31 December 2021

Vulcan Industries plc

("Vulcan" or the "Company")

Interim Results for the 6 Months ended 30 September 2021

Vulcan Industries plc (AQSE: VULC) is pleased to announce its unaudited interim results for the 6-month period ended 30 September 2021.

Principal activity

The Company was established to develop a precision engineering group of companies, manufacturing and fabricating products for a global client base. The acquisition strategy is based on establishing targets that represent opportunities for synergies, helping to streamline existing operations and contributing to centralised purchasing, supply chain and operational savings.

Review of business and future developments

Activity in the first half of the current financial year continued to be impacted by COVID-19. All operations experienced outbreaks of COVID, adversely impacting output. Demand has yet to return to pre pandemic levels.

The financial results for the Group for the 6-month period to 30 September 2022 ("HY22") show revenue of £2,724,000 for the period (HY21: £2,188,000). The loss before interest, tax, depreciation and amortization is £447,000 (HY21: £1,030,000). After depreciation and amortization of £269,000 (HY21: £224,000) and finance costs of £235,000 (HY21: £306,000) the Group is reporting a loss after taxation of £951,000 (HY21: 1,560,000). Of this £525,000 (HY21: £973,000) relates to central costs, including professional fees of £nil (HY21: £339,000) in respect of listing expenses and acquisition costs, and £235,000 (HY21: £242,000) of finance costs. Cash balances at 30 September 2021 were £42,000 (HY21: £632,000) and net debt was £4,239,000 (HY21: £3,818,000).

At 30 September 2021, the Group balance sheet shows net liabilities of £2,891,000 (HY21 Net liabilities £1,626,000). Since the period end to the date of this report, the Company has issued new equity of £797,000 before expenses.

Outlook

Activity levels in the third quarter of the current financial year have improved and forward order books at both M&G Olympic Products Limited ("M&G") and Orca Doors Limited ("Orca") remain strong indicating an improved outlook for the second half.

The acquisition of Aftech Limited previously announced on 2nd November 2021, is expected to complete in early January 2022. It brings additional breadth to our fabrication capabilities and offers opportunities for manufacturing synergies and overhead efficiencies. With an effective date of 1 December 2021 this will also contribute to an improved second half. The acquisition is expected to be immediately earnings enhancing and as the consideration is the issue of new ordinary shares, is expected to further reduce the net liabilities;

The Company has identified potential additional acquisition opportunities and will make further announcements as negotiations progress.

Unaudited Consolidated Statement of Comprehensive Income

	Note	6 Months to 30 September 2021	6 Months to 30 September 2020	Year ended 31 March 2021
		£'000	£'000	£'000
Revenue		2,724	2,188	5,225
Cost of sales		(2,172)	(1,805)	(4,375)

Gross profit		552	383	850
Operating expenses		(1,354)	(1,445)	(3,082)
Other gains and losses	3	86	(192)	(446)
Impairment charge		-	-	(150)
Finance costs	4	(235)	(306)	(595)
Loss before tax		(951)	(1,560)	(3,423)
Income tax		-	-	-
Loss for the period attributable to owners of the Company		(951)	(1,560)	(3,423)
Other Comprehensive Income for the period		-	-	-
Total Comprehensive Income for the period attributable to owners of the Company		(951)	(1,560)	(3,423)
Earnings per share				
Basic earnings per share (pence)	5	(0.32p)	(0.68p)	(1.39p)

Unaudited Consolidated Statement of Financial Position

	Note	At 30 September 2021 Note	At 30 September 2020	At 31 March 2021 £'000
Non-current assets				
Goodwill		1,571	1,271	1,571
Other intangible assets		762	786	825
Property, plant and equipment		342	425	409
Right of use assets		717	977	842
Total non-current assets		3,392	3,459	3,647
Current assets				
Inventories		578	418	628
Trade and other receivables		2,243	1,851	1,927
Cash and bank balances		42	632	86
Total current assets		2,863	2,902	2,641
Total assets		6,255	6,361	6,288
Current liabilities				
Trade and other payables		(4,765)	(3,499)	(4,305)
Lease liabilities		(228)	(332)	(263)
Provisions		(62)		(62)
Borrowings	6	(2,736)	(258)	(433)

