  
**For the six months ended 30 June 2023**

	Called up share capital £000	Share premium account £000	Warrant reserve £000	Currency translation reserve £000	Retained earnings £000	Total £000
<b>Balance at 1 January 2022</b>	<b>3,621</b>	<b>30,009</b>	-	<b>153</b>	<b>(13,565)</b>	<b>20,218</b>
Loss for the six months	-	-	-	-	(1,533)	(1,533)
Foreign exchange gains from overseas subsidiaries	-	-	-	196	-	196
<b>Total comprehensive income/(loss) for the six months</b>	-	-	-	<b>196</b>	<b>(1,533)</b>	<b>(1,337)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Issue of equity shares	-	-	-	-	-	-
Premium arising on issue of shares	-	-	-	-	-	-
Share issue expenses	-	-	-	-	-	-
Credit in relation to share-based payments	-	-	-	-	112	112
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	<b>112</b>	<b>112</b>
<b>Balance at 30 June 2022</b>	<b>3,621</b>	<b>30,009</b>	-	<b>349</b>	<b>(15,022)</b>	<b>18,957</b>
<b>Balance at 1 January 2023</b>	<b>3,621</b>	<b>30,009</b>	-	<b>238</b>	<b>(19,229)</b>	<b>14,639</b>
Loss for the six months	-	-	-	-	(3,882)	(3,882)
Foreign exchange gains from overseas subsidiaries	-	-	-	(53)	-	(53)
<b>Total comprehensive income/(loss) for the six months</b>	-	-	-	<b>(53)</b>	<b>(3,882)</b>	<b>(3,935)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Issue of equity shares	2,425	-	-	-	-	2,425
Premium arising on issue of shares	-	1,893	-	-	-	3,410
Share issue expenses	-	(769)	-	-	-	(769)
Debt to equity valuation adjustment	-	272	-	-	(272)	-
Warrant reserve	-	-	1,517	-	-	-
Credit in relation to share-based payments	-	-	-	-	202	202
<b>Total transactions with owners in their capacity as owners</b>	<b>2,425</b>	<b>1,396</b>	<b>1,517</b>	-	<b>(70)</b>	<b>5,268</b>
<b>Balance at 30 June 2023</b>	<b>6,046</b>	<b>31,405</b>	<b>1,517</b>	<b>185</b>	<b>(23,181)</b>	<b>15,972</b>

**Consolidated cash flow statement**  
**For the six months ended 30 June 2023**

	(Unaudited) Six months ended 30 June 2023 £000	(Unaudited) Six months ended 30 June 2022 £000	(Audited) Year ended 31 Dec 2022 £000
<b>Loss before tax</b>	<b>(3,952)</b>	(1,727)	(6,107)
Finance expense	(88)	(104)	195
<b>Operating loss for the period</b>	<b>(4,040)</b>	(1,831)	(5,912)
Adjustments for:			
Depreciation of property, plant and equipment, and right-of-use assets	732	720	1,465
Amortisation of intangible assets	1,078	963	2,069
Loss on disposal of non-current assets	1	9	19
Non-underlying items	638	76	1,073
Cash flow relating to non-underlying items	(447)	(330)	(582)
Increase in fair value of derivatives	(493)	(680)	1,854
<b>Operating cash flow before movements in working capital</b>	<b>(2,531)</b>	(1,073)	(14)
Movement in inventories	(1,968)	(968)	(4,270)
Movement in receivables	3,094	(4,021)	(4,147)
Movement in payables	(3,595)	2,995	5,673
<b>Cash used by operations</b>	<b>(5,000)</b>	(3,067)	(2,758)
Income taxes received /(paid)	382	38	39
<b>Net cash used by operating activities</b>	<b>(4,618)</b>	(3,029)	(2,719)
<b>Investing activities</b>			
Capitalised development costs	(469)	(623)	(928)
Purchase of property, plant and equipment	(153)	(154)	(436)
<b>Net cash used in investing activities</b>	<b>(622)</b>	(777)	(1,364)
<b>Financing activities</b>			
Cash proceeds from issue of ordinary shares (net of expenses)	3,221	-	-
Debt to equity issue of ordinary shares	2,117	-	-
Drawdown of invoice finance	24,467	23,647	55,854
Repayment of invoice finance	(23,790)	(22,286)	(52,403)
Repayment of loan	(321)	(104)	(426)
Repayment of lease obligations	(224)	(222)	(457)
Interest paid	(372)	(44)	(422)
<b>Net cash generated by financing activities</b>	<b>5,098</b>	991	2,146
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(142)</b>	(2,815)	(1,937)
Cash and cash equivalents at beginning of period	1,431	3,294	3,294
Non-cash movements	(46)	177	74
<b>Cash and cash equivalents at end of period</b>	<b>1,243</b>	656	1,431

## Notes to the financial information

### 1. General information

These consolidated interim financial statements were approved by the Board of Directors on 26 September 2023.

