

# Holdings Technology plc

## Annual Report & Accounts 2022

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

## Year in Brief

Holders Technology plc (“The Group”) supplies specialty laminates and products 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 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.

### Highlights

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

\*Profit on asset disposal £471,000 less related goodwill impairment £146,000.

Note that this presentation differs from that on the Income Statement on p24.

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# STRATEGIC REPORT

## 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%).

At the end of this month Paul Geraghty retires as Group Finance Director, and he will be replaced by Mehul Shah. Mehul, a computer science graduate, and qualified accountant, has a strong technology and projects background from roles with TfL, Costain and Jaspar Group. We look forward to Mehul's contribution in the years to come.

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

# STRATEGIC REPORT

## 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.

# STRATEGIC REPORT

## 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

# STRATEGIC REPORT

## 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 on page 24.) 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.

- **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.

# STRATEGIC REPORT

## Financial Review (continued)

### 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 capacity for investment as new opportunities are identified.



**Paul Geraghty**

*Group Finance Director*

23 March 2023

### STRATEGIC REPORT

The Strategic Report on pages 1-5 was approved by the Board on 23 March 2023 and signed on its behalf by



**Paul Geraghty**

*Group Finance Director*

23 March 2023



## BOARD REPORTS

### Company Information

Directors	R W Weinreich, Executive Chairman V M Blaisdell, BSc, Group Managing Director P K I Geraghty BSc, FCA, Group Finance Director D A Mahony, BA (Econ), MSc, Non-Executive Director
Secretary	P K I Geraghty BSc, FCA
Registered office	27-28 Eastcastle Street London W1W 8DH
Website	<a href="http://www.holderstechnology.com">www.holderstechnology.com</a>
Registered number	01730535
Auditors	Saffery Champness LLP 71 Queen Victoria Street London EC4V 4BE
Bankers	HSBC 60 Queen Victoria Street London EC4N 4TR
Registrars	Neville Registrars Neville House Steelpark Road Halesowen West Midlands B62 8HD
Nominated Adviser and Broker	SP Angel Corporate Finance LLP Prince Frederick House 35-39 Maddox Street London W1S 2PP

# BOARD REPORTS

## Report of the Directors

### Business review and future developments

A review of the year and likely developments is contained in the Strategic Report.

### Results and dividends

The Group made a loss after taxation for the financial year attributable to shareholders of £259,000 (2021: profit £695,000).

Full details are contained in the Group income statement on page 23. The directors have proposed a final dividend of 0.50p per share payable on 30 May 2023 to shareholders on the register at close of business on 12 May 2023. The total dividend for the year, including the interim dividend of 0.50p (2021: 0.50p) per share paid on 6 October 2022, amounts to £21,000 (2021: £127,000), which is equivalent to 1.00p (2021: 3.00p) per share. (A special dividend of 2.00p per share was paid on 28 January 2022).

### Financial risk management

Details of the Group's financial risk management are contained in note 4 to the financial statements.

### Directors

The directors are listed on page 6. All directors served throughout the year. The beneficial shareholdings of the directors at 30 November 2022 are set out in note 25 to the financial statements.

Rudi Weinreich, aged 76, Chairman and Chief Executive, was born in Austria. He has been responsible for all aspects of the business since he started it in 1972.

Victoria Blaisdell, aged 50, joined the Group in 2004 and is now Group Managing Director. Prior to joining the Group, she worked in the IT industry for over 12 years and worked in several countries as a Senior Consultant for a large American telecom consulting company.

Paul Geraghty, aged 62, joined the Group in 2011 as Group Finance Director and Company Secretary. He previously held senior financial roles in engineering companies, including Elektron Components Limited and Protec plc.

David Mahony, aged 79, is the Senior and sole Non-Executive Director, appointed in 1988.

### Substantial shareholdings

At 22 March 2023 the company had been informed of the following interests, in addition to the interests of R W Weinreich (1,851,002 shares and 42.82%) amounting to 3.0% or more in the issued ordinary share capital of the company:

	Number	%
Mrs A Marcou	520,000	12.31%
Mr D Loughran	483,345	11.44%
Mr D Barry	231,000	5.47%
Charles Stanley & Co Ltd	210,000	4.97%
Stockinvest Ltd	171,500	4.06%
Mr H Pearson Gregory	161,290	3.82%
Rath Dhu Ltd	150,000	3.55%

## BOARD REPORTS

### Report of the Directors (continued)

#### Annual General Meeting

The Annual General Meeting of the Company will be held at the Garden Room, Dyrham Park Country Club, Galley Lane, Barnet EN5 4RA at 11.30 a.m. on 5 May 2023.

