

Holders Technology plc
 (" Holders Technology", the "Company" or the "Group")
 Half Year Report

Holders Technology, (AIM: HDT), is pleased to announce its unaudited half year results for the six months ended 31 May 2022.

Highlights

Holders Technology operates as a lighting and wireless control solutions ("LCS") provider and supplies specialty laminates and materials for printed circuit board ("PCB") manufacturers.

Unaudited results for the half year ended 31 May 2022 are summarised as follows:

| | | 2022 | 2021 |
|----------------------------|-------|---------|-------|
| | | £'000 | £'000 |
| Revenue | LCS | 2,227 | 1,991 |
| | PCB | 1,227 | 3,798 |
| | Total | 3,454 | 5,789 |
| Gross profit | | 1,207 | 1,718 |
| Margins | | 34.9% | 29.7% |
| Overheads | | 1,450 | 1,616 |
| Operating (loss)/ profit | | (243) | 102 |
| Finance expense | | (1) | (10) |
| Income from joint ventures | | 18 | 12 |
| (Loss)/ profit before tax | | (226) | 104 |
| Taxation | | - | - |
| (Loss)/ profit after tax | | (226) | 104 |
| (Loss)/ earnings per share | | (5.35p) | 2.46p |
| Interim dividend per share | | 0.50p | 0.50p |
| Net assets per share | | 99p | 95p |

Chairman's statement

Half year ended 31 May 2022

The Group has undergone a transformation during the last two financial years. In 2021, the Group disposed of its lower growth, lower margin PCB consumable activities. During 2022 the Group has refocused on its continuing specialist PCB businesses and invested further in the LCS divisions. Details of this are set out below.

Revenue for the 6 months to 31 May 2022 was £3,454,000. Revenue for the 6 months to 31 May 2021 ("H1 2021") from the continuing business (i.e. excluding discontinued PCB revenues) was £3,373,000, and therefore growth from the continuing revenues was 3.3%. This figure however does not include the Group share of joint venture revenues of £193,000 (2021: 48,000); if this is included then Group revenue growth was 7.5%.

Gross margins increased from 29.7% to 34.9%, and the pre-tax Group result was a loss of £226,000 (H1 2021: profit of £104,000).

LCS

UK revenue growth was strong however market demand in Germany was weakened by project delays and cancellations. LCS revenue increased by 11.9% overall to £2,227,000 (2021: £1,991,000) and by 18.7%, when including the Group share of the joint venture revenue. We have continued to invest across the Group in staff, technology and product development. These costs have initially contributed to a margin decrease from 37.7% to 34.3%, which we are seeking to improve. The overall result for the LCS divisions was an operating loss of £216,000 (H1 2021: profit of £53,000).

In addition to the above, the four LCS joint ventures, Holders Technology Austria, Holders Technology Data Analytics, Holders Technology New Zealand and Holders Technology Australia made further progress during the period and overall were profitable.

PCB

Results from the restructured PCB divisions were broadly in line with expectations, in spite of difficult market conditions. Revenues from the continuing product ranges decreased by 11.2% from £1,382,000 to £1,227,000, partly because shorter supplier lead times enabled customers to hold less stock. Gross margins improved from 25.5% to 36.1%, due to the product mix of the retained PCB business and the overall result was an operating profit of £83,000 (H1 2021: £134,000 profit).

Cash and Debt

Group cash at the period end was £2,490,000 (31 May 2021: £1,277,000). Other than lease liabilities, the Company has no debt.

Outlook

The second half of the financial year has started well, with improving revenue and profitability. We will continue with our strategy to invest in sales and technical resources, new products and technology to enable the Group to be a leader in our markets. Whilst we are cautious regarding the global economic outlook, we remain confident that future performance will demonstrate the validity of this approach.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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Executive Chairman

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Consolidated income statement for the half year ended 31 May 2022 (Unaudited)

| | | Half year ended 31 May 2022 | Half year ended 31 May 2021 | Full year ended 30 Nov 2021 |
|------------------------------------|-------|-----------------------------------|-----------------------------------|-----------------------------------|
| | Notes | £'000 | £'000 | £'000 |
| Revenue | 3 | 3,454 | 5,789 | 12,386 |
| Cost of sales | | (2,247) | (4,071) | (8,516) |
| Gross profit | | 1,207 | 1,718 | 3,870 |
| Distribution costs | | (88) | (213) | (408) |
| Administrative expenses | | (1,359) | (1,399) | (3,001) |
| Impairment of goodwill | | - | - | (146) |
| Other operating expenses | | (3) | (4) | 8 |
| Operating (loss)/ profit | | (243) | 102 | 323 |
| Income from joint ventures | | 18 | 12 | 3 |
| Profit on disposal of assets | | - | - | 471 |
| Finance costs | | (1) | (10) | (10) |
| (Loss)/ profit before taxation | | (226) | 104 | 787 |
| Taxation | 4 | - | - | (92) |
| (Loss)/ profit for the period | | (226) | 104 | 695 |
| Total and continuing | | | | |
| Basic (loss)/ earnings per share | 6 | (5.35p) | 2.46p | 16.45p |
| Diluted (loss)/ earnings per share | 6 | (5.35p) | 2.46p | 16.45p |