### 2. Basis of preparation

These consolidated interim financial statements of the Group are for the six months ended 30 June 2023.

The condensed consolidated interim financial statements for the six months to 30 June 2023 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 2022 which are available at [www.fireangeltech.com/investors](http://www.fireangeltech.com/investors).

The condensed consolidated interim financial statements for the six months to 30 June 2023 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 2023 have been prepared on the basis of the accounting policies expected to be adopted for the year ending 31 December 2023. These are anticipated to be consistent with those set out in the Group's latest annual financial statements for the year ended 31 December 2022. These consolidated financial statements are prepared in accordance with UK-adopted international accounting standards in conformity with the Companies Act 2006 ('IFRS'). The financial statements are presented in thousands (£'000) unless otherwise indicated.

#### *Going concern*

The Group has seen a significant loss in momentum over the last 9 months with a decrease in revenue of 16% on the prior year. It is delivering on several operational and margin improvements but unfortunately the loss in volume of sales resulted in a larger loss than expected for the period.

On 6 June 2023 a strategic review of the company was announced. Whilst this remains ongoing, the work undertaken includes refocusing the business with a new management team, recovery of sales, cost savings and improvement in forecasting to deal with issues much earlier in the business cycle. The review process has also identified where the Group's returns are not adequate and therefore unless appropriate returns are obtained, the Group will cease doing business with those customers and/or withdraw products and/or exit certain market segments. The forecasts have been prepared taking these factors into consideration alongside management's extensive industry knowledge but recognising the uncertainty inherent in today's markets.

In determining whether the Group and Parent Company's financial statements can be prepared on a going concern basis, the Directors have considered the Group's business activities, together with the factors likely to affect its future development, performance and position. During 2023, the Company's bank waived the Q1 2023 banking covenants and reset them from June 2023. All banking covenants since June 2023 have been met.

The Directors have reviewed the financial position of the Group, its cash flows, borrowing facilities and banking covenants. The key factors considered by the Directors were the:

- implications of the current economic environment and future uncertainties around the Group's revenues and profits by undertaking forecasts and projections on a regular basis;
- impact of global component shortages impacting the supply of products and costs;

- impact of the competitive environment within which the Group operates;
- impact of any further COVID-19 and related global supply chain issues;
- potential actions that could be taken in the event that revenues or gross profits are worse than expected, to ensure that operating profit and cash flows are protected;
- impact of major supplier exit; and
- divesting certain assets for cash.

In addition, the Directors have reviewed the Company forecasts for the period to 31 December 2024 and have run sensitivity analyses on the key assumptions, including sales and margins. The base case scenario showed sufficient cash headroom. Through mitigating actions the sensitised downside scenarios would also provide sufficient cash headroom.

Whilst the previously noted exit of one supplier arrangement is seen as beneficial to the business in the medium term, due to the timing of the notice it is too early to quantify the complete costs of exit. This therefore provides a material uncertainty to the Company's future cash forecasts.

Whilst the cash headroom is expected to be sufficient, the strategic review (combined with the impact of the supplier exit) has highlighted the need to potentially revisit our banking covenants.

The Directors have reasonable expectations that the Group and the Company have adequate resources to continue operations for at least one year from the date of approval of these interim results. Whilst the Directors have identified material uncertainties that may cast doubt over the ability of the Group and the Company to continue as a going concern (see above) the Directors continue to adopt the going concern basis in preparing these financial statements.

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 2023 £000	(Unaudited) Six months ended 30 June 2022 (restated) £000	(Audited) Year ended 31 Dec 2022 (restated) £000
<i>Revenue from continuing operations:</i>			
UK Trade	4,120	4,025	9,611
UK Retail	8,773	7,157	19,776
UK Fire & Rescue Services	1,786	1,575	3,266
UK Utilities & Leisure	1,256	1,642	3,531
Total sales in the UK	15,935	14,399	36,184
International	3,306	8,404	16,349
Techem	1,118	1,698	2,517
Pace Sensors	1,089	1,055	2,411
Total revenue	21,448	25,556	57,461

From 1 January 2023, certain customers previously reported within the UK Trade business unit are now reported through UK Utilities & Leisure. The 2022 comparatives have been adjusted accordingly.

