

Holders Technology plc  
 (“the Group”)

Specialised PCB Materials, Lighting Component Solutions and Wireless Lighting Control Solutions

Final results for the year ended 30 November 2022

Holders Technology plc (AIM: HDT) announces its audited results for the year ended 30 November 2022.

The Group supplies specialty laminates and materials for printed circuit board manufacture (“PCB”) and operates as a Lighting and Wireless Control Solutions (“LCS”) provider. The Group principally operates from the UK and from Germany, with PCB divisions and LCS divisions in both countries. In addition, LCS operates joint ventures in the UK, Austria, New Zealand and Australia.

Following the disposal of the PCB consumables business in 2021, further investments were made in the LCS business during 2022. This initially impacted first half profitability, but second half revenues and profitability improved, and the second half achieved a result close to breakeven. Growth from the continuing business was 7.6% overall.

An interim dividend of 0.50p per share was paid on 5 October 2022. The directors will recommend payment of a final dividend of 0.50p per share, a total of 1.00p for the year (2021 total: 3.00p).

The results are summarised below.

		2022 £'000	2021 £'000
• Revenue	PCB	2,667	7,920
	LCS	5,652	4,466
	Group	<u>8,319</u>	<u>12,386</u>
• Gross Margins	PCB	35.4%	27.8%
	LCS	34.5%	37.3%
	Group	<u>34.8%</u>	<u>31.2%</u>
• Operating Profit/ (Loss)	PCB	184	554
	LCS	(253)	32
	Central costs	(169)	(117)
		<u>(238)</u>	<u>469</u>
• Net Profit on Disposal of Assets* Finance Costs Income from Joint Ventures		-	325
		(13)	(10)
		(8)	3
• Profit/ (Loss) before Tax Tax Profit/ (Loss) after Tax	Group	<u>(259)</u>	<u>787</u>
		-	(92)
		<u>(259)</u>	<u>695</u>
• Basic and diluted EPS/ (LPS) Dividend paid and proposed Cash		(6.13p)	16.45p
		1.00p	3.00p
		2,270	3,192

\* Profit on asset disposal £471,000 less related goodwill impairment £146,000. Note that this presentation differs from that shown on the Income Statement.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014 which has been incorporated into UK law by the European Union (Withdrawal) Act 2018.

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**SP Angel Corporate Finance LLP – Nominated Adviser & Broker**

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Matthew Johnson / Harry Davies-Ball

## Chairman's statement

This report covers the first full year of trading since the sale of our PCB consumables business in October 2021. Whilst the first half results for 2022 were behind expectation, I am pleased to report that second half results show a meaningful improvement.

In the year to 30 November 2022, Group revenue from the continuing business grew by 7.6% to £8,319,000 (2021: £7,732,000). On a continuing basis PCB revenue reduced by 18.3%; LCS revenue grew by 26.6%.

The full year Group result before tax was a loss of £259,000 (2021: profit £787,000), however the 2022 second half result was much closer to breakeven (H1 pre-tax loss £226,000, H2 pre-tax loss £33,000).

Our aim in 2022 has been to refocus our continuing PCB business onto technically specialised products, and to further invest in the LCS businesses. During the year further investments have been made in staff, technology, and product development, to enable the LCS divisions to realise the expansion which we believe to be possible. These costs have initially contributed to an LCS margin reduction, but revenues improved in the second half.

The margins in the PCB divisions improved due to the absence of lower margin consumables revenue. Group margins also improved to 34.8% (2021: 31.2%).

The global economic and geo-political outlook remains uncertain, and sales have been below expectation as we start the new financial year. The Group continues to have a strong balance sheet and cash position, and this coupled with the opportunities ahead, leaves us well positioned to meet the challenges of the years ahead.

**R W Weinreich**

*Executive Chairman*

23 March 2023

## Operating and Business Review

### Corporate strategy

The Board seeks to enhance shareholder value over the medium to long term. Our strategy to achieve this is to focus resources on business activities which can generate profitable and sustainable growth.

In doing so, we ensure that risk is carefully managed, and that high standards of corporate governance and transparency are maintained. Where a suitable investment opportunity is identified, we invest within the bounds of internally generated cash flow and bank facilities where appropriate.

### Business strategy

The Group has operated for many years as a distributor of specialised materials to the PCB industry in the UK and continental Europe. The European PCB industry has strengths in the defence, aerospace, automotive and medical sectors. The Group acts as an exclusive supplier of technically sophisticated products to this sector, providing technical support and local warehousing of stock. The Group views the PCB business as a steady revenue stream, but not one which will provide significant growth to the Group. However, the Group does expect future strong growth from the LCS divisions.

