

The information contained within this announcement is deemed by the Company to constitute inside information pursuant to Article 7 of EU Regulation 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 as amended. With the publication of this announcement, this information is now considered to be in the public domain.

4 August 2023

H C Slingsby plc
(“Slingsby” or “the Company”)
Report for the half year ended 30 June 2023

Statement by the Chairman

Trading

In my statement in the trading update of 15 June 2023, I reported that Group sales in the four months to 30 April 2023 were 3% higher than prior year at a higher gross margin. However overhead costs had increased, leading to an unaudited profit before tax of £0.1m compared to £0.19m in the four months ending 30 April 2022. We were cautious regarding the outlook for the business due to significant uncertainty remaining mainly caused by the continuing conflict in Ukraine, the risk of a recession in the Group’s main UK market and the longer term impacts of Coronavirus and Brexit not yet being fully known.

Group sales in the six months to 30 June 2023 (“H1”) are 4% higher than in the same period in 2022. The trends in gross margin and overheads have continued in the second quarter and as a result unaudited profit before tax was £0.20m in the six months ended 30 June 2023 compared to an unaudited profit before tax of £0.24m in the same period in 2022. The H1 profit is after £0.13m (2022: £0.07m) of finance costs which relate to interest charges on the pension scheme deficit.

In June 2023 we were notified that one of our main logistics partners had ceased trading, subsequently entering insolvency proceedings. This caused some disruption to operations and increased freight costs during that month because alternative transport options came at a higher cost. This had a modest impact upon gross margin in June and an effect on gross margin could persist during the remainder of the year, despite the Company implementing mitigating initiatives which are ongoing.

The market continues to be highly competitive, and it remains unclear what impact the aforementioned factors will have on demand going forward. Inflationary pressures remain, particularly in regards to overheads and this is considered by the Directors likely to persist for the remainder of the year. In the current economic environment, there is also heightened potential for credit related issues should customers become insolvent.

Balance sheet

The Group had net assets of £4.41m at 30 June 2023 (£4.68m at 30 June 2022) compared to net assets of £4.32m at 31 December 2022. The reduction in net assets from 30 June 2022 is due to an increase in the pension scheme deficit outweighing profits generated. The Company made deficit reduction contributions totalling £200,000 in the six months to 30 June 2023 in line with the agreement with the pension scheme’s Trustee. The triennial review carried out by the scheme actuary is underway and a new schedule of contributions is required to be agreed between the Company and the scheme Trustee before 31 March 2024. This causes the potential for uncertainty regarding the Group’s future cash flows.

Cashflow

The Group had net cash of £0.4m at 30 June 2023 (£0.5m at 30 June 2022) compared to £0.03m at 31 December 2022. The Group continues to operate within its existing banking facilities and the Directors continue to believe that the Group has additional funding options available should the need arise.

Board Composition

The Board continues to believe that it would benefit from the appointment of new Non-Executive Directors. The Board is continuing to explore solutions to the issue with the objective remaining to appoint new Non-Executive Directors and a Non-Executive Chairman.

Statement by the Chairman (continued)

Dividend

Due to the uncertain outlook, the Board has decided not to declare an interim dividend.

People

We would like to thank our employees for their hard work and flexibility during continued challenging times.

Dominic Slingsby
Interim Executive Chairman and Operations Director

For further information please contact:

H C Slingsby plc

Dominic Slingsby, Interim Executive Chairman
Morgan Morris, Group Chief Executive

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Unaudited Condensed Consolidated Income Statement for the half year ended 30 June 2023

	Note	Half year ended 30/06/23 (Unaudited) £'000	Half year ended 30/06/22 (Unaudited) £'000	Year ended 31/12/22 (Audited) £'000
Revenue		11,458	10,977	21,564
Operating profit before exceptional items		329	316	627
Exceptional items		-	-	-
Finance costs		(132)	(72)	(142)
Profit before taxation		197	244	485
Taxation	2	(68)	(62)	(105)
Profit for the period attributable to equity shareholders		129	182	380
Basic and diluted weighted average earnings per share		12.3p	17.3p	36.2p

The results set out above derive entirely from continuing operations.

The above unaudited condensed consolidated income statement should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Comprehensive Income and Expense for the half year ended 30 June 2023

	Half year ended 30/06/23 (Unaudited) £'000	Half year ended 30/06/22 (Unaudited) £'000	Year ended 31/12/22 (Audited) £'000
Profit for the period	129	182	380
Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations	(49)	2,985	2,235
Movement in deferred tax relating to retirement benefit obligation	12	(746)	(559)
Other comprehensive (expense)/income	(37)	2,239	1,676
Total comprehensive income recognised for the period attributable to equity shareholders	92	2,421	2,056

The above unaudited consolidated statement of comprehensive income and expense should be read in conjunction with the accompanying notes.

