



2 February 2021

FILTRONIC PLC
("Filtronic", the "Company" or the "Group")

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2020

Filtronic plc (AIM: FTC), the designer and manufacturer of products for the wireless telecoms and critical communications markets, announces its half year results for the six months ended 30 November 2020 ("H1 2021").

Financial Highlights

| | H1 2021 | H1 2020 |
|---|----------------|---------|
| Revenue | £7.1m | £7.5m |
| Adjusted EBITDA ¹ | £0.6m | £0.6m |
| Adjusted operating profit ² | £0.1m | £0.3m |
| Exceptional items | - | £0.8m |
| Operating profit/(loss) | £0.1m | (£0.5m) |
| Loss for the period from discontinued operations | - | (£1.1m) |
| Loss for the period | (£0.1m) | (£1.8m) |
| Basic and diluted loss per share | (0.03p) | (0.86p) |
| Cash received from/(used in) operating activities | £0.5m | (£2.8m) |

| | At 30 Nov 2020 | At 31 May 2020 |
|--|---------------------------|-------------------|
| Net debt when including right of use property leases | (£0.6m) | (£0.7m) |
| Net cash when excluding right of use property leases | £0.4m | £0.4m |

¹ Adjusted EBITDA is earnings before interest, taxation, depreciation, amortisation and exceptional items.

² Adjusted operating profit is operating profit before exceptional items.

Operational Highlights

- Appointment of Richard Gibbs as Chief Executive Officer with sector experience and a strong track record of business growth and development. Recently appointed John Behrendt, a finance specialist, with a considerable background in developing businesses as Non-Executive Director.
- Award of follow-on order for a two-year defence contract to a tier 1 European defence equipment supplier to manufacture their advanced radar transmit-receive modules valued at £4.9m.
- Adoption of the next generation E-band transceiver, Morpheus, by our lead telecoms Original Equipment Manufacturer ("OEM") customer to supply into 5G XHaul applications with the production ramp successfully completed. Development of the next generation platform has commenced with funding provided by the customer.
- Initial sales recognised of our "best-in-class" new Tower Top Amplifier following product launch to the public safety market.

Post-period Highlight

- A contract award from a new major UK defence customer for the development and supply of battlefield radio communications hardware valued at over £1 million.

Commenting on the outlook, Reg Gott, Chairman, said: "Whilst the impact of Covid-19 on the outlook remains uncertain, the fundamentals of the Group remain intact with year-on-year growth of EBITDA anticipated for FY2021 despite the disruption we are seeing in the wider economy. The broadening of the customer base is the key strategic objective of the Group but with travel restrictions constraining commercial engagement this has proved more challenging to achieve. Despite this, the Group has

actively progressed its strategy to develop the channels to market across multiple territories and is currently in the early stages of executing the marketing plan to raise the profile of the Company and build the brand in existing and adjacent markets. The recent contract win with a new defence OEM customer underlines the technical strength within our engineering function and our ability to rapidly deliver first class technical proposals, a competitive advantage that positions us well to win other opportunities in this market. Over the coming year we will further invest in our teams tasked with top-line growth and new technology development as we execute on our strategic plans to build the business and leverage our recent investments in operational capital and product development.”

Enquiries

Filtronic plc

Reg Gott, Chairman
Richard Gibbs, CEO
Michael Tyerman, CFO

www.filtronic.com

0113 220 0000 or investor.relations@filtronic.com

finnCap Ltd

Jonny Franklin-Adams/Tim Harper (Corporate Finance)
Alice Lane/Sunila de Silva (ECM)

020 7220 0500

Walbrook PR Limited

Paul Vann

020 7933 8780 or filtronic@walbrookpr.com

Notes:

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

Forward-looking statements

Certain statements in this half-yearly financial report are forward-looking. Where the half-yearly financial report includes forward-looking statements, these are made by the directors in good faith based on the information available to them at the time of their approval of this report. Such statements are based on current expectations and are subject to a number of risks and uncertainties, including both economic and business risk factors that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Chairman's Statement

I am pleased to report, in this very disruptive trading environment, that the Group continues to operate resiliently, and despite the previously announced programme reschedules at the start of the period, we have successfully delivered a profitable EBITDA and H1 FY2021 performance comparable with H1 FY2020.

