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PREPARING FOR GROWTH

Carclo plc Half Year Results to 30 September 2021

Investor Presentation

23/24 November 2021

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Nick Sanders
Executive Chairman

Phil White
Chief Financial Officer

Agenda

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- Overview
- Financial Results
- Summary and Outlook

Group H1 Overview

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Revenue

£58.7m

H1 2021:[2]
£50.0m

Underlying operating profit [1]

£3.7m

H1 2021:
£1.5m

Statutory op. profit

£5.8m

H1 2021:
£0.2m

Statutory profit/(loss) after tax

£5.5m

H1 2021:
£(1.3m)

Net debt

£28.4m

Sept 2020:
£29.4m

- Strong trading momentum and execution delivered significant growth in both revenues and underlying operating margins, ahead of expectations
  - Sales growth of 17.5%, led by 19.8% growth in CTP
  - Underlying operating profit more than doubled, to £3.7m, before one-off benefits
- Statutory profit after tax of £5.5m, includes non-trading credits of:
  - £2.1m US Covid-related grant income, £0.7m profit on discontinued operations, and £0.9m deferred tax credit
- Net cash inflow from operating activities from continuing operations £0.3m (H1 2021: £0.5m outflow)
- Net debt (inc. leasing liabilities) reduced £1.0m (Sep’ 20 £29.4m) to £28.4m
- Pension deficit (IAS19) reduced to £33.4m (Sep ‘20: £58.1m, Mar ‘21: £37.3m)
- Continuing to invest in CAPEX to support growth in line with our strategy

[1] Underlying is defined as excluding all separately disclosed and exceptional items.

[2] H1 2021 = 6 months ended 30 Sept 2020, H1 2022 = 6 months ended 30 Sept 2021

Divisional Overview

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- CTP
  - Continuing to win new business in medical and diagnostics sector
  - Tooling order intake strong
  - Strong performance despite operational and economic headwinds
    - Shortage of labour
    - Increased raw material and energy prices
    - Increasing logistics cost and lead times
  - Mitigating actions in place
    - Increased pay rates in US
    - Increased prices to customer
    - Holding more inventory
- Aerospace
  - Market starting to recover slowly
  - Order intake has exceeded sales in H1
  - Focus on winning new customers

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Phil White

Chief Financial Officer

Financial Results for the Half Year ended 30 September 2021

Profit Performance

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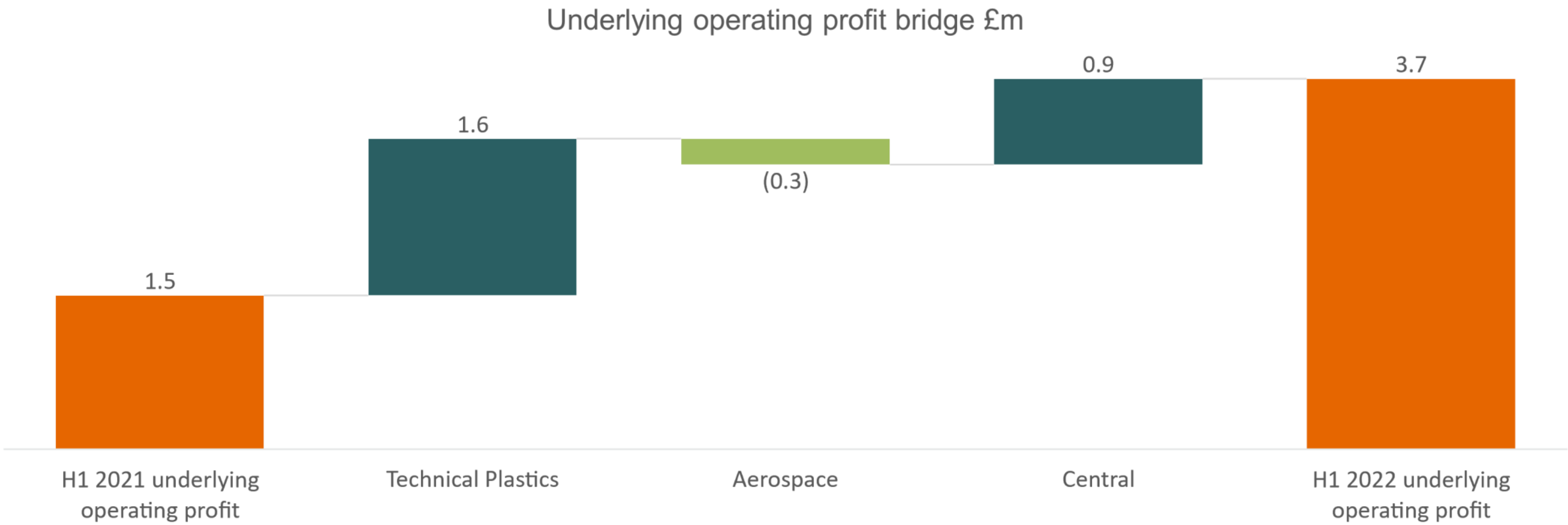
Profit improvement ahead of expectations despite increased post-Covid supply chain headwinds

