



RC FURNAX
Our Expertise, Your Future

RC FURNAX

CORPORATE PRESENTATION

February 2025

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COMPANY OVERVIEW

RC FORNAX

Differentiated consultancy business providing **outcome-based** engineering solutions to UK defence industry

Specialises in **formation and deployment** of high-quality project and engineering teams

Profitable, fast-growing business since formation

Admitted to AIM in February 2025

ASPIRATIONS

Act as a **key enabler** for large organisations, generating £100m+ of revenue and internationalising the business

Focus on **next generation technologies** with a set of tools and methodologies for proving safety and functionality of AI based designs in safety critical systems

Position as an **SME Integrator**, harnessing capabilities through partnerships and acquisitions to offer value proposition to MoD

FY24 PBT: **£0.8m**

FY24 Revenue: **£6.5m**



ASPIRATIONS TO GROW TO £100M+ OF REVENUE IN THE MEDIUM TERM, accelerated by technology innovation and M&A

KPI'S

100%
revenue CAGR from FY22

3,000
approx. registered engineers

10
customers / frameworks

99%
on time delivery of projects

40%
target gross margin

INTRODUCTION

LEADERSHIP TEAM



PAUL REEVES

Founder & Chief Executive Officer

A 12-year veteran of the Royal Air Force working as an engineer

Delivering several high value product developments in land, air and sea domains for prime defence organisations

Recognised the opportunity to improve efficiency and accountability on defence programmes, and therefore set up RC Fornax in 2020



ROB SHEPHERD

Chief Financial Officer

Held a number of Executive and Non-Executive Director roles dating back to 2007

Acted as Finance Director of AIM-quoted business, Molecular Energies, until June 2024 after it had delisted

Previously was an Oil & Gas investment banker at ABN Amro for ten years



DANIEL CLARK

Co-Founder & Chief Operating Officer

A 12-year veteran of the Royal Air Force, working as an engineer

Subsequently worked as a contractor, providing Quality Management services to the aerospace & defence and medical devices industries

Responsible for the day-to-day operations of RC Fornax

HISTORY

RC Fornax was formed to define and execute engineering design projects under Statements of Work, to enhance and augment customer capabilities while improving project efficiency

Existing routes for clients are traditional consultancies or recruitment solutions. Industry is plagued with slow-moving firms providing mass-market style service

RC Fornax is the **differentiated solution**, providing the benefits of traditional consultancies and recruitment solutions without suffering the drawbacks of either

IR35 capability enables RC Fornax to engage all areas of the talent market, meaning the company is well-positioned to capitalise on **increased global defence spending** and the continued pivot of large organisations from labour-based support to outcome-based services

DIFFERENTIATED PROPOSITION TO TRADITIONAL RECRUITERS AND CONSULTANCIES

Quality

Forming bespoke teams from contracting workforce to get the precise skills and experience fit ensuring quality of deliverables

Speed

Our model facilitates rapid formation of project teams, a big issue in the defence industry often leading to project delays

Familiarity

RC Fornax is formed by individuals who truly understand their customer needs as they've worked with them to deliver projects

Flexibility

Incremental delivery mechanism supports customers used to incurring penalties for changing scope with suppliers

Transformation

We support the transition from labour-based contracts to outcome-based services with hands on support



RAPIDLY GROWING BUSINESS

Revenue CAGR of 100% from FY22



CASH GENERATIVE

on limited investment



ENGINEERING COMMUNITY

3,000 registered engineers

HOW RC FORNAX DIFFERENTIATES ITSELF



Project professionals not recruiters

Engineers and project professionals with strong track records



High Impact SQEP

Specialising in higher end skillsets from the flexible workforce



Speed and flexibility

A material hindrance to the UK Defence industry



IR35 Processes

Effective management of contractor IR35 needs throughout engagement



Supporting your transformation

Meeting clients' needs throughout the lifecycle

INVESTMENT CASE

A veteran-founded niche consultancy with ambition to disrupt the defence industry