Consolidated statement of comprehensive income for the half year ended 31 May 2022 (Unaudited)

| | Half year ended 31 May 2022 | Half year ended 31 May 2021 | Full year ended 30 Nov 2021 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| | £'000 | £'000 | £'000 |
| Profit/ (loss) for the period | (226) | 104 | 695 |
| Exchange differences on translation of foreign operations | 7 | (89) | (134) |
| Total comprehensive income for the period | (219) | 15 | 561 |

Consolidated statement of changes in equity for the half year ended 31 May 2022 (Unaudited)

| | Share capital | Share premium | Capital redemption reserve | Translation reserve | Retained earnings | Total equity |
|--|------------------|------------------|----------------------------------|------------------------|----------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance 1 Dec 2020 | 422 | 1,590 | 1 | 248 | 1,738 | 3,999 |
| Dividends | - | - | - | - | (32) | (32) |
| Transactions with owners | - | - | - | - | (32) | (32) |
| Profit for the year | - | - | - | - | 695 | 695 |
| Exchange differences on translating foreign operations | - | - | - | (134) | - | (134) |
| Total comprehensive income for the year | - | - | - | (134) | 695 | 561 |
| Balance 30 Nov 2021 | 422 | 1,590 | 1 | 114 | 2,401 | 4,528 |
| Dividends | - | - | - | - | (106) | (106) |
| | - | - | - | - | (106) | (106) |
| Loss for the period | - | - | - | - | (226) | (226) |
| Exchange differences on translating foreign operations | - | - | - | 7 | - | 7 |
| Total comprehensive income for the period | - | - | - | 7 | (226) | (219) |
| Balance 31 May 2022 | 422 | 1,590 | 1 | 121 | 2,069 | 4,203 |

Consolidated balance sheet at 31 May 2022 (Unaudited)

| | Notes | Half year ended 31 May 2022 £'000 | Half year ended 31 May 2021 £'000 | Full year ended 30 Nov 2021 £'000 |
|--|-------|--|--|--|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible fixed assets | | 172 | 378 | 220 |
| Property, plant and equipment | | 186 | 1,127 | 82 |
| Leased assets | | | | 87 |
| Investment in joint ventures | | 130 | 40 | 111 |
| Deferred tax assets | | 12 | 12 | 12 |
| | | 500 | 1,557 | 512 |
| Current assets | | | | |
| Inventories | | 1,623 | 1,953 | 1,180 |
| Trade and other receivables | | 1,173 | 1,642 | 1,593 |
| Cash and cash equivalents | | 2,490 | 1,277 | 3,192 |
| | | 5,286 | 4,872 | 5,695 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | (1,389) | (1,270) | (1,661) |
| Lease liabilities | 3 | - | (930) | (58) |
| Current tax liabilities | | - | - | - |
| | | (1,389) | (2,200) | (1,719) |
| Net current assets | | 3,897 | 2,672 | 4,246 |
| Non-current liabilities | | | | |
| Retirement benefit liability | | (185) | (216) | (186) |
| Lease liabilities | | - | - | (35) |
| Deferred tax liabilities | | (9) | (9) | (9) |
| | | (194) | (225) | (230) |
| Net assets | | 4,203 | 4,004 | 4,528 |
| Shareholders' equity | | | | |
| Share capital | | 422 | 422 | 422 |
| Share premium account | | 1,590 | 1,590 | 1,590 |
| Capital redemption reserve | | 1 | 1 | 1 |
| Retained earnings | | 2,069 | 1,829 | 2,401 |
| Cumulative translation adjustment | | 121 | 162 | 114 |
| Equity attributable to the shareholders of the parent | | 4,203 | 4,004 | 4,528 |

Consolidated cash flow statement for the half year ended 31 May 2022 (Unaudited)