The Group's LCS products range from the sale of lighting components to supporting customers with the design and assembly of complete light engines. LCS divisions also offer a complete ecosystem of wireless control solutions, project services and data analytic solutions. The Group's lighting components strategy is to provide a competitive premium product range and value-added services to lighting manufacturers in our markets. The Group's wireless lighting controls strategy is to focus on the specification of the wireless technology, as well as all project and data analytic services to lighting specifiers, consultants and building engineering companies.

### Market Overview

PCB revenues and results in 2022 were lower mainly due to customers reducing stock levels over the year. PCB revenue from the continuing business decreased by 18.3% from £3.3m to £2.7m and operating profitability decreased from £554,000 to £184,000. 2021 profitability had been enhanced by exceptional market conditions and as a result we regard the PCB return as satisfactory.

LCS divisions in 2022 achieved a 26.6% improvement in revenue: however, the additional costs from our investment in staff, technology and product development adversely impacted results, particularly in the first half of the year. The operating result for LCS divisions was a loss of £253,000 (2021: profit £32,000).

### Business Review

2022 was an exciting year in terms of our development and growth of the LCS divisions. Highlights included the following:

- Successful implementation of large commercial, industrial, retail and hospitality projects with wireless lighting controls hardware provided by the Group, as well as a full range of project services.
- Implementation of new wireless emergency lighting technology into large scale projects, for the first time.
- Launch of Generation 2 of our Holders Analytics platform. Using the wireless lighting control infrastructure, we are able to supply customers with energy, lighting, occupancy and environmental data.
- Development of Holders own brand products for use on our projects.
- Broadening of our range of wireless lighting control products and supplier relationships, to ensure the largest portfolio of products available in our markets.
- Further investment in knowledgeable and experienced sales and technical staff, across the Group.

## Operating and Business Review (continued)

### **Conclusion**

In 2023, we expect our PCB business to have continuing demand for the products we offer. For the LCS business, we plan to focus on converting the business opportunity available to us in our markets and investing in our own product development to enhance our product portfolio as well as technology to support the growth of the business.

**Victoria Blaisdell**

*Group Managing Director*

23 March 2023

## Financial Review

### Key performance indicators

The Board believes that the following key performance indicators are most significant in assessing the Group's performance and financial position:

- Revenue

The turnover level is an important indication of the strength of the Group's product range and coverage.

- Profitability

Profitability is largely a function of the gross margins achieved and management's success in containing administrative expenses in relation to turnover.

- Liquidity

The Group operates in a cyclical industry and the directors have consistently adopted a conservative approach to financing the Group's activities. The key measure is net liquid funds, as described below.

- Efficiency

Production efficiency is important in a competitive PCB market.

### Revenue

Group revenue from continuing operations increased from £7.7m to £8.3m. Overall PCB revenue from the continuing business decreased by 18.3%, whilst Lighting and Controls revenue increased by 26.6%.

### Profitability

The operating result was a loss of £238,000 compared to an operating profit of £469,000 in 2021. (Note that the 2021 presentation differs from that shown on the Income Statement.) The gross profit margin was 34.8% compared to 31.2% in 2021. Administration costs decreased from £3.0m to £2.9m, however they increased as a proportion of revenue from 24.2% in 2021 to 35.4% in 2022.

### Post tax result

The result for the financial year after tax, attributable to equity shareholders was a loss of £259,000 (2021: profit of £695,000). The basic and fully diluted loss per share was 6.13p (2021: 16.45p earnings per share).

### Principal risks and uncertainties

The directors believe that the following are the principal risks and uncertainties faced by the Group:

- **Competition**

Both the PCB and Lighting and Controls sectors are highly competitive, and the Group faces competition from a wide range of companies. The Group continually seeks the most cost-effective sources for its products in order to remain competitive.

- **Customers**

The Group is exposed to the risk of bad debts. Within the major European markets, the Group uses credit analysis data to monitor customer risk levels and maintain appropriate credit limits. Credit insurance is used for UK and European customers whenever it is economically available.

- **Suppliers**

As with any distribution business, the Group is dependent on maintaining supply. The Group has diversified its product range and sources in order not to be overly dependent on any single supplier.

- **Key Management**

In order to ensure retention of key management, the Group offers competitive remuneration, a stimulating working environment and clear two-way communication.