Group performance for the first half of FY2021 was broadly flat compared with the prior year, but in line with management expectations, with sales revenue of £7.1m (H1 2020: £7.5m). As previously announced, revenue was impacted by a slowdown in sales to the public safety market and a slower than anticipated switch by our lead telecoms OEM customer from the Orpheus generation of our 5G E-band XHaul transceiver to the next generation Morpheus platform. These were partially offset by stronger sales in the defence and aerospace market, which resulted in an operating profit of £0.1m (H1 2020: £0.3m) and adjusted EBITDA of £0.6m (H1 2020: £0.6m). The Group had net cash at 30 November 2020 of £0.4m when excluding right of use property leases (31 May 2020: £0.4m) and net debt including right of use property leases of £0.6m (31 May 2020: net debt of £0.7m).

We have remained fully operational throughout the Covid crisis, meeting all customer product and engineering programme delivery obligations, resulting in all orders being fulfilled. Our largest operating site at Sedgefield was independently audited in October by Make UK and declared Covid-Safe, validating the excellent work undertaken by our Covid Business Continuity Team to keep the business running within a safe operating environment for employees. On behalf of the Board, I would like to thank all our employees for their commitment and hard work throughout these challenging times.

The pandemic has significantly constrained our new business acquisition activities and to counter this, we have been developing other ways to engage with new customers. As advised of our intention in the FY2020 Annual Report, we have strengthened the sales channels in North America with the appointment of GT Partners in line with our plans to establish a Manufacturing Representative Network across the USA. We are in the process of appointing further representatives to our network to increase our coverage of the North American and European markets and gain access to new clients. To raise the profile of the Company, promote the Filtronic brand and supplement our direct sales channels, we have established a dedicated marketing function under the management of a recently recruited experienced specialist Marketing Manager.

Demand from critical communication customers was slower than planned during the six months to November 2020, which we believe was a direct result of public funds being diverted to Covid support measures. However, we were pleased to see order flow from our lead customer start to recover in December. Our new "best-in-class" Tower Top Amplifier, launched in May 2020, has also now started to gain traction in the market with initial sales recognised in November as anticipated. The geo-political landscape turned positive during H1 with the McCain Bill being enacted in the US, which prevents access to the market by a large number of named Chinese companies. Based upon recent statements from President Biden, we do not believe he is likely to reverse the "Made in America" sentiments or stance on China of the previous US administration. Having on-shored manufacture of these products to our US facility in Maryland last year, specifically to reduce lead times and minimise geo-political risk, we are now actively looking to capitalise on this market landscape development.

Increasing XHaul capacity is a prerequisite for deploying 5G networks. Industry forecasts indicate demand for E-band spectrum technology will steadily increase to support 5G network growth. This requires high speed and high capacity backhaul infrastructure, positioning Filtronic to benefit from this market as network rollout accelerates. Sales of our 5G XHaul transceivers into our lead telecommunications customer peaked at the back end of FY2020, in line with our customer's desire to build inventory and fulfil a large initial customer contract. Demand has, consequently, levelled off and this has freed some resources to develop solutions for adjacent 5G markets, including "track to train" and High-Altitude Pseudo Satellites ("HAPS") applications. In addition to these, we were successful in winning a £0.4m development contract for a low-latency private network application in December 2020.

The £4.9m follow-on defence and aerospace order for radar transmit-receive modules ("TRM's") announced at the start of the year, further underpins our long-term revenue stream from this sector, and ensures a

continued high-level of utilisation for our state-of-the-art hybrid microelectronics manufacturing operations in Sedgefield.

