**Registered number:
04303233**

# EQUIPMAKE HOLDINGS PLC

## UNAUDITED INTERIM RESULTS

## FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

**EQUIPMAKE HOLDINGS PLC**

**("Equipmake" or the "Company")**

**RESULTS FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023 AND TRADING UPDATE**

Equipmake, the UK-based engineering specialist pioneering the development and production of electrification products across the automotive, aerospace, bus, and coach industries, is pleased to announce its unaudited results for the six-month period ended 30 November 2023 ("H1 FY24") and a trading update for the financial year ending May 2024 ("FY24").

**Financial Highlights**

- H1 FY24 revenue (including grants) of £2.07m represents a 97% year-on-year increase (H1 FY23: £1.05m).
- Improvement in gross margins for repowered vehicles reported in Powertrain (inc. integration) (H1 FY24: 9.2%, full year FY23: -12.9% gross loss), reflects initial progress on the cost reduction initiatives that are expected to deliver further significant margin improvements in the near term.
- Operating losses of £2.97m, (H1 FY23: loss of £2.08m before exceptional items). The increase in administrative costs are aligned with our financial plan and reflect the expansion of the business since the IPO in July 2022.
- Contracted order book[1] of £11.17m as of 17 January 2024.
- Investment during H1 FY24 in tangible fixed assets and product development of £1.33m.
- Cash as of 30 November 23 was £3.91m (30 November 22: £7.44m).

**Operational Highlights**

- Delivered 7 repowered buses to First Group, increasing the in-service fleet to 12 vehicles, meeting all operational KPI's.
- Secured new bus re-powering orders totalling £3.23m from Newport Transport and Big Bus Tours.
- Commenced production-intent motor/inverter development project with Perkins Engines Company Ltd ("Perkins") (a wholly owned subsidiary of Caterpillar Inc., a global OEM leader in the Off-Road market), securing up to £3.24m of associated government grant funding through the Advanced Propulsion Centre UK ("APC") over the three-and-a-half-year life of the project.
- Secured an order from a global specialist vehicle OEM for £0.56m to integrate our Powertrain into an airside operational vehicle.
- Additional facility of 50,000 sq. ft fully operational, including relocation of vehicle repowering team.

**Trading update**

Since the end of H1 FY24 Equipmake has:

- Secured a second order from Big Bus Tours for a further 10 buses, totalling £1.75m.
- Secured a new order for £0.72m for a production-intent development project with H55, further supporting aerospace sector growth.
- Secured a second order from a global specialist vehicle OEM for £0.4M to provide 2 EV powertrains for airside operational vehicles.
- Strengthened the Executive team and Board with the appointment of Dr Nick Moelders as COO.
- Increased the pipeline of opportunities to enter US electric vehicle ("EV") markets, through a partnership models.

Whilst our order pipeline remains strong and our cost reduction initiatives remain on target to deliver the anticipated gross margin improvements, there have been some delays in implementation due to operational and supply chain challenges. As a result, the Company has taken a prudent approach to its production ramp up and anticipates revenue for the full financial year being below market expectations, however strong cost control measures mean that operating losses are expected to be broadly in line with market expectations.

**Commenting of the results and trading update Ian Foley, CEO of Equipmake said:**

I am pleased to share an update on our progress on delivering our ambitious strategy, as laid out originally at the time of our initial public offering in July 2022. We continue to see excellent demand for the leading-edge Electric Vehicle ("EV) products and integrated solutions that we can supply. Our half-year results demonstrate strong progress on our journey to building revenue and operational profitability with revenue in this half year of £2.1m, being 97% ahead of the equivalent period in FY23. We are increasing gross margins on repowering vehicles, whilst also investing in an additional facility and adding to our operations and sales teams. We are anticipating

[1] The contracted orderbook is orders that have been contracted but where revenue hasn't been recognised.

strong revenue growth in FY24 vs FY23, however we are anticipating this being lower than our previous revenue expectations for the full year.