	Note			
Total current liabilities		(7,791)	(4,089)	(4,241)
Non-current liabilities				
Lease liabilities		(429)	(582)	(526)
Borrowings	6	(888)	(3,278)	(3,220)
Deferred tax liabilities		(38)	(38)	(38)
Total non-current liabilities		(1,355)	(3,898)	(3,784)
Total liabilities		(9,146)	(7,987)	(8,847)
Net liabilities		(2,891)	(1,626)	(2,559)
Equity				
Share capital	7	138	98	112
Share premium account	7	4,539	3,030	3,946
Retained earnings		(7,568)	(4,754)	(6,617)
Total equity attributable to the owners of the company		(2,891)	(1,626)	(2,559)

Unaudited Consolidated statement of changes in equity	Share Capital £'000	Share Premium £'000	Retained earnings £'000	Total Equity £'000
At 1 April 2020	80	1,812	(3,194)	(1,302)
Total Comprehensive income for the period	-	-	(1,560)	(1,560)
Transactions with shareholders				
Issue of shares	18	1,218	-	1,236
Total transactions with shareholders for the period	18	1,218	-	1,236
At 30 September 2020	98	3,030	(4,754)	(1,626)
Total Comprehensive income for the period	-	-	(2,000)	(2,000)
Transactions with shareholders				
Issue of shares	6	-	-	6
Total transactions with shareholders for the period	6	-	-	
At 31 March 2021	112	3,946	(6,617)	(2,559)
Total Comprehensive income for the period	-	-	(951)	(951)
Transactions with shareholders				
Issue of shares	26	593	-	619
Total transactions with shareholders for the period	26	593	-	619
At 30 September 2021	138	4,539	(7,568)	(2,891)

Unaudited Consolidated Statement of Cash Flows	Note	6 Months to 30 September 2021 £'000	6 Months to 30 September 2020 £'000	Year Ended 31March 2021 £'000
Loss for the period		(951)	(1,560)	(3,423)
Adjustments for:				
Finance costs		235	306	595
Depreciation of property, plant and equipment		81	62	117
Depreciation of right of use assets		125	107	244
Amortisation of intangible assets		63	55	116
Impairment of goodwill		-	-	150
Increase in provisions		-	-	62

Share based payment		48	-	34
Loss on disposal of property plant and equipment		-	(15)	-
Operating cash flows before movements in working capital		(399)	(1,045)	(2,105)
Decrease) / (increase) in inventories		50	(62)	(272)
(Increase) / decrease in trade and other receivables		(190)	(394)	(470)
Increase / (decrease) in trade and other payables		460	474	1,367
Cash used in operating activities		(79)	(1,026)	(1,480)
Investing activities				
Proceeds on disposal of property, plant and equipment		-	15	-
Purchases of property, plant and equipment		(14)	-	(42)
Consideration on acquisition of subsidiaries net of cash acquired,		-	(67)	(350)
Net cash used in investing activities		(14)	(52)	(392)
Financing activities				
Interest paid		(235)	(306)	(595)
Proceeds from loans and borrowings	6	11	927	1,083
Repayment of borrowings	6	(41)	(48)	(116)
Repayment of lease liabilities		(131)	(153)	(275)
Proceeds on issue of shares		445	1,237	1,087
Net cash from financing activities		49	1,657	1,904
Net increase in cash and cash equivalents		(44)	578	32
Cash and cash equivalents at beginning of year		86	54	54
Effect of foreign exchange rate changes				-
Cash and cash equivalents at end of year		42	632	86

Notes to the unaudited consolidated financial statements for the 6-month period ended 30 September 2021

1. General information

Vulcan Industries PLC is incorporated in England and Wales as a public company with registered number 11640409. The address of the Company's registered office is 8th Floor, The Broadgate Tower, 20 Primrose Street, London, EC2A 2EW.