HIGH RETURNS BUSINESS

Revenue CAGR from FY22

100%

FY24 revenue

£6.5m

FY24 PBT

£0.8m

SINCE FORMATION IN 2020

Accredited

Became a fully accredited ISO 9001:2015 Certified and JOSCAR registered business

Landed

Established customer relationships and framework agreements with 10 blue chip defence contractors

Growth

Significant financial growth, already profitable and cash generative

Capability

Developed an associate community of 3,000 engineers with specialised skillsets

IR35

Effective management of contractor IR35 needs throughout engagement

CERTIFICATIONS AND MEMBERSHIPS

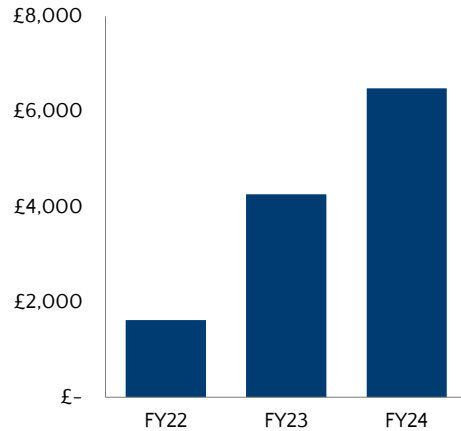


FINANCIAL PERFORMANCE – SUMMARY

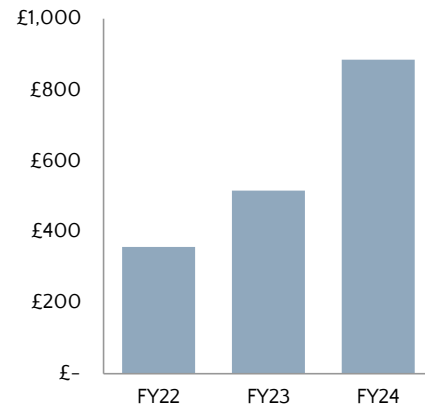
Rapid growth since formation

£'000 Y/E AUGUST	FY22	FY23	FY24
Revenue	£1,619k	£4,264k	£6,495k
Gross profit	£613k	£1,140k	£1,634k
Margin %	37.8%	26.7%	25.2%
EBITDA	£357k	£516k	£885k

REVENUE (£'000)



EBITDA (£'000)



Y/E AUGUST £'000	FY22	FY23	FY24
Profit before tax	£354k	£476k	£797k
D&A	£3k	£4k	£32k
Changes in Working Capital	£(26)k	£284k	£(306)k
Increase in lease liability	-	£26k	£75k
Tax paid	£(67)k	£(93)k	£(205)k
Net cash flow from operations	£264k	£697k	£393k
Purchase of fixed assets	£(8)k	£(26)k	£(81)k
Cash used in investing activities	£(8)k	£(26)k	£(81)k
Leases	-	£(1)k	£(31)k
Loan drawdown / repayment	£(53)k	£191k	£323k
Dividends paid	£(54)k	£(439)k	£(565)k
Net cash from financing activities	£(107)k	£(249)k	£(273)k
Net cash flow	£149k	£422k	£39k
Cash at beginning of period	£2k	£151k	£573k
Cash at end of period	£151k	£573k	£612k

THE COMPANY

FLEXIBLE SERVICES IN A CHANGING WORLD

	TEAM AUGMENTATION		OFFLOAD / OUTSOURCING		
	Effort Based	Outcome Based	Embedded	Aligned	Full
Service Description	Individual bringing skills and expertise across a project	Individual providing outcome-based services to a project	Team embedded into a customer project team with a coherent overarching scope	Team delivering an apportioned piece of a client's project alongside their team	Team delivering a fixed outcome on behalf of customer
Project Management	No	Yes			
Billing	Time & Material	Milestones			
Risk	Customer	Shared		RC Fornax	