As we have built our business over this interim period, we have been judicial in our approach to new opportunities, ensuring that we prioritise those directly in our target sectors (both end market and geography) and those that are most complementary in the nearer term with our existing product offering. Additionally, we have taken a view on opportunities that could build short-term revenue but would at this time not deliver the margins we require, ahead of our cost reduction initiatives being materially delivered by the end of FY24.

## CEO Statement

A key tenet of our value proposition has always been our state-of-the-art products, developed from 20 years of experience, that work seamlessly as an integrated EV solution for our customers. This provides a strong competitive positioning for those very substantial markets where customers have specific needs to repower from ICE, or to develop new product, that requires proven, expertly engineered EV product in what remains an emerging field of technology. In this interim period, we have not only secured substantial new orders from new customers, but also extended our capacity and in-house capabilities through targeted investment and driven hard on productionising to realise unit cost reductions that are already beginning to have an impact.

### Strengthening the Leadership Team

I was delighted earlier this month to announce the appointment of Dr Nick Moelders to the Board as COO, replacing James Bishop. Nick brings a wealth of proven delivery capability in our sector, as well as significant knowledge and network in the US market.

In his most recent role, Nick led the development and scaling to production of the electrification division of Sensata, a $5bn market cap Tier 1 and 2 sensor business. This is the latest step of an ongoing process by the Board to ensure the Company has the scope and scale of leadership talent to deliver its strategy.

### Equipmake Strategy

We firmly believe that the world is on an irreversible path to far greater electrification, and the transport sector is front and centre of that. The internal combustion engine has dominated this sector for over 100 years, from micro-mobility to passenger cars, mass transit and industrial vehicles. All these applications are, and will continue, transitioning to electrification. Opportunities abound for those companies that offer proven, high quality EV products and systems that are fit for purpose. The overall transport market for electrification is enormous, and the sub-sectors of that, including mass transit (bus & coach), industrial (generally off-road) and aerospace each represent very significant market segments, in their own rights. Even when further segmented into new vehicles and solutions to repower existing vehicles – necessary in many sectors to meet new emission targets in time - the addressable markets remain enormous. These markets are our North Star, and we think carefully about how we will be successful in our chosen ones, using common core products and Zero Emission Drivetrain solutions from our established portfolio.

The adoption of many new technologies follows a well-researched “S curve”, with 3 phases: early adoption then rapid acceleration, followed by maturity. These periods of new technology adoption often result in existential crises for incumbents and create opportunities for new entrants who can think differently, and deliver real product, when it is needed. One particular feature of large incumbents, and why they often struggle, is their need to operate out-dated facilities and supply chain models which attempt to compromise customers’ needs into existing business models and product solutions. This is the advantage that new entrants, particularly those with vertically integrated product solutions like ours that are designed to meet today’s customers’ needs, bring to the competitive landscape. The strong value proposition of the integrated solutions approach we have is substantial and worthy of highlight.  We design, engineer and manufacture our own motors, inverters, control units and other key components in house, providing us not only with huge flexibility to meet our customers’ requirements, but also strong cost competitive advantage. Many of our competitors purchase these components externally at retail prices and consolidate them into their “solutions”. The economics of these operating models are materially different, providing a distinct cost and flexibility advantage to Equipmake, something we increasingly see in our conversations with customers.

Our long-established presence in the EV sector, delivering products for many years into different end markets has prepared us well for scaling our activities, as the adoption cycle moved from early adoption into rapid acceleration. We are addressing the challenges of driving costs from our products as volume has increased and have also proven our ability to consistently deliver high quality, customer-ready products that literally hit the ground running. Our market-leading uptime within the buses we have repowered to date is a strong testament to this, as are the repeat orders we are seeing across our customer base. Building the business does take time, and creating the customer relationships and driving product costs down also consumes time and other resources on the path to true scaling.

We are seeing our strategy play out as anticipated, although taking a little longer in this phase than we had originally planned, as we became more selective in the opportunities we pursue whilst we ensured our product costs and manufacturing capabilities were ready for the next phase. We have successfully built relations (and taken initial orders) with several global customers and, whilst this has taken some time, the future business potential from these customers is very significant.