#### Special business at the Annual General Meeting

An ordinary resolution (set out as resolution 7 in the Notice of the Annual General Meeting) will be proposed to give the directors authority to allot 1,408,055 ordinary shares being approximately 33% of the issued ordinary share capital of the company as at the date of this report. The authority, when given, will expire at the conclusion of next year's annual general meeting. The directors have no present intention of exercising this authority.

A special resolution (set out as resolution 8 in the Notice of the Annual General Meeting) will be proposed to empower the directors to allot securities of the company up to a specified amount in connection with rights issues without having to obtain prior approval from shareholders on each occasion and also to allot a smaller number of these for cash without first being required to offer such shares to existing shareholders. The number of ordinary shares which may be issued for cash under the latter authority will not exceed 211,208 being approximately 5% of the issued ordinary share capital of the company as at the date of this report. The proposed power will expire at the conclusion of next year's Annual General Meeting.

A special resolution (set out as resolution 9 in the Notice of the Annual General Meeting) will be proposed to authorise the company to buy on the open market up to 422,416 ordinary shares of 10p each, representing 10% of the issued ordinary share capital of the company as at the date of this report, excluding treasury shares. The directors, in reaching any decision to purchase ordinary shares, will take into account the company's cash resources, capital requirements and the effect of any purchase on earnings per share.

#### Going Concern

The company's and the Group's business activities, together with the factors likely to affect their future development, performance and position are set out in the Strategic Report on pages 1 to 5. The financial position of the company and the Group, their cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 4. In addition, notes 2, 3, 4, 19 and 21 to the financial statements include the company's and the Group's objectives, policies and processes for managing capital; their financial risk management objectives; details of their financial instruments and foreign exchange risk mitigation activities; and their exposures to credit risk and liquidity risk. Budgets and forecasts indicate a satisfactory going concern position.

The company and the Group enjoy a positive cash position, and benefit from a number of customers and suppliers across different geographic areas and industries. Management have prepared budgets and forecasts covering the period to May 2024. As a consequence, the directors believe that the company and the Group are well placed to manage their business risks successfully despite the current uncertain economic outlook and therefore conclude it is appropriate to prepare the financial statements on a going concern basis.

The company and the Group have numerous financial resources, as shown in the financial statements, together with a number of customers and suppliers across different geographic areas and industries. The Board pursues a cautious strategy, combined with effective cost control in order to maintain a strong working capital position. Budgets and forecasts indicate a satisfactory going concern position. As a consequence, the directors believe that the company and the Group are well placed to manage their business risks successfully despite the current uncertain economic outlook and therefore conclude it is appropriate to prepare the financial statements on a going concern basis.

# BOARD REPORTS

## Report of the Directors (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards in conformity with the Companies Act 2006. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company and Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IASs have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Directors' indemnity arrangements

The company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of its directors. The directors also have the benefit of the indemnity provision contained in the company's Articles of Association. These provisions, which are qualifying third party indemnity provisions as defined by the Companies Act, were in force since 30 April 2007, and are currently in force.

### Auditors

Saffery Champness LLP are willing to continue in office as auditors of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.



**Paul Geraghty**  
Secretary

23 March 2023

## BOARD REPORTS

### Directors' Remuneration Report

The directors present the directors' remuneration report for the financial year ended 30 November 2022. As the company is listed on AIM, it does not have to comply with the requirements of the remuneration report contained in the listing rules.

#### Remuneration policy

The company policy is to design prudent executive remuneration packages to attract, motivate and retain directors of a high calibre and to reward them for enhancing value to shareholders. The determination of the annual remuneration packages of the senior executive directors and key members of senior management are undertaken as set out in the corporate governance report on page 13.

There are three main elements of the remuneration packages of the executive directors:

- Basic annual salary and benefits;
- Short term bonus plans;
- Long term incentive plans.

The company believes that incentive schemes encourage long term commitment to shareholder value and ensure that rewards for executive directors and senior managers are aligned with the interests of shareholders.

