

**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 2023.

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 2023 are summarised as follows:

		2023	2022
		£'000	£'000
Revenue	LCS	2,764	2,227
	PCB	1,101	1,227
	Total	3,865	3,454
Gross profit		1,261	1,207
Margins		32.6%	34.9%
Overheads		1,736	1,450
Operating (loss)/ profit		(475)	(243)
Finance expense		18	(1)
Income from joint ventures		(50)	18
(Loss)/ profit before tax		(507)	(226)
Taxation		-	-
(Loss)/ profit after tax		(507)	(226)
(Loss)/ earnings per share		(11.99p)	(5.35p)
Interim dividend per share		0.25p	0.50p
Net assets per share		85p	99p

Chairman's statement

Half year ended 31 May 2023

The results for the first half of 2023 are disappointing but an improvement for the second half is anticipated. The first half saw weak customer demand due to a generally adverse economic climate. Coupled with this, some PCB customers were holding higher than anticipated levels of stock at the beginning of the period, and this contributed to lower demand than we would normally expect in the first quarter. When this became apparent, the Group reduced its cost base which was of some benefit in the latter part of the first half of the year and is expected further to benefit the second half of the year.

Revenue for the six months to 31 May 2023 was £3,865,000 (2022: £3,454,000), and the growth in revenue was 11.9%. The figures do not include the Group share of joint venture revenues of £196,000 (2022: £193,000). Gross margins reduced from 34.9% to 32.6% and the pre-tax Group results was a loss of £507,000 (2022: loss of £226,000).

LCS

LCS revenue increased by 24.1% to £2,764,000 (2022: £2,227,000) with stronger growth in the UK than in Germany. The higher cost base as a result of actions taken to expand our activities contributed to a margin decrease from 34.3% to 32.4%. The overall result for the LCS divisions was an operating loss of £364,000 (2022: loss of £216,000).

The LCS joint ventures also suffered from unfavourable market conditions and in aggregate were loss making, recording a loss of £50,000 for the half year (2022: profit of £18,000.)

PCB

Results from the PCB division saw revenues decreasing by 10.3% from £1,227,000 to £1,101,000. This decrease was largely due to customers holding higher stocks at the beginning of 2023. Gross margins reduced from 36.1% to 33.1% and the overall result was an operating profit of £2,000 (2022: £82,000 profit).

Cash and Debt

Group cash at the period end was £1,808,000 (31 May 2022: £2,490,000). Other than lease liabilities, the Company has no debt.

Outlook

Although in the second half of the current year the Group will benefit from the cost saving measures already in hand, we remain cautious as regards our expectations for the second half of the current year. Despite the current economic situation and the consequent difficult market conditions, we remain confident for the longer term and continue to believe that performance will improve as markets settle.

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 2023 (Unaudited)

		Half year ended 31 May 2023	Half year ended 31 May 2022	Full year ended 30 Nov 2022
	Notes	£'000	£'000	£'000
Revenue	3	3,865	3,454	8,319
Cost of sales		(2,604)	(2,247)	(5,425)
Gross profit		1,261	1,207	2,894
Distribution costs		(92)	(88)	(197)
Administrative expenses		(1,618)	(1,359)	(2,943)
Impairment of goodwill		-	-	-
Other operating expenses		(26)	(3)	8
Operating (loss)/ profit		(475)	(243)	(238)
Income from joint ventures		(50)	18	(8)
Profit on disposal of assets		-	-	-
Finance costs		18	(1)	(13)
(Loss)/ profit before taxation		(507)	(226)	(259)
Taxation	4	-	-	-
(Loss)/ profit for the period		(507)	(226)	(259)
Total and continuing				
Basic (loss)/ earnings per share	6	(11.99p)	(5.35p)	(6.13p)
Diluted (loss)/ earnings per share	6	(11.99p)	(5.35p)	(6.13p)

Consolidated statement of comprehensive income for the half year ended 31 May 2023 (Unaudited)

	Half year ended 31 May 2023	Half year ended 31 May 2022	Full year ended 30 Nov 2022
	£'000	£'000	£'000
Profit/ (loss) for the period	(507)	(226)	(259)
Exchange differences on translation of foreign operations	(47)	7	29
Total comprehensive income for the period	(554)	(219)	(230)

Consolidated statement of changes in equity for the half year ended 31 May 2023 (Unaudited)

	Share capital	Share premium	Capital redemption reserve	Translation reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Balance 1 Dec 2021	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 for the year	-	-	-	29	(259)	(230)
Balance 30 Nov 2022	422	1,590	1	143	2,016	4,172
Dividends	-	-	-	-	(21)	(21)
	-	-	-	-	(21)	(21)
Loss for the period	-	-	-	-	(507)	(507)
Exchange differences on translating foreign operations	-	-	-	(47)	-	(47)
Total comprehensive income for the period	-	-	-	(47)	(507)	(554)
Balance 31 May 2023	422	1,590	1	96	1,488	3,597