**Vehicle Repowering and Original Equipment supply – Equipmake positioning**

Repowering is the process of converting an existing vehicle (usually powered via an ICE) to a Zero Emission Drivetrain powered vehicle. Original Equipment (”OE”) supply is the supply of EV components or wider systems to customers that manufacture new vehicles.

Equipmake is addressing both these market opportunities in particular sectors, within repowering most notably bus, coach and industrial vehicles, with OE adding aerospace as a further market.

Repowering enables us to address substantial markets that exist today and that we believe will continue to grow for many years. It provides the opportunity to prove our products in multiple real-world uses, build our knowledge, customer base and reputation. Examples are our repowering with First Group (13 vehicles), Big Bus Tours (now 20), and Newport Transport (8).

Simultaneously, we are building our capability and product offering to scale into the OE market. Our recent announcement with Perkins, where we are now developing motor and inverter products for potential future OE application, is a recent example. Perkins is a wholly owned subsidiary of Caterpillar, the world’s largest off-road vehicle manufacturer. Perkins specialise in the supply of diesel engines for niche off road applications, manufacturing 200,000 units per annum at their Peterborough factory. Under the terms of our contract, Equipmake will design and manufacture bespoke motors and inverters for a “drop in” replacement for a diesel engine. Under this project Equipmake will develop a bespoke motor / inverter which will be integrated by Perkins into a hybrid system. The project is part funded with a grant to Equipmake of up to £3.2m from the Advanced Propulsion Centre. The target is to begin production in 2028.

Prior to awarding this project, Caterpillar undertook 12 months’ due diligence comparing Equipmake technology and production readiness with competitors.

A further example of our expanding product offering is our presence in the EV Fire Truck market, where we supply Emergency One, the largest Fire Truck manufacturer in the UK (80% UK market share). Through this relationship we have delivered a complete drivetrain for REV Group, the second largest manufacturer of Fire Trucks in the US. Emergency One are marketing their product, with the Equipmake powertrain, globally, with the first European order taken. REV Group have begun production delivery in North America with further orders being taken. A final example is our work with a Global ground support equipment company to supply a full electric drivetrain for a special vehicle application. Equipmake’s vertical integration capability was key with the ability to deliver the project within 6 months.

**Other commercial initiatives**

Our project to develop an aerospace certified electric motor to integrate with a full electric powertrain being developed by H55 continues on target. We recently won the next stage of this contract for £0.7m for the development of the production version.

In May we announced entering into a licence agreement with Sona Comstar in India. Sona is a leading manufacturer of low voltage automotive motors, selling over two million units per annum, including to customers outside India such as General Motors and Ford. Sona has licenced certain motors and inverters from Equipmake to support their entry into the high voltage traction market in India. Their initial focus is buses, and the parties are working to accelerate the start of production, which is currently targeted by the end of the 2025 calendar year.

**Opportunities in the USA**

Following approaches from potential partners we have recently begun a review of the growing opportunity to supply our products in the USA, initially focussed on repowering of existing ICE buses. The opportunity is significant, with appealing economics and substantial volume of existing vehicles that would be suitable for repower. There are over 80,000 transit buses in the USA, and almost 500,000 school buses.

Our intention is to leverage our existing IP through high quality partnerships to address different sectors and territories. However, if the review deems an alternative approach is more appropriate, then we will modify our strategy accordingly. We have identified a number of such partners and evaluation is underway, to build suitable business and supply chain models that optimise our economics and manage any execution risks.

In summary, we have successfully completed the delivery of vehicles into service, the orderbook is building, and interest in repowering is increasing. We remain confident in achieving our margin targets. We have signed 2 major Global OEMs as customers and we are seeing increasing interest in our value proposition.