These summary financial statements are presented in Sterling and are rounded to the nearest £'000. which is also the currency of the primary economic environment in which the Company and Group operate (their functional currency).

Basis of accounting

The condensed consolidated financial statements of the Group for the 6 months ended 30 September 2021. which are unaudited and have not been reviewed by the Company's Auditor, have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), and accounting policies adopted by the Group as set out in the annual report for the period ended 31 March 2021 (available at www.vulcanplc.com). The Group does not anticipate any significant change in these accounting policies for the year ended 31 March 2022.

This interim report has been prepared to comply with the requirements of the Access Rulebook of the AQSE Growth Market. In preparing this report, the Group has adopted the guidance in the Access Rulebook for interim accounts which do not require that the interim condensed consolidated financial statements are prepared in accordance with IAS 34, 'Interim financial reporting'. Whilst the financial figures included in this report have been computed in accordance with IFRSs applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as that term is defined in IFRSs.

The financial information contained in this report also does not constitute statutory accounts under the Companies Act 2006, as amended. The financial information for the period ended 31 March 2021 is based on the statutory accounts for the year then ended. The Auditors reported on those accounts. Their report was unqualified and referred to going concern as a key audit matter. They drew attention to note 3 in the financial statements, which shows conditions which indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Their opinion was not modified in respect of this matter.

The financial statements have been prepared on the historical cost basis, except for the certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies adopted are set out below.

Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up for the period ended 31 March 2021. Control is achieved when the Company has the power:

- over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 and IAS 19 respectively.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, value added taxes and other sales related taxes.

Performance obligations and timing of revenue recognition:

All of the Group’s revenue is derived from selling goods with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are collected or delivered to the customer, or in the case of fabrication project work, when the project has been accepted by the customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Group no longer has physical possession, usually it will have a present right to payment. Consideration is received in accordance with agreed terms of sale.

Determining the contract price:

The Group’s revenue is derived from:

a) sale of goods with fixed price lists and therefore the amount of revenue to be earned from each transaction is determined by reference to those fixed prices; or

b) individual identifiable contracts, where the price is defined

Allocating amounts to performance obligations:

For most sales, there is a fixed unit price for each product sold. Therefore, there is no judgement involved in allocating the price to each unit ordered.

There are no long-term or service contracts in place. Sales commissions are expensed as incurred. No practical expedients are used.

Current and deferred tax assets and liabilities are offset when there is a legally enforceable right to set off.

2. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group’s accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Going concern

The directors are confident that the existing financing set out in note 6 will remain available to the Group and, as demonstrated by equity raised since the period end, that additional sources of finance will be available. The directors, with the operating initiatives already in place and funding options available, are confident that the Group will achieve its cash flow forecasts. Therefore, the directors have prepared the financial statements on a going concern basis. These financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

3. Other gains and losses

	6 Months to 30 September 2021	6 Months to 30 September 2020	Year ended 31March 2021
	£’000	£’000	£’000
Listing expenses	-	334	486
Acquisition costs	-	6	5
Loss allowance on trade receivables	(28)	-	69
Job retention Scheme Furlough grants	(51)	(133)	(233)
Other	(7)	(15)	119
	(86)	192	446

4. Finance costs

	6 Months to 30 September 2021 £'000	6 Months to 30 September 2020 £'000	Year ended 31March 2021 £'000
Interest on loans, bank overdrafts and leases	235	254	503
Loan arrangement fees and other finance costs	-	52	92
	235	306	595

5. Loss per share

The calculation of the basic loss per share is based on the following data	6 Months to 30 September 2021 £'000	6 Months to 30 September 2020 £'000	Year ended 31March 2021 £'000
Loss for the period for the purposes of basic loss per share attributable to equity holders of the Company	(951)	(1,560)	(3,423)
Weighted average number of Ordinary Shares for the purposes of basic loss per share	299,050,167	229,600,485	246,159,692
Basic loss per share (pence)	(0.32p)	(0.68p)	(1.39p)

The Company has issued options over ordinary shares which could potentially dilute basic earnings per share in the future. There is no difference between basic loss per share and diluted loss per share as the potential ordinary shares are anti-dilutive.