Consolidated balance sheet at 31 May 2023 (Unaudited)

	Notes	Half year ended 31 May 2023 £'000	Half year ended 31 May 2022 £'000	Full year ended 30 Nov 2022 £'000
Assets				
Non-current assets				
Intangible fixed assets		186	172	190
Property, plant and equipment		320	186	226
Leased assets		151		63
Investment in joint ventures		62	130	103
Deferred tax assets		12	12	12
		731	500	594
Current assets				
Inventories		1,248	1,623	1,362
Trade and other receivables		1,481	1,173	1,636
Cash and cash equivalents		1,808	2,490	2,270
		4,537	5,286	5,268
Liabilities				
Current liabilities				
Trade and other payables		(1,244)	(1,389)	(1,456)
Lease liabilities	3	(73)	-	(51)
Current tax liabilities		(60)	-	-
		(1,377)	(1,389)	(1,507)
Net current assets		3,160	3,897	3,761
Non-current liabilities				
Retirement benefit liability		(206)	(185)	(165)
Lease liabilities		(79)	-	(9)
Deferred tax liabilities		(9)	(9)	(9)
		(294)	(194)	(183)
Net assets		3,597	4,203	4,172
Shareholders' equity				
Share capital		422	422	422
Share premium account		1,590	1,590	1,590
Capital redemption reserve		1	1	1
Retained earnings		1,488	2,069	2,016
Cumulative translation adjustment		96	121	143
Equity attributable to the shareholders of the parent		3,597	4,203	4,172

Consolidated cash flow statement for the half year ended 31 May 2023 (Unaudited)

	Half year ended 31 May 2023	Half year ended 31 May 2022	Full year ended 30 Nov 2022
	£'000	£'000	£'000
Cash flows from operating activities			
(Loss)/ profit before tax	(507)	(244)	(259)
Depreciation	29	43	141
Gain on disposal of property, plant and equipment	-	-	3
Impairment – Goodwill	-	-	-
(Increase)/ decrease in inventories	112	(442)	(173)
(Increase)/ decrease in trade and other receivables	(446)	(83)	(409)
Increase/ (decrease) in trade and other payables	543	233	169
Interest expense/(income)	(16)	1	13
Cash generated from operations	(285)	(492)	(515)
Income/(loss) from investments	-	(18)	8
Tax paid	-	-	-
Interest paid	-	(1)	(21)
Net cash generated from operations	(285)	(511)	(528)
Cash flows from investing activities			
Purchase of property, plant, and equipment	(184)	(69)	(212)
Investment in joint venture	50	18	-
Proceeds from sale of property, plant and equipment	-	-	2
Interest Received	16	-	42
Net cash used in investing activities	(118)	(51)	(168)
Cash flows from financing activities			
Equity dividends paid	(21)	(106)	(126)
Lease repayments	(33)	(26)	(57)
Net cash used in financing activities	(54)	(132)	(183)
Net change in cash and cash equivalents	(457)	(694)	(879)
Cash and cash equivalents at start of period	2,270	3,192	3,192
Effect of foreign exchange rates	(5)	(8)	(43)
Cash and cash equivalents at end of period	1,808	2,490	2,270

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 2022.

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 2022 and 31 May 2023.

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 2022 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 15 August 2023.

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	
	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	2,764	2,227	1,101	1,227	-	-	3,865	3,454
Cost of sales	1,868	1,463	736	784	-	-	2,604	2,247
Gross Profit	896	764	365	443	-	-	1,261	1,207
Distribution costs	70	65	22	23	-	-	92	88
Administration costs and other operating expenses	1,190	915	341	338	113	109	1,644	1,362
Operating Profit/ (Loss)	(364)	(216)	2	82	(113)	(109)	(475)	(243)

4. The tax provision for the six months ended 31 May 2023 is calculated based on the tax rates applicable in the country in which each company operates.

5. A final dividend of 0.50p (2022: 0.50p per share) per share on the total issued share capital of 4,224,164 10p ordinary shares was approved by the board on 24 January 2023, and paid on 31 May 2023, in respect of the year ended 30 November 2022.

An interim dividend payment of 0.25p per share (2022: 0.50p per share) will be payable on 4 October 2023 to shareholders on the register on 8 September 2023. The shares will go ex-dividend on 7 September 2023. The interim dividend had not been approved by the board on 31 May 2023 and accordingly, has not been included as a liability as at that date.

6. The basic earnings per share are based on the loss for the period of £507,000 (2022: loss £226,000) and on 4,224,164 ordinary shares (2022: 4,224,164), the weighted average number of shares in issue during the period. There were no share options in issue in 2022 or 2023 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.