The recently announced contract win for battlefield communication products brings us both a new defence OEM prime customer, with whom there is significant potential for further order opportunities, and a new application field for deploying our technologies. This serves to support two key development objectives of growing our customer base and broadening our product portfolio. Defence spending is on the rise around the world, especially in fields relating to radar and communications technologies. Filtronic capabilities and know-how in these fields have also recently resulted in several small development contract wins from new clients in this market. Whilst initially small, these projects have the potential to lead to more substantial projects further down the line and provide us with access to a wider customer base.

Board changes

I reverted to my role as Non-Executive Chairman in October 2020 following a handover to Richard Gibbs who was appointed to the Board on 1 September 2020 as Chief Executive Officer. Richard has made a strong start and is focusing his energies on strategic growth and development. The Board and I are delighted with Richard's appointment and speed with which he has settled into his stride. I am equally pleased that the Board was further enhanced with the appointment of John Behrendt who was formally appointed on 1 January 2021 as a Non-Executive Director. John is a finance specialist, with a considerable background in developing businesses within the Private Equity environment and will bring substantial experience to the Board.

Brexit

The recently agreed EU–UK Trade and Cooperation Agreement will not significantly change trading relationships with our customers and suppliers within the EU. We secured the necessary export licences and additional inventory of critical supplies in advance of the Brexit deadline to mitigate against potential short to medium term disruption to our operation.

Outlook

When the impact of Covid eventually subsides, we expect critical communications and telecoms markets to benefit from an increased level of investment and an acceleration in the rollout of 5G networks. In the longer term, the Group is well placed to explore opportunities beyond E-band as new W-band and D-band licences are released. Filtronic has developed unique solutions for the HAPS market and we now require decisions regarding operating frequency bands to create momentum in this market segment. We are particularly encouraged by recent UK Government commitments to an increased level of defence spending; the decision to develop a UK based LEO satellite capability; and the intent to establish a robust sovereign telecoms technology supply chain.

A strengthening orderbook, improving customer forecasts and recent contract wins position us well for growth and profitability in H2 FY2021.

Reg Gott
Chairman, 1 February 2021

Condensed Consolidated Interim Income Statement
For the period ended 30 November 2020

| | | 6 months Ended 30 November 2020 (Unaudited) £000 | 6 months Ended 30 November 2019 (Unaudited) £000 | Year Ended 31 May 2020 (Audited) £000 |
|---|------|---|---|--|
| Continuing operations | Note | | | |
| Revenue | 4 | 7,148 ===== | 7,533 ===== | 17,181 ===== |
| Adjusted EBITDA¹ | | 614 | 608 | 1,165 |
| Depreciation | | (438) | (310) | (677) |
| Amortisation of other intangible assets | | (38) | (12) | (18) |
| Impairment of development costs | | (45) | - | (89) |
| Adjusted operating profit² | | 93 | 286 | 381 |
| Exceptional items | | - | (825) | (569) |
| Operating profit/(loss) | | 93 | (539) | (188) |
| Finance costs | | (236) | (132) | (277) |
| Finance income | | - | - | 36 |
| Loss before taxation | | (143) | (671) | (429) |
| Taxation | | 85 | (94) | (89) |
| Loss from continuing operations | | (58) | (765) | (518) |
| Loss from discontinued operations | | - | (1,068) | (1,437) |
| Loss for the period | | (58) ===== | (1,833) ===== | (1,955) ===== |
| Basic and diluted loss per share (pence) | | | | |
| Basic and diluted loss per share | 6 | (0.03p) ===== | (0.86p) ===== | (0.93p) ===== |

1 Adjusted EBITDA is defined as profit before interest, taxation, depreciation, amortisation and exceptional items which is a non-GAAP metric used by management and is not an IFRS disclosure.

2 Adjusted operating profit is defined as operating profit before exceptional items which is a non-GAAP metric used by management and is not an IFRS disclosure.