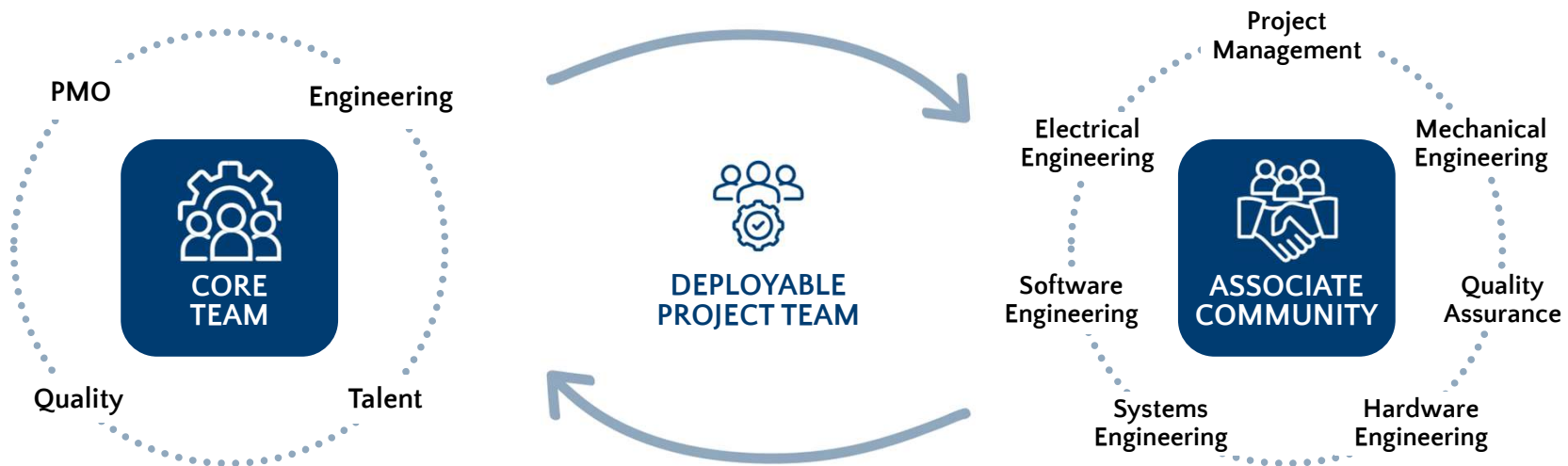
ASSOCIATE COMMUNITY

RC Fornax: By Contractors, For Contractors...

- Management's former experiences means they have detailed knowledge of the benefits and drawbacks of working as a contractor
- RC Fornax is not simply building a database of profiles but is bringing together a key area of the workforce
- Key component to flexibility is RC Fornax's ability to carefully select and utilise highly talented and technically capable engineers

RC FORNAX PLAN A RANGE OF BENEFITS TO THOSE CONTRACTORS WHO JOIN ITS ASSOCIATE COMMUNITY:

- Invitations to community events
- Access to forums for technical reach back and work discussion.
- A detailed digital profile allowing for a selection of work-based status and reputation
- IR35 determinations, evidence gathering and investigation protection
- Visibility of internal R&D projects for additional earning opportunities
- Performance based payments for early deliverable and client feedback



CASE STUDY

LARGE DEFENCE ORGANISATION A

Revenue: £0.5 million



SERVICE TYPE
Outsourcing



CONTRACT TYPE
Firm Price



IR35 STATUS
Outside

WHAT

Customer requirement was to investigate database technologies for new concepts on next generation aircraft. RC Fornax's distinctive proposition enabled experts from other areas of the industry to be engaged for feasibility assessments of existing and new technologies.

HOW

Project team of four identified and deployed at pace and a feasibility study was undertaken to assess new technologies as well as off the shelf systems against key performance criteria.

RC Fornax's approach to flexibility was demonstrated by a need to change the team formation mid project due to evolving requirements. With an alternative supplier, this would be a costly contract change.