| | Half year ended 31 May 2022 | Half year ended 31 May 2021 | Full year ended 30 Nov 2021 |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| | £'000 | £'000 | £'000 |
| Cash flows from operating activities | | | |
| (Loss)/ profit before tax | (244) | 104 | 787 |
| Depreciation | 43 | 131 | 168 |
| Gain on disposal of property, plant and equipment | - | - | (471) |
| Impairment – Goodwill | - | - | 146 |
| (Increase)/ decrease in inventories | (442) | 323 | 1,093 |
| (Increase)/ decrease in trade and other receivables | (83) | (579) | (527) |
| Increase/ (decrease) in trade and other payables | 233 | 350 | 702 |
| Interest expense | 1 | 10 | 10 |
| Cash generated from operations | (492) | 339 | 1,908 |
| Income from investments | (18) | (12) | (3) |
| Tax paid | - | - | (92) |
| Interest paid | (1) | (10) | (10) |
| Net cash generated from operations | (511) | 317 | 1,803 |
| Cash flows from investing activities | | | |
| Purchase of property, plant, and equipment | (69) | (30) | (65) |
| Investment in joint venture | 18 | - | (80) |
| Proceeds from sale of property, plant and equipment | - | - | 553 |
| Net cash used in investing activities | (51) | (30) | 408 |
| Cash flows from financing activities | | | |
| Equity dividends paid | (106) | - | (32) |
| Lease repayments | (26) | (95) | (37) |
| Net cash used in financing activities | (132) | (95) | (69) |
| Net change in cash and cash equivalents | (694) | 192 | 2,142 |
| Cash and cash equivalents at start of period | 3,192 | 1,113 | 1,113 |
| Effect of foreign exchange rates | (8) | (28) | (63) |
| Cash and cash equivalents at end of period | 2,490 | 1,277 | 3,192 |

Notes

1. General information

Holdings Technology plc is incorporated in the United Kingdom under the Companies Act 2006. The principal activity of the group is to provide specialised materials, components and solutions to the electronics and lighting industries.

2. Basis of preparation

The condensed consolidated half year financial statements have been prepared in accordance with the AIM Rules for Companies and prepared on a basis consistent with International Financial Reporting Standards (“IFRS”) as adopted by the EU and the accounting policies set out in the Group’s financial statements for the year ended 30 November 2021.

The half year financial statements are unaudited and include all adjustments which management considers necessary for a fair presentation of the Group’s financial position, operating results and cash flows for the 6-month periods ended 31 May 2021 and 31 May 2022.

The half year financial statements do not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. A copy of the Group’s financial statements for the year ended 30 November 2021 prepared in accordance with IFRS as adopted by the EU has been filed with the Registrar of Companies. The auditors’ report on those financial statements was not qualified and did not contain statements under s498(2) of s498(3) of the Companies Act 2006.

As permitted, the Group has chosen not to adopt IAS 34 ‘Interim Financial Statements’ in preparing these half year financial statements and therefore the half year financial information is not in full compliance with IFRS.

The preparation of half year financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

These half year financial statements have been prepared under the historical cost convention.

The board of Holdings Technology plc approved this half yearly report on 25 August 2022.

Notes (continued):

3. Segmental information

Management currently identifies two operating segments:

1. LCS provides lighting and control solutions.
2. PCB distributes materials, equipment, and supplies to the PCB industry.

Analysis by operating segment for the half year ended 31 May

| | LCS | | PCB | | Central Costs | | Total | |
|---|-------|-------|-------|-------|---------------|-------|-------|-------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | 2,227 | 1,991 | 1,227 | 3,798 | - | - | 3,454 | 5,789 |
| Cost of sales | 1,463 | 1,241 | 784 | 2,830 | - | - | 2,247 | 4,071 |
| Gross Profit | 764 | 750 | 443 | 968 | - | - | 1,207 | 1,718 |
| Distribution costs | 65 | 54 | 23 | 159 | - | - | 88 | 213 |
| Administrative costs and other operating expenses | 915 | 643 | 338 | 675 | 109 | 85 | 1,253 | 1,403 |
| Operating Profit/ (Loss) | (216) | 53 | 82 | 134 | (109) | (85) | (243) | 102 |

4. The tax provision for the six months ended 31 May 2022 is calculated based on the tax rates applicable in the country in which each company operates.

5. A special dividend of 2.00p per share on the total issued share capital of 4,224,164 10p ordinary shares was approved by the board on 21 December 2021 and paid on 28 January 2022.

A final dividend of 0.50p (2021: 0.25p per share) per share on the total issued share capital of 4,224,164 10p ordinary shares was approved by the board on 28 January 2022, and paid on 31 May 2022, in respect of the year ended 30 November 2021.

An interim dividend payment of 0.50p per share (2021: 0.25p per share) will be payable on 4 October 2022 to shareholders on the register on 9 September 2022. The shares will go ex-dividend on 8 September 2022. The interim dividend had not been approved by the board on 31 May 2022 and accordingly, has not been included as a liability as at that date.

6. The basic earnings per share for continuing operations are based on the loss for the period of £226,000 (2021: profit £104,000) and on 4,224,164 ordinary shares (2021: 4,224,164), the weighted average number of shares in issue during the period. There were no share options in issue in 2021 or 2022 and therefore diluted earnings per share and basic earnings per share are the same value for each year.

7. A copy of this half yearly report will be sent to shareholders and is available for inspection at the company's offices at Holders Technology (UK) Ltd., Units 1-4, Block 9, Tweedbank Industrial Estate, Galashiels TD1 3RS and via its website www.holderstechnology.com.