Condensed Consolidated Interim Statement of Comprehensive Income
For the period ended 30 November 2020

| | 6 months Ended 30 November 2020 (Unaudited) £000 | 6 months Ended 30 November 2019 (Unaudited) £000 | Year Ended 31 May 2020 (Audited) £000 |
|--|---|---|--|
| Loss for the period | (58) | (1,833) | (1,955) |
| | ----- | ----- | ----- |
| <i>Items that are or may be subsequently reclassified to profit and loss</i> | | | |
| Transfer of income related to business disposal | - | - | 117 |
| Currency translation arising on consolidation | (41) | (55) | (111) |
| | ----- | ----- | ----- |
| Other comprehensive (expense)/income | (41) | (55) | 6 |
| | ----- | ----- | ----- |
| Total comprehensive expense for the period | (99) | (1,888) | (1,949) |
| | ===== | ===== | ===== |

The total comprehensive expense for the period is attributable to the equity shareholders of the parent company Filtronic plc.

Condensed Consolidated Interim Balance Sheet
At 30 November 2020

| | Note | 30 November 2020 (Unaudited) £000 | 30 November 2019 (Unaudited) £000 | 31 May 2020 (Audited) £000 |
|--|------|--|--|-------------------------------------|
| Non-current assets | | | | |
| Goodwill and other intangibles | | 1,839 | 1,676 | 1,847 |
| Right of use assets | 7 | 2,394 | 2,493 | 2,685 |
| Property, plant and equipment | | 1,028 | 904 | 1,124 |
| Deferred tax | | 1,803 | 1,914 | 1,868 |
| | | <u>7,064</u> | <u>6,987</u> | <u>7,524</u> |
| Current assets | | | | |
| Inventories | | 3,348 | 3,936 | 2,945 |
| Trade and other receivables | | 4,203 | 4,770 | 4,848 |
| Cash and cash equivalents | | 1,621 | 121 | 2,028 |
| Assets held for sale | | - | 3,832 | - |
| | | <u>9,172</u> | <u>12,659</u> | <u>9,821</u> |
| Total assets | | <u>16,236</u> | <u>19,646</u> | <u>17,345</u> |
| Current liabilities | | | | |
| Trade and other payables | | 3,209 | 3,969 | 3,463 |
| Provisions | 8 | 932 | 1,849 | 1,110 |
| Deferred Income | | 566 | 73 | 568 |
| Financial liabilities | | 50 | 1,126 | 177 |
| Liabilities directly associated with assets held for sale | | - | 707 | - |
| Lease liability | | 849 | 588 | 662 |
| | | <u>5,606</u> | <u>8,312</u> | <u>5,980</u> |
| Long term liabilities | | | | |
| Financial liabilities | | - | - | 144 |
| Lease liability | | 1,363 | 1,981 | 1,867 |
| | | <u>1,363</u> | <u>1,981</u> | <u>2,011</u> |
| Total liabilities | | <u>6,969</u> | <u>10,293</u> | <u>7,991</u> |
| Net assets | | <u>9,267</u> | <u>9,353</u> | <u>9,354</u> |
| Equity | | | | |
| Share capital | 9 | 10,795 | 10,791 | 10,794 |
| Share premium | 10 | 11,011 | 10,941 | 11,000 |
| Translation reserve | | (593) | (613) | (552) |
| Retained earnings | | (11,946) | (11,766) | (11,888) |
| Total equity | | <u>9,267</u> | <u>9,353</u> | <u>9,354</u> |

The total equity is attributable to the equity shareholders of the parent company Filtronic plc.
Company number 2891064