### 4. Revenue recognition – Techem

In April 2021 the Group signed a long-term partnership agreement with a Techem to provide a research and development programme for a new generation smoke alarm. The Group has looked at the individual elements of the contract and has concluded that there are not separate performance obligations and as such the contract forms one central non-distinct performance obligation.

Full details of the revenue recognition methodology and assumptions surrounding this can be found in the Group's annual financial statements for the year ended 31 December 2022.

	(Unaudited) Six months ended 30 June 2023 £000	(Unaudited) Six months ended 30 June 2022 £000	(Audited) Year ended 31 Dec 2022 £000
Revenue recognised	1,118	1,698	2,517
Costs recognised	(596)	(785)	(1,299)
<b>Gross profit attributable to contract</b>	<b>522</b>	913	1,218
Revenue recognised	4,678	2,741	3,560
Interest income recognised	504	239	318
<b>Total consideration</b>	<b>5,182</b>	2,980	3,878
Billing to date	(3,653)	(2,075)	(2,546)
<b>Accrued income</b>	<b>1,529</b>	905	1,332

### 5. Non-underlying items

	<b>(Unaudited)</b> <b>Six months ended</b> <b>30 June 2023</b>	(Unaudited) Six months ended 30 June 2022	(Audited) Year ended 31 Dec 2022
	<b>£000</b>	£000	£000
<i>Within cost of sales</i>			
Provision against stock and disposal costs (a)	-	-	(54)
	-	-	(54)
<i>Within operating expenses</i>			
Impairment of intangible assets (note b)	-	-	916
Impairment of tangible assets (note c)	-	-	30
Restructuring and fundraising costs (note d)	<b>361</b>	-	-
Strategic review (note e)	<b>75</b>	-	-
Extinguishment of financial liability (note f)	<b>(272)</b>	-	-
Share-based payment charges	<b>202</b>	76	181
	<b>366</b>	76	1,127
<b>Total non-underlying items</b>	<b>366</b>	<b>76</b>	<b>1,073</b>

- a. During 2022 the Group was able to sell stock lines that had previously been impaired which resulted in a non-underlying credit of £0.1 million. No such sales have been registered in H1 2023 with nil cash impact in the period.
- b. Intangible capitalised development assets of £0.9 million were impaired during the year ended 31 December 2022 as a result of a thorough review of product lines and future development costs. There will be no cash impact on this impairment.
- c. A small number of tangible assets were impaired during the year ended 31 December 2022 as a result of a thorough review of tooling required for ongoing product lines. There will be no cash impact on this impairment.
- d. Restructuring and certain fundraising costs of £0.4 million were incurred, with £0.1 million paid as at 30 June 2023.
- e. Following the announcement on 6 June 2023 of a strategic review, the Group has incurred costs to date of £0.1 million. There was no cash impact as at 30 June 2023.
- f. As part of the Company's fundraising, on 28 June 2023, the Company agreed to a debt for equity swap with one of its major suppliers. Trade payables due within one year with a carrying value of £2.1 million were derecognised in exchange for the issue of new ordinary shares. The gain on extinguishing the financial liability and the realized FX movement was £0.3 million and has been recognised in the profit and loss account and debited against the share premium account.

No change to the value of the warranty provision has been made since 2020. The balance continues to unwind and during H1 2023 the cash outflow was £0.3 million.

## 6. Other Operating Income

From 1 January 2023, the Group has opted to treat its Research & Development expenditure credit from HMRC as an 'above the line' credit in other operating income to give a more representative view of the business' performance in the Period. Previously these claims have been accounted for within income tax. The estimated claim value for the Period is £69,000 (30 June 2022: £91,000; 31 December 2022:

£135,000).

Due to the global supply chain shortages faced in 2022, the Group incurred additional costs to maintain a supply of critical components. During the second half of 2022, the Group was able to sell a surplus of some of these components for £0.8 million to a third party recognising £0.5 million profit on these transactions. The Group has not recognised these sales as revenue as it does not view these as part of the business' ordinary activities (either past, current or future planned). There were no such transactions for the period ended 30 June 2023.

#### **7. 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 2023.

#### **8. Dividends**

As a result of the loss reported for the Period, the Directors do not propose payment of an interim dividend for 2023 (2022: nil pence per share).