	H1 2022 £m	H1 2021 £m
Revenue	**58.7**	50.0
Underlying[1] operating profit	**3.7**	1.5
Statutory operating profit	**5.8**	0.2
Statutory profit / (loss) after tax	**5.5**	(1.3)
Underlying[1] earnings per share	**2.5p**	0.0p
Basic earnings / (loss) per share	**7.5p**	(1.8p)

- Revenue up 17.5% by £8.7m despite COVID-19
- Underlying operating profit up 141%
- Underlying eps of 2.5p (H1 2021: 0.0p)
- Statutory profit after tax £5.5m (H1 2021: £1.3m loss)
- Basic eps of 7.5p (H1 2021: loss of 1.8p)

[1] Underlying is defined as excluding all separately disclosed and exceptional items.

Underlying operating profit bridge £m



- Underlying profit up by £2.2m to £3.7m (CTP up £1.6m, central costs reduced by £0.9m, Aerospace down £0.3m)

Cash and Balance Sheet Highlights

30 Sep 2021 v 30 Sep 2020

Strong balance sheet rebuild from greatly reduced pension deficit and retained profit

	H1 2022 £m	H1 2021 £m
Net cash from operating activities	**0.6**	(0.5)
Net debt excluding lease liabilities	**21.6**	24.4
Net debt	**28.4**	29.4
Investment in capex	**3.5**	0.8
Retirement benefit obligations (IAS19)	**33.4**	58.1
Net assets / (liabilities)	**17.1**	(13.3)

- £0.6m net cash flow from op. activities (H1 2021: £0.5m outflow)
- Net debt excluding lease liabilities down £2.8m to £21.6m, net debt down £1.0m to £28.4m
- Net debt up £0.8m to £28.4m since 31 Mar '21
  - Includes £3.5m inventory increase to protect supply chain risk
- Net assets £17.1m, up £30.4m since 30 Sep '20
  - £16.9m actuarial gains; (£0.7m) FX and other
  - £14.2m statutory profit
- Net assets up £9.2m since 31 Mar '21
  - £2.7m actuarial gains; £1.0m FX and other
  - £5.5m statutory profit
- Retirement benefit obligations reduced by £24.7m
  - Mainly higher discount and mortality rates

Group Net Debt H1 movement

(£0.8m increase from £27.6m to £28.4m)