6. Borrowings

	At 30 September 2021 £'000	At 30 September 2020 £'000	At 31 March 2021 £'000
Non-current liabilities			
Secured			
Corona virus business interruption loan (CBIL)	799	905	799
Convertible loan note	-	548	-
Other Loans	-	1,825	1,854
Unsecured			
Bounce back loan (BBL)	89	-	94
Convertible loan note	-	-	473
	888	3,278	3,220
Current liabilities			
Secured			
CBIL	106		106
Factoring facility	292	258	321
Other Loans	1,854	-	-
Unsecured			
BBL	11		6
Convertible loan note	473	-	-
	2,736	258	433
Total Borrowings	3,624	3,536	3,653

The CBIL was drawn down in September 2020. It is repayable over 6 years, commencing October 2021. Interest rate is 3.99%. The loan is secured by a debenture over the Company and IVI Metallics Limited and cross guarantees from the Company and certain subsidiaries.

The convertible loan note has a coupon of 5%. The lender has the right to convert the outstanding principal into ordinary share of the Company at a price of 3p per share. In the event that the lender does not exercise its conversion rights by 31 March 2022, the loan shall become immediately repayable by the Company.

Other loans falling due in less than one year of £1,854,000 (HY21 £1,825,000) are secured by means of a debenture, chattels mortgage and cross guarantee entered into by the Company and each of its subsidiaries. The lender has agreed to waive the maturity date, so long as the other terms of the agreement continue to be adhered to. The loans bear an interest rate of 18% per annum.

The factoring facility is secured on certain trade receivables. There is a factoring charge of 1% of the Gross debt and a discount rate of 5% above Lloyds bank base rate on net advances. The agreement provides for 6 months' notice by either party and certain minimum fee levels.

Reconciliation to cash flow statement

		At 1 April 2021	Drawn down	Repaid	At 30 September 2021
		£'000	£'000	£'000	£'000
Secured borrowings	-	2,759	-	-	2,759
Convertible loan note	-	473	-	-	473
Factoring facilities	-	321	11	(40)	292
BBL		100		-	100
Total borrowings		3,653	11	(40)	3,624

		At 1 April 2020	Drawn down	Repaid	At 30 September 2020
		£'000	£'000	£'000	£'000
Secured borrowings	-	1,825	905	-	2,730
Convertible loan note	-	548	-	-	548
Factoring facilities	-	243	22	(7)	258
Bank overdraft	-	41	-	(41)	-
Total borrowings		2,657	927	(48)	3,536

7. Share capital

	Number	£'000
Issued and fully paid:		
At 31 March 2020	198,900,000	80
Issued during the period	47,093,215	18
At 30 September 2020	245,993,215	98
Issued during the period		14
At 31 March 2021	280,786,938	112
Issued during the period	64,108,222	26
At 30 September 2021	344,895,160	138

8. Post balance sheet events

On 16 November 2021 the Company issued 5,771,875 new ordinary shares for cash at 1.6p.

On 29 November 2021 the Company issued 906,250 new ordinary shares for cash at 1.6p and 6,531,250 new ordinary shares in settlement of fees at 1.6p.

On 30 November 2021 the Company issued 4,636,750 new ordinary shares in settlement of directors' fees at 1.6p.

On 3 December 2021 the Company issued 8,680,000 new ordinary shares for cash at 1.5p and 6,320,000 new ordinary shares in settlement of fees at 1.5p.

On 6 December 2021 the Company issued 2,250,000 new ordinary shares for cash at 1.6p and 3,125,000 new ordinary shares in settlement of fees at 1.5p.

On 24 December 2021 the Company issued 4,000,000 new ordinary shares in settlement professional fees subject to a legal claim at 1.8p.