## Financial Review (continued)

### Principal risks and uncertainties (continued)

- **Business Interruption**

In order to minimise the impact of business interruption, the Group offers dual capacity in UK and Germany, and holds appropriate business interruption insurance.

- **Financial Control**

Internal controls and multiple authorisation levels, with monthly review of results and cash, are used to combat fraud and potential misstatement of results.

- **Inflation**

Inflation risk is an inherent feature of the business. Prices are continuously monitored and managed with suppliers and customers to ensure that margins are maintained. When an opportunity arises, the Group will purchase inventory at an advantageous price.

### Cash flow, liquidity and financing

The Group's cash position decreased during the year, from £3,192,000 to £2,270,000. The decrease principally arose from the operating loss plus increases in working capital, capital expenditure, and dividends paid to shareholders.

The Group does not currently require or maintain an overdraft facility. A trade financing facility is used for occasional letters of credit.

At 30 November 2022 the Group had net liquid funds (trade and other receivables plus cash minus current liabilities excluding lease liabilities) of £2.4m (2021: £3.1m). Net assets per ordinary share at 30 November 2022 were £0.99 (2021: £1.07).

### Derivatives and other financial instruments

Operations are financed from retained profits. The Group's financial instruments, other than forward currency contracts, comprise cash and items, such as trade receivables and payables that arise directly from its operations. The main purpose of these instruments is to provide finance for operations if necessary. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

### Currency risk and exposure

The Group enters into forward currency contracts that are used to manage the currency risks arising from purchases from foreign suppliers where the products are sold in local currencies.

The overseas sales operations during the year were predominantly in the European Union. The Group has currency exposures primarily in US dollars and Euros. Although daily transactional exposures are regularly covered by forward contracts, the Group has an underlying exposure, particularly to the Euro. Currency contracts at the year-end are detailed in note 21.

### Net assets

Net assets at the 2022 year-end were £4,172,000 (2021: £4,528,000).

### Conclusion

The Group enters 2022 with a strong balance sheet and increased capacity for investment as new opportunities are identified.

### Paul Geraghty

*Group Finance Director*

23 March 2023

## Group income statement for the year ended 30 November 2022

	Note	2022 £'000	2021 £'000
Revenue		8,319	12,386
Cost of sales		(5,425)	(8,516)
<b>Gross profit</b>		<b>2,894</b>	<b>3,870</b>
Distribution costs		(197)	(408)
Administrative expenses		(2,943)	(3,001)
Impairment of goodwill		-	(146)
Other operating (expenses)/ income		8	8
<b>Operating profit/ (loss)</b>		<b>(238)</b>	<b>323</b>
Profit on disposal of assets		-	471
Income from joint ventures		(8)	3
Finance expense		(13)	(10)
<b>Profit/ (loss) before taxation</b>		<b>(259)</b>	<b>787</b>
Tax expense	2	-	(92)
<b>Profit/ (loss) after taxation attributable to equity shareholders</b>		<b>(259)</b>	<b>695</b>
<b>Basic and diluted earnings/ (loss) per share</b>	4	<b>(6.13p)</b>	<b>16.45p</b>

## Group statement of comprehensive income for the year ended 30 November 2022

	2022 £'000	2021 £'000
Profit for the year	(259)	695
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translating foreign operations	29	(134)
<b>Total comprehensive income/ (loss) for the year</b>	<b>(230)</b>	<b>561</b>

## Statement of changes in equity for the year ended 30 November 2022

Group	Share capital	Share premium account	Capital redemption reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 December 2020</b>	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 (loss)/ income for the year	-	-	-	(134)	695	561
<b>Balance at 30 November 2021</b>	422	1,590	1	114	2,401	4,528
Dividends	-	-	-	-	(126)	(126)
Transactions with owners	-	-	-	-	(126)	(126)
Loss for the year	-	-	-	-	(259)	(259)
Exchange differences on translating foreign operations	-	-	-	29	-	29
Total comprehensive income/ (loss) for the year	-	-	-	29	(259)	(230)
<b>Balance at 30 November 2022</b>	<b>422</b>	<b>1,590</b>	<b>1</b>	<b>143</b>	<b>2,016</b>	<b>4,172</b>