Contributions are made to the pension schemes of certain directors.

Executive directors may accept up to two external non-executive appointments, as long as these are not with competing companies and are not likely to lead to conflicts of interest. This policy is followed where such appointments would beneficially broaden experience and knowledge.

#### Executive directors' remuneration and terms of appointment

Base salaries are reviewed annually and are set to reflect responsibilities, experience and marketability. Regard is also given to the level of rewards made in the year to staff. The mechanism for supervising the company share option scheme and the granting of options under it is set out in the corporate governance report on page 11.

None of the directors have service contracts with a notice period exceeding one year. Each director is entitled to contributions to personal pension schemes and certain benefits in kind, which include car allowance and private health insurance.

#### Non-executive director's remuneration

The fees paid to the non-executive director are determined by the board. Non-executive directors are normally appointed for an initial period of three years. Appointments are made subject to retirement by rotation or removal under the company's articles of association. The non-executive director does not participate in the company's option scheme.

Details of the directors' remuneration, pension entitlements, shareholdings and share options are included in note 25 to the financial statements.

## BOARD REPORTS

### Section 172 Companies Act

As required by Section 172 of the UK's Companies Act, a director of a company must act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its shareholders. In doing this, the director must have regard, amongst other matters, to the following matters:

- likely consequences of any decisions in the long term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers, and others;
- impact of the company's operations on the community and environment;
- the company's reputation for high standards of business conduct; and
- need to act fairly between members of the company.

Engagement with stakeholders and consideration of their respective interests in the Company's decision-making process took place during the year as described below:

#### Shareholders

During the year, the primary mechanism for engaging with shareholders in more depth was by meeting with the shareholders at the Annual General Meeting on 29 April 2022.

#### Employees

We have an experienced, and dedicated workforce which we recognise as the key asset of our business. It is vital to the success of the Group to continue to create the right environment to encourage and create opportunities for individuals and teams to realise their full potential. The Board and management team pay close attention to employee feedback and seek to respond constructively to any suggestions or concerns raised. During 2022 we implemented on-line systems to further improve employee engagement.

#### Customers

The Group ensures regular levels of contact and discussion at all levels of the organisations that it targets. We hold regular business reviews with larger customers, to discuss use of our solutions, address training or support needs and communicate the benefits of our new product features. The team has been progressing calls with remaining customers to assist in optimising product performance and to increase customer loyalty.

A key element in our relationships with our customer base has been to combine and integrate our customer data into a single CRM system (Capsule). In addition to direct contact, we have increased use of social media, to present new products and features.

#### Suppliers

We operate in a way that safeguards against unfair business practices and encourages suppliers and contractors to adopt responsible business policies and practices for mutual benefit. We recognise that we must, where possible, integrate our business values and operations to meet the expectations of our stakeholders, including customers, suppliers, the community, and the environment. We use environmentally friendly suppliers where practical. We monitor all suppliers and subcontractors to ensure that they operate in accordance with agreed contract responsibilities and arrangements. An organisation and its external providers (suppliers, contractors, service providers) are interdependent and a mutually beneficial relationship enhances the ability of both to create value for our customers.

## BOARD REPORTS

### Section 172 Companies Act (continued)

#### **Community and the environment**

The Group tries to be a good corporate citizen, for example by:

- providing products to customers that improve energy efficiency.
- taking a flexible approach to home working for its employees where possible.
- moving towards a paperless office environment; and
- encouraging charitable donations to good causes.

#### **Standard of business conduct**

We recognise not only the need but also the desirability of operating to the highest standards of business conduct as this benefits all stakeholders. We seek to achieve this by:

- carefully adhering to our market abuse, privacy (including GDPR), anti-bribery, and other policies.
- encouraging a culture of openness so that any stakeholder can freely raise any concerns.
- actively enforcing our conflicts of interest policy; and
- making the conscious decision to observe not just the letter but also the spirit of the law in all our dealings with stakeholders.

# BOARD REPORTS

## Corporate Governance

### CORPORATE GOVERNANCE REPORT

The QCA Code sets out 10 principles which it advocates should be applied. These are listed below together with a short explanation of how the Group applies each of the principles. Where the Group does not fully apply a principle, an explanation as to why has been provided.