**Condensed Consolidated Interim Statement of Changes in Equity
For the period ended 30 November 2020**

| | Share capital £000 | Share premium £000 | Translation reserve £000 | Retained earnings £000 | Total equity £000 |
|---|--------------------------|--------------------------|--------------------------------|------------------------------|-------------------------|
| Balance at 30 November 2019 | 10,791 | 10,941 | (613) | (11,766) | 9,353 |
| Loss for the period | - | - | - | (122) | (122) |
| New shares issued (net of issue costs) | 3 | 59 | - | - | 62 |
| Currency translation movement arising on consolidation | - | - | 61 | - | 61 |
| | ----- | ----- | ----- | ----- | ----- |
| Balance at 31 May 2020 | 10,794 | 11,000 | (552) | (11,888) | 9,354 |
| Loss for the period | - | - | - | (58) | (58) |
| New shares issued (net of issue costs) | 1 | 11 | - | - | 12 |
| Currency translation movement arising on consolidation | - | - | (41) | - | (41) |
| | ----- | ----- | ----- | ----- | ----- |
| Balance at 30 November 2020 | 10,795 | 11,011 | (593) | (11,946) | 9,267 |
| | ===== | ===== | ===== | ===== | ===== |

Condensed Consolidated Interim Cash Flow Statement
For the period ended 30 November 2020

| | 6 months Ended 30 November 2020 (Unaudited) £000 | 6 months Ended 30 November 2019 (Unaudited) £000 | Year Ended 31 May 2020 (Audited) £000 |
|--|---|--|--|
| Cash flows from operating activities | | | |
| Loss for the period from continuing operations | (58) | (765) | (518) |
| Loss for the period from discontinued operations | - | (1,068) | (1,437) |
| Gain on sale of the Telecoms Antenna Operation | - | - | (671) |
| Taxation | (85) | 103 | 100 |
| Finance income | - | - | (36) |
| Finance costs | 236 | 135 | 280 |
| | ----- | ----- | ----- |
| Operating profit/(loss) | 93 | (1,595) | (2,282) |
| Tax received/(paid) | 108 | (71) | 1,227 |
| Depreciation | 438 | 310 | 677 |
| Amortisation of intangible assets | 38 | 12 | 18 |
| Impairment of development costs | 45 | - | 89 |
| Movement in inventories | (403) | (1,703) | (731) |
| Movement in trade and other receivables | 645 | 409 | 85 |
| Movement in trade and other payables | (276) | 278 | (1,054) |
| Movement in provisions | (178) | (416) | (1,155) |
| Change in deferred income | (2) | (8) | 488 |
| | ----- | ----- | ----- |
| Net cash generated from/(used in) operating activities | 508 | (2,784) | (2,638) |
| | ----- | ----- | ----- |
| Cash flows from investing activities | | | |
| Acquisition of plant and equipment | (49) | (1,231) | (384) |
| Acquisition of intangible assets | (21) | (21) | (27) |
| Acquisition of right of use assets | (12) | - | (154) |
| Capitalised development costs | (52) | (385) | (678) |
| Proceeds on sale of assets | 4 | 1 | - |
| Proceeds on sale of the Telecoms Antenna Operation – net of sale costs | - | - | 3,652 |
| | ----- | ----- | ----- |
| Net cash (used in)/generated from investing activities | (130) | (1,636) | 2,409 |
| | ----- | ----- | ----- |
| Cash flows from financing activities | | | |
| Interest paid | (117) | (111) | (258) |
| Proceeds from bank loans and finance agreements | - | 2,047 | 192 |
| Repayment of bank loans and finance agreements | (272) | (117) | (202) |
| Repayment of lease liabilities | (331) | (125) | (375) |
| Proceeds from new shares (net of issue costs) | 11 | 229 | 290 |
| | ----- | ----- | ----- |
| Net cash (used in)/generated from financing activities | (709) | 1,923 | (353) |
| | ----- | ----- | ----- |
| Movement in cash and cash equivalents | (331) | (2,497) | (582) |
| Currency exchange movements | (76) | (7) | (15) |
| Opening cash and cash equivalents | 2,028 | 2,625 | 2,625 |
| | ----- | ----- | ----- |
| Closing cash and cash equivalents | 1,621 | 121 | 2,028 |
| | ===== | ===== | ===== |

Notes to the Condensed Financial Statements

1 Company information

Filtronic plc is a company registered and domiciled in the United Kingdom and is listed on the AIM market of the London Stock Exchange. The Company's registered number is 2891064. The address of the Company's registered office is Filtronic plc, Filtronic House, Unit 3, Airport West, Lancaster Way, Yeadon, West Yorkshire, LS19 7ZA.