## Group balance sheet at 30 November 2022

	2022 £'000	2021 £'000
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible fixed assets	190	220
Property, plant and equipment	226	82
Leased assets	63	97
Investments in joint ventures	103	111
Deferred tax assets	12	12
	<b>594</b>	<b>512</b>
<b>Current assets</b>		
Inventories	1,362	1,180
Trade and other receivables	1,636	1,593
Cash and cash equivalents	2,270	3,192
	<b>5,268</b>	<b>5,965</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	(1,456)	(1,661)
Lease liabilities	(51)	(58)
	<b>(1,507)</b>	<b>(1,719)</b>
<b>Net current assets</b>	<b>3,761</b>	<b>4,246</b>
<b>Non-current liabilities</b>		
Retirement benefit liability	(165)	(186)
Lease liabilities	(9)	(35)
Deferred tax liabilities	(9)	(9)
	<b>(183)</b>	<b>(230)</b>
	<b>4,172</b>	<b>4,528</b>
<b>Shareholders' equity</b>		
Share capital	422	422
Share premium account	1,590	1,590
Capital redemption reserve	1	1
Retained earnings	2,016	2,401
Cumulative translation adjustment reserve	143	114
	<b>4,172</b>	<b>4,528</b>

## Statement of cash flows for the year ended 30 November 2022

	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax from continuing operations	(259)	787
Depreciation	141	168
Loss/ (Gain) on disposal of property, plant and equipment	3	(471)
Impairment of goodwill	-	146
Decrease in inventories	(173)	1,093
(Increase)/ decrease in trade and other receivables	(409)	(527)
Increase/ (decrease) in trade and other payables	169	702
Interest expense	13	10
<b>Cash generated from operations</b>	<b>(515)</b>	<b>1,908</b>
Interest paid	8	(3)
Tax paid	-	(92)
Income from investments	(21)	(10)
<b>Net cash (used in)/ generated from operations</b>	<b>(528)</b>	<b>1,803</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(212)	(65)
Investment in Joint Venture	-	(80)
Interest received	42	-
Proceeds from sale of property, plant and equipment	2	553
<b>Net cash (used in)/generated from investing activities</b>	<b>(168)</b>	<b>408</b>
<b>Cash flows from financing activities</b>		
Repayment of leases	(57)	(37)
Equity dividends paid	(126)	(32)
<b>Net cash used in financing activities</b>	<b>(183)</b>	<b>(69)</b>
<b>Net change in cash and cash equivalents</b>	<b>(879)</b>	<b>2,142</b>
Cash and cash equivalents at start of period	3,192	1,113
Effect of foreign exchange rates	(43)	(63)
<b>Cash and cash equivalents at end of period</b>	<b>2,270</b>	<b>3,192</b>

## Notes

### 1. Basis of preparation

The Group and parent company financial statements have been prepared in accordance with UK-adopted International Accounting Standards (IAS), in conformance with the requirements of the Companies Act 2006. All accounting standards and interpretations issued by the International Accounting Standards Board effective at the time of preparing these financial statements have been applied.

### 2. Taxation

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Analysis of the charge in the period</b>		
Current tax - Current period	-	<b>92</b>
Deferred tax charge	-	-
<b>Total tax</b>	<b>-</b>	<b>92</b>

#### Tax reconciliation

The tax for the period is lower (2021: lower) than the standard rate of corporation tax in the UK, effectively 19.0% (2021: 19.0%) for the company's financial year. The differences are explained below:

	<b>2022</b>	2021
	<b>£'000</b>	£'000
<b>Profit/ (loss) before taxation</b>	<b>(259)</b>	787
Profit/ (loss) before taxation multiplied by the rate of corporation tax in the UK of 19.0% (2021: 19.0%)	<b>(48)</b>	150
Effects of:		
Adjustment from prior years	-	-
Taxation losses	<b>48</b>	(58)
<b>Taxation</b>	<b>-</b>	<b>92</b>

### 3. Dividends

The directors have proposed a final dividend of 0.50p per share payable on 6 June 2023 to shareholders on the register at close of business on 19 May 2023. The total dividend for the year, including the interim dividend of 0.50p (2021: 0.50p) per share paid on 4 October 2022, amounts to £42,000 (2021: £126,000), which is equivalent to 1.00p (2021: 3.00p) per share.

- The basic and diluted earnings per share are based on the loss for the financial year of £259,000 (2021: profit of £787,000) and on ordinary shares of 4,224,164 (2021: 4,224,164 shares), the weighted average number of shares in issue during the year. There were no share options in issue during either year.
- This statement, which has been approved by the Board on 23 March 2023, is not the Company's statutory accounts. The statutory accounts for each of the two years to 30 November 2021 and 30 November 2022 received audit reports which were unqualified and did not contain statements under section 498(2) and section 498(3) of the Companies Act 2006. The 2021 accounts have been filed with the registrar of Companies, but the 2022 statutory accounts are not yet filed.