RESULT

All deliverables produced in line with statement of work including a technology roadmap supporting future customer integration of technology to platform development.

Customer schedule reduced by four weeks and budget reduced by 10%. Savings passed to customer.



CASE STUDY

LARGE DEFENCE ORGANISATION B

Revenue: £1.3 million



SERVICE TYPE
Embedded



CONTRACT TYPE
Cost Plus



IR35 STATUS
Customer Led

WHAT

Customer strategic direction set to move towards outcome-based services and outsource more work.

Did not have internal capacity to generate contractable Statements of Work or have reliable suppliers to outsource to in key capability areas.

Customer was unable to engage with outside IR35 talent market due to internal constraints.

HOW

RC Fornax worked with the customer to produce a transformation plan, enabling work to continue on-track by supplying required SQEP direct to project while offering a route to outsourcing using the same team.

Two teams of four deployed on-site covering systems, mechanical and electrical engineering disciplines.

RESULT

First competition for six resources distributed to suppliers. RC Fornax won four of these resource allocations.

Due to the success of team one, the second team was directly sourced from RC Fornax without competition. Support to additional projects is now in discussion.



ADDRESSABLE MARKET



ADDRESSABLE MARKET

RC Fornax is supplying a growing market as defence spending increases in multiple territories

Competitors in this space have shown strong growth in 2023:

- PA Consulting - £790 million revenue in 2023 vs £785 million in 2022
- Morson - £1.3 billion revenue in 2023 vs £1.2 billion in 2022

As development cycles for new products become ever more complex and costly, large defence organisations are seeking more innovation and agility from the supply chain, placing an emphasis on more outsourcing to derisk development.

ANNUAL DEFENCE SPENDING (BN) 2014-2023 AMONGST TOP 5 NATO SPENDERS

	2014	2023
United States (\$)	653.9	875.6
Germany (€)	34.7	67.6
United Kingdom (£)	39.9	61.9
France (€)	39.1	54.9
Italy (€)	18.4	31.3

Rising national and global defence spending creates new opportunities for the defence consultancy industry



The UK's defence spending for the 2023/24 financial year amounted to £54.2 billion. The Spring Budget 2023 introduced additional allocations to this sector, with £5 billion earmarked for the following two fiscal years (2023/24 and 2024/25). Furthermore, an extra £2 billion per annum was allocated for the subsequent years up to 2027/28. This results in a cumulative increase of £11 billion in defence expenditure over the five-year period.*

These budgetary commitments seem unlikely to change given the geopolitical environment with Russia's invasion of Ukraine, ongoing tensions in the Middle East, China's ongoing belligerence, and the unprecedented rise in global defence spending. Global military expenditure has now reached a record high of \$2440bn.**

*Research Briefing: UK defence spending, House of Commons Library. Published 3rd May 2024.

**As recorded by the Stockholm International Peace Research Institute.

BARRIERS TO ENTRY



Gaining accreditations

RC Fornax holds the required accreditations to carry out business in the defence sector



Becoming approved suppliers on frameworks

RC Fornax is approved on major frameworks and positioned to bid on new projects



Establishing relationships with tier 1 suppliers

With over 10 direct buyer relationships with the highest spending defence organisations, RC Fornax will continue to expand, supporting new projects, sites and business areas



Developing capability through a community of engineers

With 3,000 registered engineers and a heavy focus on systems, software and hardware engineering, RC Fornax is ready to support even specialist and niche requirements

THE FUTURE



LONG TERM GROWTH



TEAM EXPANSION

Investment in hiring and infrastructure to win new contracts

Robust foundations in place for continued growth with new and existing clients

Begin to offer permanent employment alongside contract work to increase capabilities and reduce cost – **aspiration to have employee / contractor split of 20% vs 80%**



NEW INDUSTRIES

Initial target sectors:
Automotive and Renewables

2025 hiring to support this growth pillar – initial focus on Sales and Recruitment specialists