Copies of the Company's annual report and interim financial report are available from the Company's registered office or the Company's website at www.filtronic.com.

2 Basis of preparation

Whilst the financial information included in this preliminary statement has been prepared on the basis of the requirements of IFRSs in issue, as adopted by the European Union and effective at 30 November 2020, this statement does not itself contain sufficient information to comply with IFRS.

These financial results do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim report should be read in conjunction with the annual report 2020, which includes annual financial statements for the year ended 31 May 2020. Those accounts have been reported on by the Company's auditor and delivered to the registrar of companies. The report of the auditor was (i) unqualified (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The condensed consolidated financial statements for the six months ended 30 November 2020 consolidate the financial statements of the Company and all of its subsidiaries (together referred to as the "Group"). Transactions between Group companies, which are related parties, have been eliminated upon consolidation and therefore do not require disclosure.

The condensed consolidated financial statements for the six months ended 30 November 2020 and comparative period have not been audited. The interim financial report for the six months ended 30 November 2020 was approved by the Board on 1 February 2021.

3 Going Concern

The business continuity plans implemented during the Covid-19 pandemic have limited the adverse impact to date with the Group trading resiliently through the crisis. However, the Board recognises the uncertain macroeconomic environment that the world now faces and has reviewed the business outlook to reflect this uncertainty. Cash flow forecasts have been prepared to model various scenarios over a three-year period based on the Group's financial and trading position, principal risks and uncertainties and strategic plans. A downside scenario was modelled where the pandemic may adversely affect forward-looking demand to levels significantly lower than those initially modelled in the base case scenario.

The downside scenario modelled demonstrates the Group has adequate cash and borrowing capacity, details of which are included in note 11, for the next twelve months and therefore the directors continue to adopt the going concern basis to prepare the accounts.

The directors have reviewed the projected cash flow and other relevant information and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the interim financial report.

4 Accounting estimates and judgements

The preparation of the financial statements requires the use of accounting estimates and judgements that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The accounting estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of the future that are believed to be reasonable under the circumstances. Actual results may differ from the expected results. 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. The accounting estimates and judgements that have a significant effect on the financial statements are considered in the Filtronic plc Annual Report for the year ended 31 May 2020 which can be found on the Filtronic website. Unless stated below there is no material change to those judgements from the Annual Report in the basis of calculation.

5 Segmental Analysis

Operating Segments

IFRS 8 requires consideration of the identity of the Chief Operating Decision Maker ('CODM') within the Group. In line with the Group's internal reporting framework and management structure, the key strategic and operating decisions are made by the Chief Executive Officer, who reviews internal monthly management reports, budget and forecast information as part of this. Accordingly, the Chief Executive Officer is deemed to be the CODM.

The CODM has identified one operating segment within the Group as defined under IFRS 8. In turn, this is the only reportable segment of the Group as the entities in the Group have similar products and services, production processes and economic characteristics. Therefore, there is no allocation of operating expenses, profit measures or assets and liabilities to specific commercial markets.

Accordingly, the CODM assesses the performance of the operating segment on financial information which is measured and presented in a manner consistent with those in the financial statements by reference to Group results against budget.

The Group profit measures are adjusted operating profit and adjusted EBITDA, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Group financial statements.

The Group has three customers representing individually over 10% each and in aggregate 93% of revenue.