## CFO Statement

The financial performance for H1 of FY24 shows year-on-year revenue growth (including grants) of 96.5%, including the delivery of 7 repowered buses into service for First York, taking the in-service fleet up to 12 buses for this client. We have continued to invest in collaborative R&D and the funding of the grant projects secured during the past 12 months has contributed to the year-on-year revenue growth. Total gross margin for H1 of FY24 includes a £157k gross loss on grants due to the partially funded nature of these match-funded projects. Whilst grant projects are extremely valuable to the business, funding levels for current projects is between 50% and 60% of costs incurred, which translates in a reported gross loss for grant funded projects.

Excluding grants, there was improvement in margin rates across key product lines but the overall blended gross margin of 14.65% (H1 FY23: 18.3%) was lower than the previous year, due to a difference in product mix.

The 34.8% growth in administrative costs is a reflection of the business expansion and capability development that has taken place since the IPO in July 2022, including:

- the addition of a 50,000 sq. ft unit to support the production of vehicle repowers,
- significant investment in headcount. Total headcount increased by 30 people or 37% over the past 12 months (November 2023: 111, November 2022: 81).

Other operating income, which primarily consists of the gross RDEC revenue, shows a year-on-year increase of 28.7% and should continue to compare favourably to prior year figures following the increase in the RDEC rate from 13% to 20% from April 2023.

During H1, £653k of development costs have been capitalised, reflecting the ongoing investment in products and system development. The £678k investment in tangible fixed assets relates to plant and machinery for the new production site.

As part of our strategy to manage supply chain risks, we have invested significantly in stock over the past 12 months. The £1.8m increase since May 23 is primarily to support the delivery of revenue in the second half of FY24.

The cash balance of £3.9m at the end of November [2023] was aligned with our expectations following the investments made during the first half of the year.

**EQUIPMAKE HOLDINGS PLC**

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023**

| | Note | Period Ended 30 November 2023 (Unaudited) £ | Period Ended 30 November 2022 (Unaudited) £ | Year Ended 31 May 2023 (Audited) £ |
|---|---|---|---|---|
| Revenue | 2 | 2,072,750 | 1,054,857 | 5,053,540 |
| Cost of sales | | (1,949,576) | (823,889) | (3,845,263) |
| **Gross profit** | | 123,174 | 230,968 | 1,208,277 |
| Administrative expenses | | (3,267,845) | (2,423,063) | (5,346,307) |
| Other operating income | | 196,801 | 152,968 | 280,658 |
| Share based payment charge | | (26,831) | (40,749) | (475,321) |
| Exceptional items | | - | (615,064) | (615,064) |
| **Operating loss** | | (2,974,701) | (2,694,940) | (4,947,757) |
| Interest receivable and similar income | | 35,414 | 13 | 16,908 |
| Interest payable and similar expenses | | (20,786) | (66,346) | (86,505) |
| **Loss before taxation** | | (2,960,073) | (2,761,273) | (5,017,354) |
| Tax on loss | 3 | (17,862) | (24,775) | 185,979 |
| **Loss for the period** | | (2,977,935) | (2,786,048) | (4,831,375) |
| **Total comprehensive income for the period** | | (2,977,935) | (2,786,048) | (4,831,375) |
| **Loss for the period attributable to:** | | | | |
| Non-controlling interests | | - | - | - |
| Owners of the parent Company | | (2,977,935) | (2,786,048) | (4,831,375) |
| | | (2,977,935) | (2,786,048) | (4,831,375) |
| Basic loss per share in pence | 5 | (0.3) | (0.4) | (0.6) |