NEW TERRITORIES

Leverage expertise on multinational development programmes

Team to be deployed to remote satellite outposts

Establish in markets with rapid increases to defence spending



PROJECT FAS-G

AI tool to automate creation of Statements of Work

Represents one of the largest barriers to entry for customers wishing to outsource more

R&D expected to take 18 months



Grow the team

Increase team to 100 associates booking to projects

Focus on larger, embedded teams



Expansion with current clients

Take advantage of existing relationships to support more projects, locations and business areas



Conversion of existing opportunities

Continue to produce compelling bids, increasing win rates on frameworks that have significant demand



New client wins

Onboarding of new sales team and bids team to perform Business Development activity while exploiting frameworks RC Fornax is approved on



AUTOMATED STATEMENT OF WORK GENERATOR PROJECT FAS-G

Producing SoWs represent one of the largest barriers to entry for offload of service

Large defence organisations struggle to have the **right skills and/or capacity** to do so effectively organisations struggle

RC Fornax is therefore seeking to develop an AI-powered tool capable of:

- taking **generic inputs** readily available (e.g. project schedule);
- **analysing the inputs** for unallocated tasks; and
- producing a Statement of Work **that meets strict quality control checks** and is contractable
- This will be the first in a series of technology projects as RC Fornax seek to produce a set of methodologies and tools to support the integration of AI-based design on safety critical systems.

DEVELOPMENT IS EXPECTED TO TAKE 18 MONTHS



SME INTEGRATION

Once established as a key enabler for large defence organisations, we will then seek to position as an SME integrator, harnessing the capabilities of SMEs with the ultimate aim of supporting the MoD deliver on their SME action plan.

We anticipate this will:

- Enable the delivery of higher value projects to customers; and
- to contract directly with MoD – this supports the MoD’s strategy of increasing the robustness and diversity of the defence supply chain

Successful execution will increase M&A opportunities, when initial targets will be organisations with manufacturing capabilities in order to diversify offering from design, to full turnkey solutions covering design and manufacture.

CONCLUSION

SUMMARY

A compelling investment into a profitable, fast-growing business

1

IP

Detailed knowledge of the sector with a distinctive associate community position

Established relationships with blue chip customer base

Significant achievement to overcome sector specific barriers to entry

2

GROWTH

With defence budgets increasing globally, RC Fornax intends to capitalise on the growing market

Growing top line at 100% CAGR since FY22 with limited investment, recent IPO will accelerate growth

Strong pipeline of opportunities, focussing on larger embedded teams

3

ASPIRATIONS

£100m+ of revenue in the medium term

Offer value proposition to MoD with SME integration strategy

Accelerate growth through technology innovation and M&A

Increase employee numbers vs contract work to increase capabilities and improve margins – aspiration to have employee / contractor split of 80% / 20% by 2027

APPENDICES



NON-EXECUTIVE DIRECTORS



MARK FAHY

Non-Executive Chairman

Former Head of UK Primary Markets at the London Stock Exchange

20+ years of experience in Corporate Finance, with a strong focus on Capital Markets

Spent 14 years at London Stock Exchange Group Plc

Currently serves as a Senior Investment Manager at the British Business Bank



KIRI CAVILL

Independent Non-Executive Director

A seasoned leader with 20+ years of board-level experience across consumer technology, real estate, finance and fintech.

Currently an Executive Director at Hawk Group, specialising in debt, equity, and private equity investments.

A Chartered Director (C.Dir) and Associate of the Chartered Institute of Marketing (ACIM).



DAVID HITCHCOCK

Independent Non-Executive Director

Currently a Senior Advisor at Pension SuperFund and Disruptive Capital, specialising in pension scheme consolidation and private market investments.

Held roles at Aberdeen Standard Investments, as well as a Managing Director at JP Morgan and an Associate at Goldman Sachs.

A former British Army Captain, David is Chairman of Haberdashers' Monmouth Schools' Charitable Development Trust and a Trustee of the Royal Welsh (23rd/24th/41st Foot) Benevolence and Welfare Funds.