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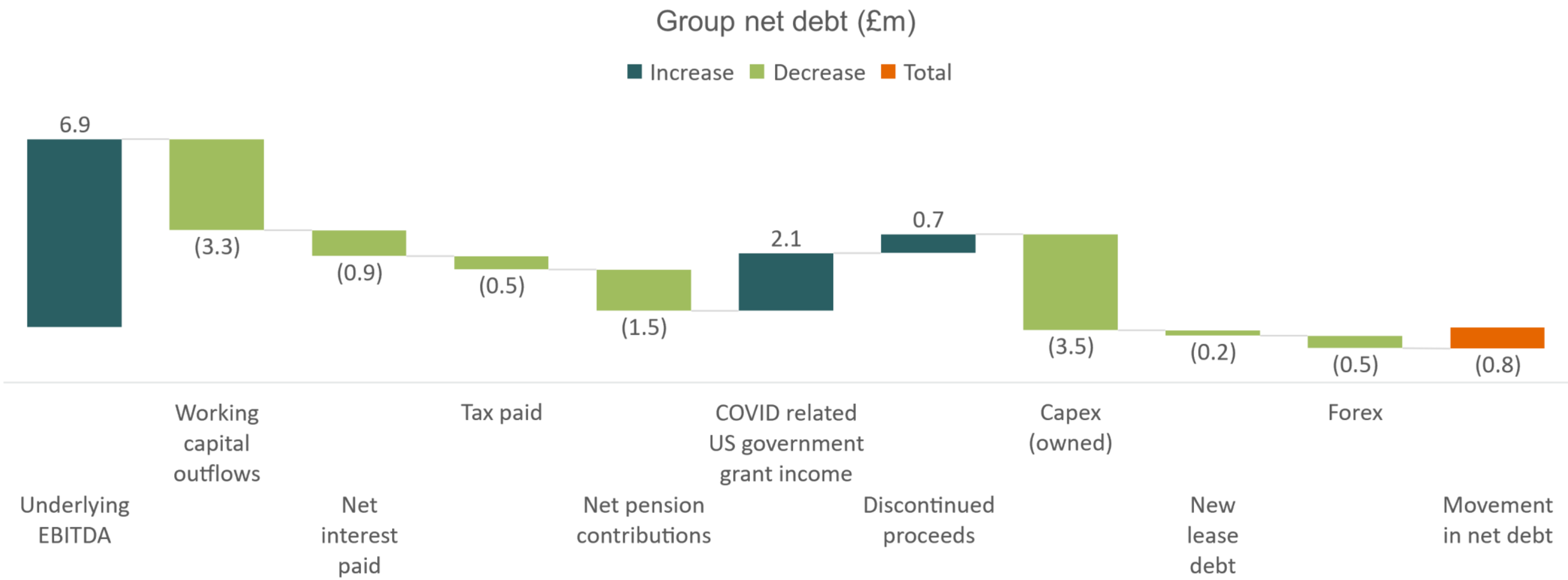

- Net debt increased in H1 by £0.8m to £28.4m. £9.7m of net debt reductions arose from:
  - £6.9m underlying ebitda, £2.1m US Covid loan forgiven, and £0.7m discontinued business
  - £10.4m of debt increases arose from:
    - £3.3m working capital increase, (£3.5m inventory trading volume increase and supply chain protection)
    - £1.4m finance costs of interest and tax
    - £1.5m net pension contributions
    - £3.5m capex adding capacity for growth
    - £0.2m net additions to lease debt and £0.5m exchange differences on translation