## EQUIPMAKE HOLDINGS PLC

## INTERIM CONSOLIDATED BALANCE SHEET
## AS AT 30 NOVEMBER 2023

| | Note | 30 November 2023 (Unaudited) £ | 30 November 2022 (Unaudited) £ | 31 May 2023 (Audited) £ |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Intangible assets | | 1,390,816 | 460,418 | 783,037 |
| Tangible assets | | 1,286,999 | 604,516 | 772,681 |
| | | 2,677,815 | 1,064,934 | 1,555,718 |
| **Current assets** | | | | |
| Stocks | | 4,743,020 | 1,638,213 | 2,958,325 |
| Debtors: amounts falling due within one year | | 2,418,113 | 1,820,115 | 4,501,978 |
| Cash at bank and in hand | | 3,913,331 | 7,442,678 | 6,999,686 |
| | | 11,074,464 | 10,901,006 | 14,459,989 |
| Creditors: amounts falling due within one year | | (2,514,085) | (2,047,254) | (1,957,276) |
| **Net current (liabilities)/assets** | | 8,560,379 | 8,853,752 | 12,502,713 |
| **Total assets less current liabilities** | | 11,238,194 | 9,918,686 | 14,058,431 |
| Creditors: amounts falling due after more than one year | | (385,772) | (328,853) | (255,183) |
| **Provisions for liabilities** | | | | |
| Other provisions | | - | (99,080) | - |
| **Net (liabilities)/assets** | | 10,852,422 | 9,490,753 | 13,803,248 |
| **Capital and reserves** | | | | |
| Called up share capital | 4 | 95,101 | 82,353 | 94,823 |
| Share premium | | 19,128,427 | 13,217,647 | 19,128,427 |
| Other reserves | | 5,748,311 | 5,748,311 | 5,748,311 |
| Profit and loss account | | (15,195,796) | (10,172,534) | (12,217,861) |
| Share-based payments reserve | | 1,076,379 | 614,976 | 1,049,548 |
| **Equity attributable to owners of the parent Company** | | 10,852,422 | 9,490,753 | 13,803,248 |
| Non-controlling interests | | - | - | - |
| | | 10,852,422 | 9,490,753 | 13,803,248 |

**EQUIPMAKE HOLDINGS PLC**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023**

| | Called up share capital | Share premium | Other reserves | Profit and loss account | Share-based payments reserve | Equity attributable to owners of parent Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **At 1 June 2023 (Audited)** | 94,823 | 19,128,427 | 5,748,311 | (12,217,861) | 1,049,548 | 13,803,248 | - | 13,803,248 |
| **Total comprehensive income for the year** | | | | | | | | |
| Loss for the period | - | - | - | (2,977,935) | - | (2,977,935) | - | (2,977,935) |
| Issue of shares | 278 | - | - | - | - | 278 | - | 278 |
| Share-based payments movement | - | - | - | - | 26,831 | 26,831 | - | 26,831 |
| **At 30 November 2023 (Unaudited)** | 95,101 | 19,128,427 | 5,748,311 | (15,195,796) | 1,076,379 | 10,852,422 | - | 10,852,422 |

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE SIX MONTHS ENDED 30 NOVEMBER 2022

| | Called up share capital | Share premium | Other reserves | Profit and loss account | Share-based payments reserve | Equity attributable to owners of parent Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **At 1 June 2022 (Audited)** | 50,000 | - | 5,748,311 | (7,386,486) | 574,227 | (1,013,948) | - | (1,013,948) |
| **Total comprehensive income for the year** | | | | | | | | |
| Loss for the period | - | - | - | (2,786,048) | - | (2,786,048) | - | (2,786,048) |
| Loan conversion | 8,824 | 3,741,176 | - | - | - | 3,750,000 | - | 3,750,000 |
| Issue of shares | 23,529 | 9,976,471 | - | - | - | 10,000,000 | - | 10,000,000 |
| Share issue costs | - | (500,000) | - | - | - | (500,000) | - | (500,000) |
| Share-based payments movement | - | - | - | - | 40,749 | 40,749 | - | 40,749 |
| **At 30 November 2022 (Unaudited)** | 82,353 | 13,217,647 | 5,748,311 | (10,172,534) | 614,976 | 9,490,753 | - | 9,490,753 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 MAY 2023