Revenue by Destination

The revenue presented is based on the geographic location of customers receiving the product/service from the continuing operations.

| | 6 months Ended 30 November 2020 £000 | 6 months Ended 30 November 2019 £000 | Year Ended 31 May 2020 £000 |
|-------------------|---|--|---|
| Revenue | | | |
| United Kingdom | 1,687 | 2,119 | 4,764 |
| Europe | 2,642 | 2,659 | 7,985 |
| Americas | 1,494 | 2,472 | 3,945 |
| Rest of the world | 1,325 | 283 | 487 |
| | ----- | ----- | ----- |
| | 7,148 | 7,533 | 17,181 |
| | ===== | ===== | ===== |

5 Segmental Analysis (continued)

Revenue from sales

The revenue presented is based on the Group deriving revenue from product sales and those received from Non-Recurring Engineering (“NRE”) at a point in time when the performance obligation is satisfied.

| | 6 months Ended 30 November 2020 £000 | 6 months Ended 30 November 2019 £000 | Year Ended 31 May 2020 £000 |
|---------------------|---|--|---|
| Revenue | | | |
| Sales of product | 6,710 | 7,426 | 16,954 |
| NRE - point in time | 438 | 107 | 227 |
| | ----- | ----- | ----- |
| | 7,148 | 7,533 | 17,181 |
| | ===== | ===== | ===== |

6 Basic and diluted loss per share

| | 6 months Ended 30 November 2020 £000 | 6 months Ended 30 November 2019 £000 | Year Ended 31 May 2020 £000 |
|--|---|--|---|
| Continuing operations | (58) | (765) | (518) |
| Discontinued operations | - | (1,068) | (1,437) |
| | ----- | ----- | ----- |
| Loss for the period | (58) | (1,833) | (1,955) |
| | ===== | ===== | ===== |
| | ’000 | ’000 | ’000 |
| Basic weighted average number of shares | 213,898 | 211,482 | 211,021 |
| | ----- | ----- | ----- |
| Diluted weighted average number of shares | 213,898 | 211,482 | 211,021 |
| | ===== | ===== | ===== |
| Basic and diluted loss per share (pence) | | | |
| Continuing operations | | | |
| Basic and diluted loss per share | (0.03p) | (0.36p) | (0.25p) |
| | ===== | ===== | ===== |
| Discontinued operations | | | |
| Basic and diluted loss per share | - | (0.50p) | (0.68p) |
| | ===== | ===== | ===== |
| Total Group | | | |
| Basic and diluted loss per share | (0.03p) | (0.86p) | (0.93p) |
| | ===== | ===== | ===== |

7 Right of Use Assets

| | Property leases £000 | Plant and equipment £000 | Total £000 |
|--|----------------------------|--------------------------------|---------------|
| Cost | | | |
| At 31 May 2020 | 1,333 | 1,727 | 3,060 |
| Additions | - | 147 | 147 |
| Disposals | - | (208) | (208) |
| Exchange differences | (21) | (3) | (24) |
| | ----- | ----- | ----- |
| At 30 November 2020 | 1,312 | 1,663 | 2,975 |
| | ===== | ===== | ===== |
| Depreciation | | | |
| At 31 May 2020 | 226 | 149 | 375 |
| Provided in the year | 111 | 194 | 305 |
| Disposals | - | (91) | (91) |
| Exchange differences | (8) | - | (8) |
| | ----- | ----- | ----- |
| At 30 November 2020 | 329 | 252 | 581 |
| | ===== | ===== | ===== |
| Carrying amount at 31 May 2020 | 1,107 | 1,578 | 2,685 |
| Carrying amount at 30 November 2020 | 983 | 1,411 | 2,394 |
| | ===== | ===== | ===== |

The Group's lease commitments are made up of property leases and plant and equipment under asset finance agreements.

The Group leases office premises at its sites in Sedgefield and Yeadon in the UK, Salisbury, Maryland in the USA and a virtual office space in Suzhou, China. Leases remaining are between one and eight years.