Unaudited Consolidated Balance Sheet as at 30 June 2023

	30/06/23 (Unaudited) £'000	30/06/22 (Unaudited) £'000	31/12/22 (Audited) £'000
Assets			
Non-current assets			
Property, plant and equipment	5,357	5,332	5,418
Intangible assets	315	319	249
Goodwill	700	700	700
Deferred tax asset	1,369	1,216	1,373
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	7,741	7,567	7,740
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Current assets			
Inventories	2,695	2,806	2,683
Trade and other receivables	3,285	3,120	2,962
Cash and cash equivalents	2,464	2,229	2,243
Derivative financial asset	-	3	-
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	8,444	8,158	7,888
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Liabilities			
Current liabilities			
Trade and other payables	(3,307)	(3,579)	(2,687)
Bank borrowings	(2,031)	(1,764)	(2,217)
Lease obligations	(20)	(15)	(20)
Derivative Financial Liability	(7)	-	-
Current tax liabilities	(154)	(96)	(103)
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	(5,519)	(5,454)	(5,027)
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Net current assets	2,925	2,704	2,861
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Non-current liabilities			
Retirement benefit obligation	(5,475)	(4,865)	(5,492)
Lease obligations	(103)	-	(113)
Deferred tax liabilities	(677)	(722)	(677)
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Net assets	4,411	4,684	4,319
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Capital and reserves			
Share capital	262	262	262
Share premium	24	24	24
Retained earnings	4,125	4,398	4,033
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Total equity	4,411	4,684	4,319
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The above unaudited consolidated balance sheet should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Changes in Shareholders' Equity

	Share Capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 January 2022	262	24	1,977	2,263
Total comprehensive income recognised for the period	-	-	2,421	2,421
At 30 June 2022	262	24	4,398	4,684
At 1 January 2023	262	24	4,033	4,319
Total comprehensive income recognised for the period	-	-	92	92
At 30 June 2023	262	24	4,125	4,411

The above unaudited consolidated statement of changes in shareholders' equity should be read in conjunction with the accompanying notes.

Unaudited Consolidated Statement of Cash Flows for the half year ended 30 June 2023

	Note	Half year ended 30/06/23 (Unaudited) £'000	Half year ended 30/06/22 (Unaudited) £'000	Year ended 31/12/22 (Audited) £'000
Cash flows from operating activities				
Cash generated from/(used in) operations	3	611	228	(27)
UK corporation tax paid		-	-	(49)
Interest paid		(3)	-	-
Cash generated from operating activities		608	228	(76)
Cash flows from investing activities				
Interest received		2	-	-
Purchase of property, plant and equipment		(74)	(101)	(211)
Purchase of intangible assets		(125)	-	(22)
Proceeds from sales of property, plant and equipment		6	9	24
Net cash outflow from investing activities		(191)	(92)	(209)
Cash flows from financing activities				
Capital element of lease payments		(10)	(17)	(35)
(Decrease)/increase in overdraft		(186)	111	564
Net cash (used in)/generated from financing activities		(196)	94	529
Net increase in cash and cash equivalents		221	230	244
Opening cash and cash equivalents		2,243	1,999	1,999
Closing cash and cash equivalents		2,464	2,229	2,243

The above unaudited consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Interim Report for the half year ended 30 June 2023

1. Interim Financial Information

The unaudited condensed consolidated interim financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial statements, which are unaudited and have not been reviewed by the Company's auditors, have been presented and prepared in accordance with the policies set out in the 2022 Annual Report and Accounts. The comparative figures for the year ended 31 December 2022 do not constitute full financial statements and have been abridged from the full accounts for the year ended on that date, on which the auditors gave an unqualified report. They did not contain any statement under Section 498 of the Companies Act 2006. The 2022 accounts have been delivered to the Registrar of Companies. The Company has chosen not to adopt IAS 34 'Interim Financial Statements'.

2. Taxation

	Half year ended 30/06/23 (Unaudited) £'000	Half year ended 30/06/22 (Unaudited) £'000	Year ended 31/12/22 (Audited) £'000
Current tax	52	40	96
Deferred tax	16	22	9
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	68	62	105
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The effective tax rate is 25%.

3. Cash generated from/(used in) operations

	Half year ended 30/06/23 (Unaudited) £'000	Half year ended 30/06/22 (Unaudited) £'000	Year ended 31/12/22 (Audited) £'000
Profit before tax	197	244	485
Net finance costs	135	72	142
Depreciation and amortisation	194	215	464
Defined benefit pension scheme contributions paid	(200)	(159)	(352)
Property impairment reversal	-	-	-
Profit on sale of property, plant and equipment	(6)	(9)	(24)
Increase in inventories	(12)	(476)	(353)
Increase in trade and other receivables	(323)	(352)	(192)
Increase/(decrease) in trade and other payables	626	693	(197)
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Cash generated from/(used in) operating activities	611	228	(27)
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4. Availability of Interim Report

The Interim Report will be available on the Company's website www.slingsby.com.