| | Called up share capital | Share premium | Other reserves | Profit and loss account | Share-based payments reserve | Equity attributable to owners of parent Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| | £ | £ | £ | £ | £ | £ | £ | £ |
| **At 1 June 2022 (Audited)** | 50,000 | - | 5,748,311 | (7,386,486) | 574,227 | (1,013,948) | - | (1,013,948) |
| **Total comprehensive income for the year** | | | | | | | | |
| Loss for the year | - | - | - | (4,831,375) | - | (4,831,375) | - | (4,831,375) |
| Total transactions with owners | | | | | | | | |
| Loan conversion | 8,824 | 3,741,176 | - | - | - | 3,750,000 | - | 3,750,000 |
| Issue of shares | 35,999 | 16,199,001 | - | - | - | 16,235,000 | - | 16,235,000 |
| Share issue costs | - | (811,750) | - | - | - | (811,750) | - | (811,750) |
| Share-based payments charge | - | - | - | - | 475,321 | 475,321 | - | 475,321 |
| **At 31 May 2023 (Audited)** | 94,823 | 19,128,427 | 5,748,311 | (12,217,861) | 1,049,548 | 13,803,248 | - | 13,803,248 |

EQUIPMAKE HOLDINGS PLC

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

| | Period Ended 30 November 2023 (Unaudited) £ | Period Ended 30 November 2022 (Unaudited) £ | Year Ended 31 May 2023 (Audited) £ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss for the financial year | (2,977,935) | (2,786,048) | (4,831,375) |
| **Adjustments for:** | | | |
| Amortisation of intangible assets | 45,381 | - | 27,380 |
| Depreciation of tangible assets | 139,403 | 83,436 | 187,108 |
| Loss on disposal of tangible assets | 24,390 | (15,617) | (14,951) |
| Interest paid | 20,786 | 66,346 | 86,505 |
| Interest received | (35,414) | (13) | (16,908) |
| RDEC Taxation credit (net) | (152,709) | (105,619) | (197,854) |
| SME R&D credit | (17,958) | - | (232,389) |
| (Increase)/decrease in stocks | (1,784,695) | (830,238) | (2,150,351) |
| (Increase)/decrease in debtors | 1,834,183 | 206,230 | (2,137,644) |
| Increase/(decrease) in creditors | 511,736 | (62,609) | (156,025) |
| Increase/(decrease) in provisions | - | 55,023 | (44,057) |
| Corporation tax received | 435,575 | - | - |
| Share-based payments charge | 26,831 | 40,749 | 475,321 |
| **Net cash generated from operating activities** | **(1,930,426)** | **(3,348,360)** | **(9,005,240)** |
| **Cash flows from investing activities** | | | |
| Purchase of tangible fixed assets | (678,111) | (170,696) | (443,198) |
| Sale of tangible fixed assets | - | 25,500 | 25,500 |
| Intangible assets – capitalisation of development costs | (653,161) | (460,418) | (810,417) |
| **Net cash from investing activities** | **(1,331,272)** | **(605,614)** | **(1,228,115)** |

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
## FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

| | Period Ended 30 November 2023 (Unaudited) £ | Period Ended 30 November 2022 (Unaudited) £ | Year Ended 31 May 2023 (Audited) £ |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| New finance leases and hire purchase contracts | 255,324 | 106,779 | 106,779 |
| Repayment of obligations under finance leases and hire purchase contracts | (79,662) | (68,370) | (144,177) |
| Interest paid | (20,786) | (17,853) | (32,434) |
| Interest received | 20,189 | 13 | 3,540 |
| Issue of ordinary shares | 278 | 13,750,000 | 16,235,000 |
| Conversion of convertible loan | - | (3,750,000) | - |
| Share issue costs | - | (500,000) | (811,750) |
| **Net cash from financing activities** | **175,343** | **9,520,569** | **15,356,958** |
| **Net increase/(decrease) in cash and cash equivalents** | **(3,086,355)** | **5,566,595** | **5,123,603** |
| Cash and cash equivalents at beginning of year | 6,999,686 | 1,876,083 | 1,876,083 |
| **Cash and cash equivalents at the end of period** | **3,913,331** | **7,422,678** | **6,999,686** |
| **Cash and cash equivalents at the end of period comprise:** | | | |
| Cash at bank and in hand | 3,913,331 | 7,422,678 | 6,999,686 |
| | **3,913,331** | **7,422,678** | **6,999,686** |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE SIX MONTHS ENDED 30 NOVEMBER 2023

### 1. Basis of preparation

The group consists of the parent Equipmake Holdings PLC and subsidiary Equipmake Limited. All group entities are included within the consolidation.