## 9. Earnings per share

Earnings per share are as follows:

	(Unaudited) Six months ended 30 June 2023	(Unaudited) Six months ended 30 June 2022	(Audited) Year ended 31 Dec 2022
	£000	£000	£000
<b>Earnings from continuing operations</b>			
Earnings for the purposes of basic and diluted earnings per share (loss for the period attributable to owners of the parent)	<b>(3,882)</b>	(1,533)	(5,845)
<b>Number of shares</b>	'000	'000	'000
Weighted average number of ordinary shares - basic earnings calculation	<b>183,092</b>	181,067	181,067
Dilutive potential ordinary shares from share options	-	-	-
<b>Weighted average number of ordinary shares - diluted calculation</b>	<b>183,092</b>	181,067	181,067
	<b>30 June 2023</b>	30 June 2022	31 Dec 2022
	<b>pence</b>	pence	pence
Basic earnings per share	<b>(2.1)</b>	(0.8)	(3.2)
Diluted earnings per share	<b>(2.1)</b>	(0.8)	(3.2)

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 2023.

## 10. Loans and borrowings

	(Unaudited) 30 June 2023	(Unaudited) 30 June 2022	(Audited) 31 Dec 2022
	£000	£000	£000
Canadian government COVID-19 loan	-	23	-
Bank Term Loan	<b>2,477</b>	3,096	2,797
Invoice discounting facilities	<b>4,128</b>	1,361	3,451
	<b>6,605</b>	4,480	6,248

## 11. Cash and cash equivalents

	(Unaudited) 30 June 2023 £000	(Unaudited) 30 June 2022 £000	(Audited) 31 Dec 2022 £000
Cash at bank and in hand	1,243	656	1,431

## 12. Provisions

	(Unaudited) 30 June 2023 £000
At 1 January 2022	1,553
Charge in period	-
Utilisation	(327)
<b>At 30 June 2022</b>	<b>1,226</b>
At 1 January 2023	973
Charge in period	-
Utilisation	(302)
<b>At 30 June 2023</b>	<b>671</b>

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

	(Unaudited) 30 June 2023 £000	(Unaudited) 30 June 2022 £000	(Audited) 31 Dec 2022 £000
Current provision	329	658	502
Non-current provision	342	568	471
<b>Total warranty provision</b>	<b>671</b>	<b>1,226</b>	<b>973</b>

### 13. Changes in liabilities arising from financing activities

	Bank Loans	Invoice discounting facility	Lease liabilities	Total
	£000	£000	£000	£000
<b>Balance at 1 January 2022</b>	<b>3,223</b>	-	<b>948</b>	<b>4,171</b>
Drawdown of facility	-	23,647	-	23,647
Repayment of facility	(104)	(22,286)	-	(22,390)
Capital payments	-	-	(222)	(222)
Interest charge	27	22	13	62
Interest payments	(27)	(22)	(13)	(62)
<b>Balance at 30 June 2022</b>	<b>3,119</b>	<b>1,361</b>	<b>726</b>	<b>5,206</b>
<b>Balance at 1 January 2023</b>	<b>2,797</b>	<b>3,451</b>	<b>491</b>	<b>6,739</b>
Drawdown of facility	-	24,467	-	24,467
Repayment of facility	(320)	(23,790)	-	(24,110)
Capital payments	-	-	(240)	(240)
FX Restatement	-	-	(6)	(6)
Interest charge	107	172	11	290
Interest payments	(107)	(172)	(11)	(290)
Acquisition of leases	-	-	349	349
<b>Balance at 30 June 2023</b>	<b>2,477</b>	<b>4,128</b>	<b>594</b>	<b>7,199</b>

### 14. Share capital and reserves

On 28 June 2023, the Company raised £6.1 million (gross) through the issue of 120,711,091 new ordinary shares with a nominal value of 2p each at an issue price of 5.05p per share.

The premium on issue was 3.05p per share amounting to £3.7 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.

As part of the above fundraising, on 28 June 2023, the Company agreed to a debt for equity swap with one of its major suppliers. Trade payables due within one year with a carrying value of £2.1 million were derecognised in exchange for the issue of new ordinary shares. The gain on extinguishing the financial liability and the realised FX movement was £0.3 million and has been recognised in the profit and loss account and debited against the share premium account.

As part of the above fundraising, on 30 June 2023, a general meeting approved the issuing of 60,355,529 warrants at 3p per share. These warrants are exercisable from 30 June 2024 to 30 June 2026. Using the Black Scholes model, the fair value of the warrants has been calculated at £1.5 million.

### 15. Availability

Further copies of this announcement are available on the FireAngel Safety Technology Group plc investor relations website, [www.fireangeltech.com](http://www.fireangeltech.com).