Pensions (IAS19) H1 movement

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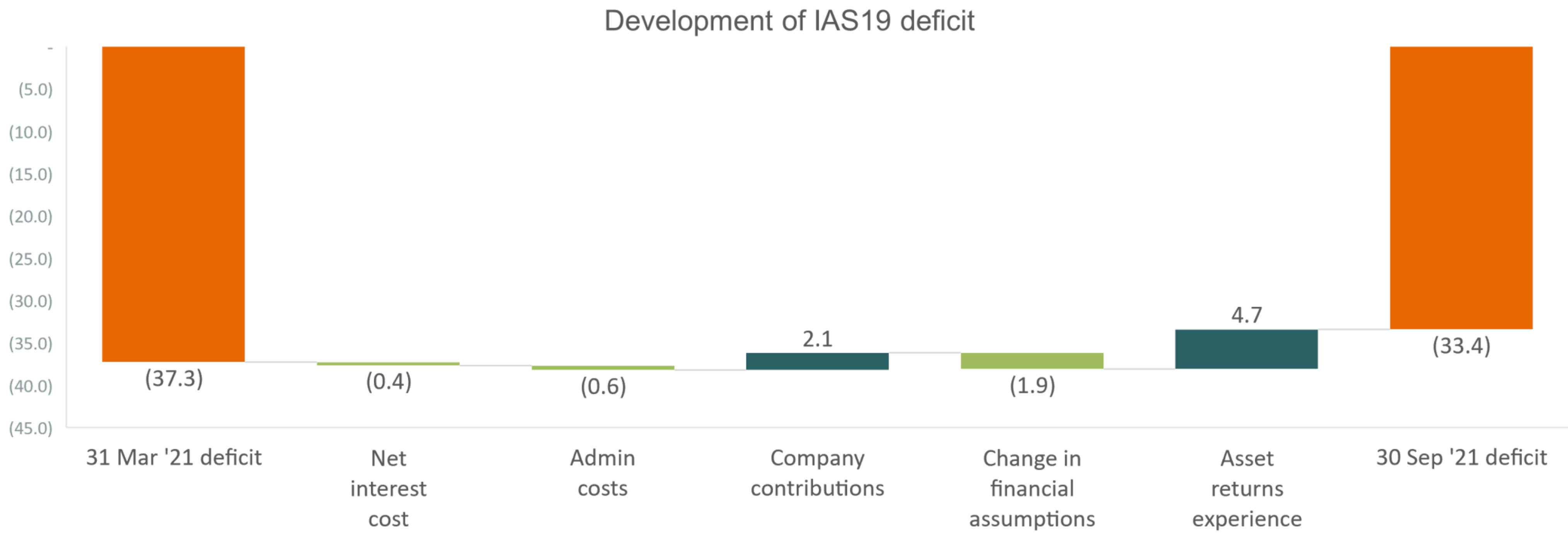

- H1 2022 reduction of £3.9m from enhanced contributions and higher asset returns
- No change since 31 Mar ‘21 on key discount rate and mortality assumptions, await 2021 triennial valuation outcome
- New initiatives introduced to provide enhanced member benefits and reduce liabilities
- New investment management and strategy introduced by pension trustees

CTP - Divisional Operating Performance

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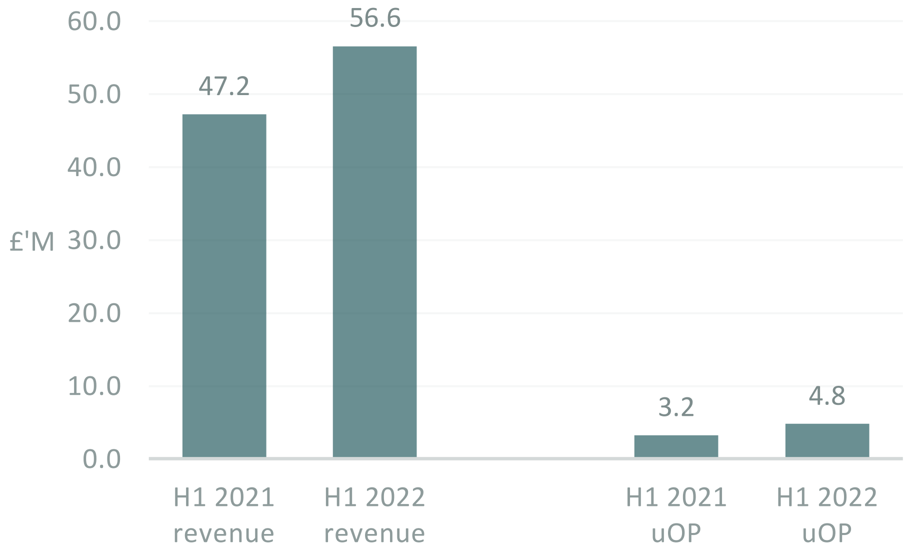
Carclo Technical Plastics – 6 Months to Sept 2021 Revenue and Underlying Op. Profit £m