These interim consolidated financial statements are for the six months to 30 November 2023. The interim results are not audited and are not the statutory accounts of the group as defined in section 434 of the Companies Act 2006.

The accounting policies and presentation that have been applied in preparing the interim consolidated financial statements are consistent with those applied in the preparation of the group's annual report and financial statements for the year ended 31 May 2023, which were prepared under FRS 102. These interim consolidated financial statements should be read in conjunction with the annual report.

**Going concern**

These financial statements have been prepared on a going concern basis. The Directors have reviewed the financial forecasts and have identified a potential requirement to raise additional funding over the next 12 months. Whilst the Directors expect that additional funding can be raised, this presents a material uncertainty which may cast doubt over the Company's ability to continue as a going concern and therefore its ability to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on a basis other than the going concern basis.

Whilst the Directors acknowledge the uncertainty described above, they have concluded that on the basis of expected cashflows and available sources of finance, that the Company will continue as a going concern for at least 12 months from the date of signing these financial statements and therefore it remains appropriate to use the going concern basis for preparation.

## 2. Segmental Reporting and Turnover

Segmental information is presented in respect of the Group's operating segments based on the format that the Group reports to its chief operating decision maker, for the purpose of allocating resources and assessing performance. The Group considers that the chief operating decision maker comprises the Executive Directors of the business.

The Directors manage the Group as a single business delivering electric power train solutions across a range of markets. Information that was made available to the chief operating decision maker in the reporting period included a split of gross margin by customer project, and therefore segmental information is presented along the same lines. Operating segments that share similar characteristics have been aggregated where the criteria for aggregation have been met.

### Segmental Analysis for the Six Months Ended 30 November 2023 (Unaudited)

| | Powertrain (inc. vehicle integration) | Powertrain (supply only) | EV components | Engineering projects | Other | **Total (excluding Grants)** | Grants | **Total** |
|---|---|---|---|---|---|---|---|---|
| Turnover | 1,260,000 | 259,048 | 140,926 | 251,319 | - | **1,911,293** | 161,456 | **2,072,750** |
| Cost of sales | (1,144,584) | (216,244) | (84,269) | (186,204) | - | **(1,631,300)** | (318,275) | **(1,949,576)** |
| **Gross Margin** | 115,416 | 42,804 | 56,657 | 65,116 | - | **279,993** | (156,819) | **123,174** |
| Administrative expenses | - | - | - | - | - | - | - | **(3,294,676)** |
| Other operating income | - | - | - | - | - | - | - | **196,801** |
| **Operating loss** | - | - | - | - | - | - | - | **(2,974,701)** |
| Net interest | - | - | - | - | - | - | - | **14,628** |
| **Loss before taxation** | - | - | - | - | - | - | - | **(2,960,073)** |
| Tax on loss | - | - | - | - | - | - | - | **(17,862)** |
| **Loss for the financial year** | - | - | - | - | - | - | - | **(2,977,935)** |

## 2. Segmental Reporting and Turnover (continued)

### Segmental Analysis for the Year Ended 31 May 2023 (Audited)

| | Powertrain (inc. vehicle integration) | Powertrain (supply only) | EV components | Engineering projects | Other | **Total (excluding Grants)** | Grants | **Total** |
|---|---|---|---|---|---|---|---|---|
| Turnover | 900,000 | 849,700 | 1,575,545 | 1,311,951 | 300,000 | **4,937,196** | 116,344 | **5,053,540** |
| Cost of sales | (1,016,277) | (875,551) | (956,171) | (831,472) | - | **(3,679,471)** | (165,792) | **(3,845,263)** |
| **Gross Margin** | (116,277) | (25,851) | 619,374 | 480,479 | 300,000 | **1,257,725** | (49,448) | **1,208,277** |
| Administrative expenses | - | - | - | - | - | - | - | **(6,436,692)** |
| Other operating income | - | - | - | - | - | - | - | **280,658** |
| **Operating loss** | - | - | - | - | - | - | - | **(4,947,757)** |
| Net interest | - | - | - | - | - | - | - | **(69,597)** |
| **Loss before taxation** | - | - | - | - | - | - | - | **(5,017,354)** |
| Tax on loss | - | - | - | - | - | - | - | **185,979** |
| **Loss for the financial year** | - | - | - | - | - | - | - | **(4,831,375)** |