MODEL COMPARISON BASED ON EXPERIENCE OF THE DIRECTORS



TRADITIONAL CONSULTANCIES

Not all capabilities that exist are available when the client needs them

Utilisation rates will drive the proposed teams

Requirements will need to be clearly defined

The breadth of capabilities covered by niche consultancies is typically limited

Time Capabilities are available based on utilisation elsewhere

May not driven to offer knowledge transfer

Off-site work less collaborative and higher barriers (e.g. security)



RECRUITMENT COMPANIES

May lack the technical expertise to understand requirements

Will often have an extensive list of open requirements and priority of client could be unclear

Administration burden remains for profile reviews and interviews

Often no capabilities to cover more than T&M e.g. no SoW writing or project management in-house

Selection and onboarding process can be slow, while the contract market moves fast, this could lead to having to commence searches over again



RC FORNAX

Offers full suite of services, from T&M to fully outsourced delivery

Breadth of capability due to the model of utilising the associate community, generic to specialist skillsets

Time to get on contract and work start is extremely quick

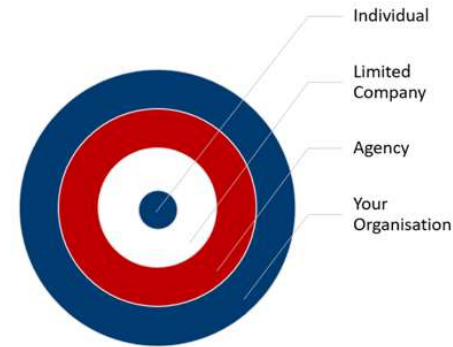
Reduces the client's administrative burden by taking responsibility for team selection

Team will always be the precise skills and experience fit, not based on factors such as utilisation

IR35 – RC FORNAX

Capability supports RC Fornax’s aim to engage all areas of the talent market, meaning the company is well-positioned to capitalise on increased global defence spending and the continued pivot of large organisations from labour-based support to outcome-based services

Contract Labour



You are responsible party for all IR35 determinations.

- You carry the risk
- Lower candidate quality & higher costs when sourcing inside IR35
- When an outside role becomes available the contractor will leave

Resourcing Agreement	Labour Contracts
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The purpose of IR35 is simply to determine who should be classed as an employee for tax collection (inside IR35) and who is a genuine contract worker (outside IR35).

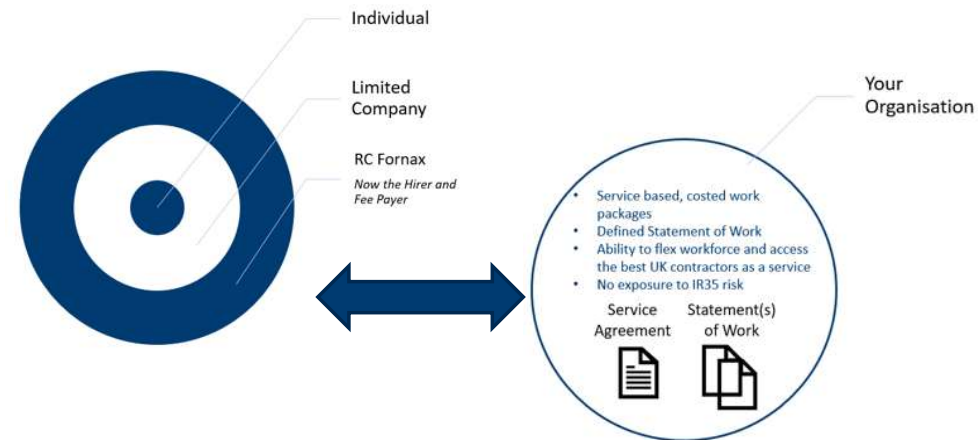
Many large organisations lack in house expertise and capacity to make accurate determinations for the volume of PSCs engaged. As a result, many roles are determined to be inside IR35 when they could or should be outside IR35.