CTP – Performance Summary

- Strong 19.8% revenue growth on new business
  - Product sales up 15.6% to £47.5m
  - Tooling sales up 48.2% to £9.1m
  - Tooling sales often lead to new product sales
- Underlying operating margin up from 6.8% to 8.5% of sales
  - Improved margin mix and partial price increase pass-through helped to mitigated increased supply chain costs
- Continuing to win new business in medical and diagnostics sector
- Tooling order intake strong
- Investment in CAPEX for future growth
- Outlook: continuing H2 product sales growth, slightly lower H2 margins, reflecting the current higher cost environment

Aerospace - Divisional Operating Performance

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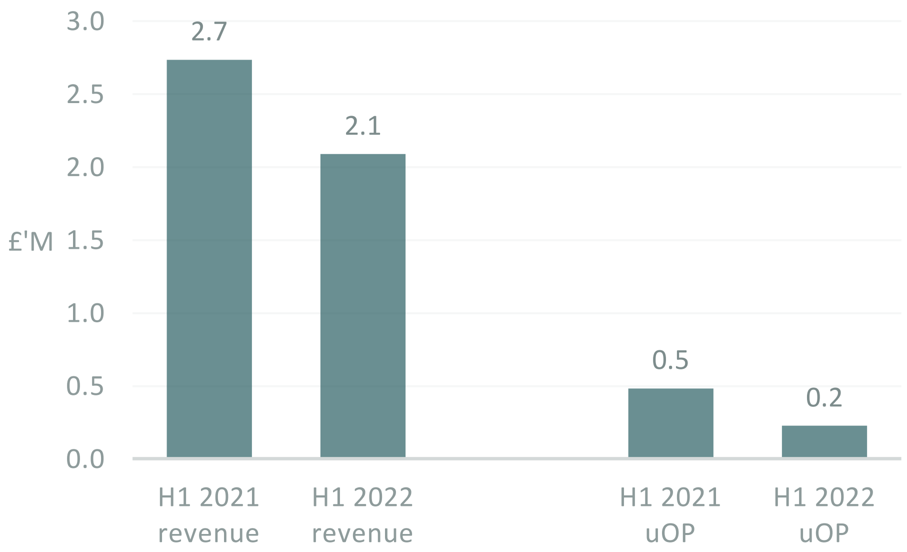
Aerospace – 6 Months to September 2021 Revenue and Underlying Op. Profit £m



Aerospace – Performance Summary

- Aerospace was hardest hit by Covid as a sector
  - £0.6m lower sales and £0.3m lower profit, but set against a challenging comparator which benefited from a significant pre-Covid order backlog
- C 3Yrs to recover market rates*, but positively:
  - H1 orders now exceeding sales levels
  - Still generating operating cash at its low point
  - Group impact is small in scale (<5% of Group sales)
- Growth initiatives under way
  - Good established niche & related markets to explore
- Outlook stable for the year, gradual medium-term improvement potential, but sector recovering more slowly

(*Source: leading OEMs forecast return to pre-Covid narrow body build rates within 3 years, providing the supply base can accommodate)

Summary and Outlook

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- Good performance in H1 despite post-Covid operational and economic headwinds
- Headwinds expected to last throughout second half, but mitigating actions in place
- Full year underlying operating profit anticipated to be slightly ahead of expectations, before one-off benefits
- Continuing to invest in CAPEX for future growth
- The Board continues to be encouraged by the progress being made in both operating divisions

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