## 2. Segmental Reporting and Turnover (continued)

Analysis of turnover by class of business:

| | 30 November 2023 | 30 November 2022 | 31 May 2023 |
|---|---|---|---|
| | (Unaudited) | (Unaudited) | (Audited) |
| | £ | £ | £ |
| Powertrain (inc. vehicle integration) | 1,260,000 | 180,000 | 900,000 |
| Powertrain (supply only) | 259,048 | 185,000 | 849,700 |
| EV components | 140,926 | 434,843 | 1,575,545 |
| Engineering projects | 251,319 | 209,023 | 1,311,951 |
| Grants receivable | 161,456 | 45,991 | 116,344 |
| Other | - | | 300,000 |
| | 2,072,750 | 1,054,857 | 5,053,540 |

Analysis of turnover by destination:

| | 30 November 2023 | 30 November 2022 | 31 May 2023 |
|---|---|---|---|
| | (Unaudited) | (Unaudited) | (Audited) |
| | £ | £ | £ |
| United Kingdom | 1,716,027 | 361,288 | 2,550,385 |
| Rest of Europe | 299,223 | 352,904 | 1,265,000 |
| Asia (exc. Far East) | - | - | 300,000 |
| Rest of world | 57,500 | 340,665 | 908,955 |
| Far East | - | - | 29,200 |
| | 2,072,750 | 1,054,857 | 5,053,540 |

## 3. Taxation

The tax charge has been estimated for the six months to 30 November 2023 based on the anticipated tax rate and estimates of eligible R&D expenditure against which a research and development expenditure credit (RDEC) and SME credit can be claimed for the period. The gross RDEC claim is included within other operating income and the SME tax credit in taxation.

## 4. Share Capital

| | 30 November 2023 (Unaudited) £ | 30 November 2022 (Unaudited) £ | 31 May 2023 (Audited) £ |
|---|---|---|---|
| **Allotted, called up and fully paid** | | | |
| 951,004,051 Ordinary shares (Nov 2022 - 823,529,409) of £0.0001 (Nov 2022: £0.0001) each | 95,101 | 82,353 | 94,823 |

The following amendments to Share Capital took place in the period:

| | |
|---|---|
| **At 30 November 2022 - Ordinary shares of £0.0001 each** | 82,353 |
| Share issue – 124,700,000 Ordinary Shares of £0.0001 each | 12,470 |
| **At 31 May 2023 - Ordinary shares of £0.0001 each** | 94,823 |
| Share issue - 2,775,132 Ordinary Shares of £0.0001 each | 278 |
| **At 30 November 2023 - Ordinary shares of £0.0001 each** | 95,101 |

## 5. Earnings per share

The calculation of basic loss per share of 0.3 pence for the six months ended 30 November 2023 is based on the loss for the period of £2,977,935 and the weighted average number of shares in issue during the period of 948,456,879.

The group was loss-making for all periods presented in these statements; therefore, the dilutive effect of share options has not been taken into account in the calculation of diluted earnings per share, since this would decrease the loss per share for each reporting period.

## 6. Share-based payments

The company operates a share-based remuneration scheme for employees, directors and stakeholders. A charge has been recognised in respect of employee share options in the period based on the fair value of the options at the grant date, estimated using the Black Scholes model.

No new options were granted in the 6 months to 30 November 2023.

| | 30 November 2023 (Unaudited) £ | 30 November 2022 (Unaudited) £ | 31 May 2023 (Audited) £ |
|---|---|---|---|
| Equity-settled schemes recognised in the profit or loss for the period | 26,831 | 40,749 | 475,321 |
| | 26,831 | 40,749 | 475,321 |