8 Provisions

| | 6 months Ended 30 November 2020 £000 | 6 months Ended 30 November 2019 £000 | Year Ended 31 May 2020 £000 |
|--|---|--|---|
| Warranty provision | | | |
| Opening balance | 1,053 | 2,205 | 2,205 |
| Used during the year | (146) | (386) | (1,188) |
| Released during the year | (9) | - | (274) |
| Charge for the year | 9 | 14 | 301 |
| Currency translation movement | (31) | (39) | 9 |
| | ----- 876 ===== | ----- 1,794 ===== | ----- 1,053 ===== |
| | | | |
| | 6 months Ended 30 November 2020 £000 | 6 months Ended 30 November 2019 £000 | Year Ended 31 May 2020 £000 |
| Dilapidation provision | | | |
| Opening balance | 57 | 60 | 60 |
| Reclassification to assets held for sale | - | (5) | (5) |
| Exchange differences | (1) | - | 2 |
| | ----- 56 ===== | ----- 55 ===== | ----- 57 ===== |
| | | | |
| | 6 months Ended 30 November 2020 £000 | 6 months Ended 30 November 2019 £000 | Year Ended 31 May 2020 £000 |
| Total provision | | | |
| Warranty provision | 876 | 1,794 | 1,053 |
| Dilapidation provision | 56 | 55 | 57 |
| | ----- 932 ===== | ----- 1,849 ===== | ----- 1,110 ===== |

The provision for warranty relates to the units sold during the last two financial years and the remaining liability of the warranty settlement agreement for £0.4m (H1 2020: £1.6m). The provision is based on estimates made from historical warranty data.

The final £0.4m of the warranty settlement agreement was paid in December 2020.

9 Share Capital

| | Ordinary shares of 0.1p each issued and fully paid | |
|------------------------------------|--|---------------|
| | Number '000 | £000 |
| At 30 November 2019 | 211,482 | 10,791 |
| Exercise of employee share options | 2,216 | 3 |
| | ----- | ----- |
| At 31 May 2020 | 213,698 | 10,794 |
| Exercise of employee share options | 200 | 1 |
| | ----- | ----- |
| At 30 November 2020 | 213,898 | 10,795 |
| | ===== | ===== |

Holders of the ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at meetings of the Company.

10 Share Premium

| | £000 |
|------------------------------------|---------------|
| At 30 November 2019 | 10,941 |
| Exercise of employee share options | 59 |
| | ----- |
| At 31 May 2020 | 11,000 |
| Exercise of employee share options | 11 |
| | ----- |
| At 30 November 2020 | 11,011 |
| | ===== |

11 Analysis of net (debt)/cash

| | 1 June 2020 £000 | Cash Flow £000 | Other movements £000 | 30 Nov 2020 £000 |
|---------------------------------------|------------------------|-------------------|----------------------------|------------------------|
| Cash and cash equivalents | 2,028 | (331) | (76) | 1,621 |
| Bank loans | (209) | 209 | - | - |
| Lease liability – plant and equipment | (1,381) | 212 | (15) | (1,184) |
| Lease liability – property lease | (1,148) | 119 | 1 | (1,028) |
| | ----- | ----- | ----- | ----- |
| Net (debt)/cash | (710) | 209 | (90) | (591) |
| | ===== | ===== | ===== | ===== |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 30 November 2020, the Company had a £3.0m invoice discounting facility in place with Barclays Bank plc against the UK debtor book and a \$4.0m factoring facility with Wells Fargo against the US debtor book. There were no drawings on either of the facilities at 30 November 2020 (31 May 2020: undrawn).

The Company also has an overdraft facility with Barclays Bank plc of £0.5m that was put in place during the period. There were no drawings at 30 November 2020.

IFRS16 requires the recognition of property leases on the balance sheet which is classified as a debt item.