

Engineering pioneer Tharsus invests for future despite seeing dip in profits and sales

Engineering group Tharsus has told how it is continuing to invest despite seeing revenues and profits fall in the face of tough market conditions.

The Blyth business – a specialist in complex metal work and UK robotics – manufactures products for the likes of DHL, Ocado and Small Robot Co from its three Northumberland factories, which have seen significant recent investment.

Now the company has issued accounts for the year ended November 30 2022 which show how group revenues dropped 14.5% to £77.3m due to tough market conditions and expected reductions in legacy customer volumes. The previous year's pre-tax profit of £4.5m fell to a loss of £618,000 and underlying operating profit came in at £2.3m, down from £5.8m.

Read more: [Chamber impacted by end of Government contract but cites optimism for region's future](#)

Total comprehensive income for the year was £814,320, down from £3.95m. The drop in turnover and profit follows a period of strong growth during the Covid lockdown periods when the transition to automated systems was accelerated by many firms.

The company highlighted how, following the Covid lockdowns in 2020 and 2021, the technology manufacturing sector has seen a challenging business landscape. While consumers adjusted to hybrid lifestyles, rising inflation rates have impacted costs, affecting supply chains and tightening capital markets.

Many technology companies have reported sales demand softening and funding becoming harder and more expensive to secure, especially for earlier stage businesses and Tharsus said this market environment had affected its customers' demands, adversely affecting sales volumes in the period.

Despite the external market headwinds, the group said it continued to provide innovative development and manufacturing services to its customers, with highlights including the manufacture of the 10,000th robot for Ocado after a nine-year partnership. While continuing to focus on the logistics automation sector, Tharsus has been busy developing strong partnerships with customers in new sectors including, electrification, health tech, and food.

The firm's growth strategy includes the introduction of its own automation technology and during the year Tharsus invested over £2.8m in the development of VersaTile – the family name for its own logistics automation products for which it owns the intellectual property, following the filing of several patents in the year.

The company's subsidiary Universal Wolf saw difficult market conditions triggered by the Russian invasion of Ukraine, with supply chain challenges and exceptionally high cost increases for metal materials, energy and labour. Universal Wolf's turnover dropped 14.4% from £16.3m to £13.9m.

Overall, the group maintained a strong balance sheet with net assets of £15.7m, which founder Brian Palmer said gives a strong foundation to build the future of the group.

In a report within the accounts, he said: "The group has invested significantly in the last few years in preparation for future significant growth and, having delivered a number of successful strategic machine development projects, is now well placed to win and deliver additional similar long term contracts in the advanced machine and robots marketplace. The

group is actively targeting sales in market sectors which fit with our capabilities and markets which are expected to show strong growth. The group intends to diversify its customer base through these sales initiatives.

“At the same time there has been significant development work in the last two years in relation to the group’s own products. The group is now exploring customer applications of the products and potential customer trials to further progress the products towards commercial success.”

Following the release of the accounts, Mr Palmer added: “I am pleased to report a solid performance from Tharsus Group despite the difficult trading conditions for our customers and our company. With a strong financial foundation, we have continued to invest in our future, making progress in the development of game-changing logistics automation products which we’re trialling with customers. I am grateful to all our Tharsus Group colleagues for their innovation and resilience, and to our partners for their collaboration in pursuit of delivering tech that matters.”