When a role is inside IR35, the contractor take home pay decreases by c. 25%, which will likely lead to an increased cost of services.

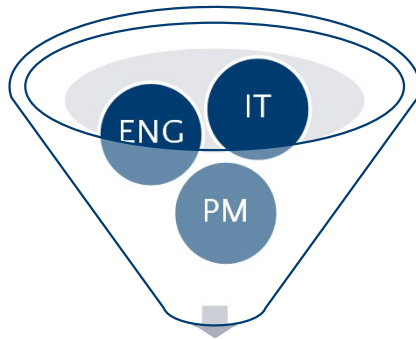
The risk is incorrectly determining as outside IR35 would lead to recovery of the additional tax liabilities.

RC Fornax mitigates this through process, training staff and using leading toolsets to ensure accurate determinations are produced, evidence is gathered, and tax investigation insurance policies are in place.

Services Procurement



IR35 SCENARIO



80% INSIDE IR35

Failing Projects and Rising Costs



10 continue to work **INSIDE IR35**

TEMPORARY REPRIEVE WITH UNHAPPY CONTRACTOR



10 agree to working inside IR35 and absorb the additional costs of tax and national insurance contributions, reducing income by c. 25%. The majority in this category are unhappy and actively looking for another opportunity.



20 require a rate increase @ 30%

CIRCA ~ 576k ANNUAL COST INCREASE

Note: Example figures based on starting rate of £50 per hour, average 40 hrs per week & 48 weeks per year



20 Agree to work inside IR35 but demand a 20-30% increase in rate to cover the additional tax and national insurance contributions. Based on an average hourly rate of £50, 40 hours per week, 48 weeks per year, this represents increased costs of £576k per year to be absorbed by the business



10 give notice and leave

PROJECTS FAIL



10 reject the offer to work inside IR35, give notice and leave. This places additional stress on projects they're involved in, causing schedule delays, overworked permanent employees, additional costs through LDs / extended durations and more.

CASE STUDY
LARGE ORGANISATION C

Revenue: £172k



SERVICE TYPE
Capability
Uplift



CONTRACT TYPE
Firm Price



IR35 STATUS
Outside

WHAT

Customer was designing a simulated training environment for pilots of in-service fast jet aircraft

Critical milestones (penetration testing) were due and unlikely to be met by the customer's project team due to a shortage of skills

Existing routes to market weren't providing the correct SQEP

HOW

Deployment of two specialist configuration management engineers to the customer's site

Project management services also provided to ensure deliverables were met

Work undertaken to baseline hardware and software infrastructure and produce a new Configuration Management Plan

RESULT

All deliverables completed on time in accordance with the Statement of Work

Team successfully baselined hardware and software infrastructure

As a result of this success, a framework for supporting the wider customer team has been drafted and discussions for services are ongoing



CERTIFICATIONS AND MEMBERSHIPS



A membership body who connect members of the defence industry through events based activity. They have a service called ADS Vetting which we use to obtain the appropriate security clearances for workers



The Armed Forces Covenant is a promise by the nation ensuring that those who serve or have served in the Armed Forces, and their families, are treated fairly. By signing up to the covenant, you commit to supporting this promise.



ISO 9001 is an international standard that outlines the requirements for a Quality Management System (QMS). It's the most widely used QMS standard in the world and is requested when onboarding with large defence organisations



Cyber Essentials is a Government-backed and industry-supported scheme that helps businesses protect themselves against the growing threat of cyber attacks and provides a clear statement of the basic controls organisations should have in place to protect themselves



This is an invitation only membership that creates individual company profiles for companies like ours and acts as a centralised repository for buyers to access information and facilitate onboarding. Before JOSCAR, all large buyers would have a number of forms and processes you would have to answer each time you were onboarding with a buyer.



Similar to ADS, another membership body that focus on championing SMEs and connecting with buyers. They host great 'Meet the Buyer' style events which is where most of our initial client relationships were formed.

THANK YOU