#### Principle One: Business Model and Strategy

For each business unit the Board has adopted a strategy to promote long-term value for shareholders as outlined in the Operating and Business Review on pages 2 to 3.

#### Principle Two: Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communications and constructive dialogue with its shareholders. Institutional shareholders and analysts are welcome to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, [www.holderstechnology.com](http://www.holderstechnology.com). Paul Geraghty, Group Finance Director is available in the first instance to respond to investor enquiries.

#### Principle Three: Stakeholder and Social Responsibilities

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees, customers and suppliers to the Group. The Board has put in place a range of processes and systems to ensure close contact with these key stakeholders is maintained. The Board also ensures that key relationships with customers and suppliers are the responsibility of one of the directors or the Divisional Managing Directors.

The Board at all times seeks to act in a legally compliant and socially responsible manner and also seeks to ensure that senior management act in a similar fashion.

#### Principle Four: Risk Management

The directors are responsible to the Board for ensuring both that procedures are in place, and that these are being effectively implemented so as to identify, evaluate and manage the risks faced by the Group. The nature of the risks and degree of exposure are reviewed periodically.

The following principal risks, and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Competition	Loss of revenue	Reduced profitability	Continually seek cost-effective products
Customers and Suppliers	Loss of major customer/supplier	Reduction in profitability	Multiple-level contact. Reduce dependence on any one customer/supplier. Regular review.
Key Management	Recruitment/retention of key management	Reduced performance	Competitive short term and long-term remuneration and incentives. Stimulating environment with clear communication.
Business Interruption	Loss of operating capability.	Potential loss of business	Business interruption insurance. Dual capacity UK and Germany. Ongoing renewal and maintenance of machinery.
Financial Control	Fraud or misstatement of accounts	Financial loss	Multiple authorisation levels and internal controls. Segregation of duties. Monthly review of results and cash.



# BOARD REPORTS

## Corporate Governance (continued)

### Principle Four: Risk Management (continued)

Activity	Risk	Impact	Control(s)
Inflation	Increased costs, reduced competitiveness	Reduced profitability	Continuous price reviews, careful stock management

There are a range of Group policies which cover matters such as share dealing. The current Board takes the view that an internal audit function is not necessary or practical due to the size of the Group and the close day to day control exercised by the executive directors. However, the Board will continue to monitor the need for an internal audit function.

### Principle Five: A Well-Functioning Board of Directors

The Board comprises:

- Executive Chairman Rudi Weinreich
- Group Managing Director Victoria Blaisdell
- Group Finance Director Paul Geraghty
- Non-executive Director David Mahony\*

Currently the Group Managing Director and Group Finance Director are full time employees. The Executive Chairman is a part-time employee, and the non-executive Director has dual roles as employee and consultant (both of which are part-time). Biographical details of the current directors are set out within Principle Six below. At each Annual General Meeting, one-third of the Board members retire by rotation and offer themselves for re-election. Paul Geraghty will retire and Mehul Shah will join the Board in late March 2023.

\*David Mahony is deemed by the Board to be independent even though he has served on the Board since the company was floated on the Unlisted Securities Market in 1988. The Board believes that Mr Mahony's broad senior level experience enables him to be classed as independent.

The letters of appointment of all directors are available for inspection at the Company's Tweedbank office during normal business hours.

The Executive and Non-Executive Directors are bound by contracts which require no more than one year's notice. The Non-executive Director receives a fee for his services as a director which is approved by the

Board, based upon the time commitment and responsibilities of his roles, of current market rates for comparable appointments, and within any constraints imposed by the current financial position of the Group. The Non-executive Director is also reimbursed for travelling and other incidental expenses incurred on Group business.

Directors' emoluments are set out in Note 25 of the 2022 Annual Report.

The Board meets each month. It has an established Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has resolved that any appointments to the Board are made by the Board as a whole and therefore a Nominations Committee has not been created.

### Attendance at Board and Committee Meetings

The Board retains full control of the Group with day-to-day operational control delegated to Executive Directors. The full Board meets monthly and on other occasions as it considers necessary. During 2022 there were twelve Board meetings, one Remuneration Committee meeting and two Audit Committee meetings. All monthly meetings were fully attended by their constituent directors.

### Principle Six: Appropriate Skills and Experience of the Directors

The Board currently consists of four directors. The Board believes that the Board composition is appropriate to provide the necessary skills, balance and experience for the needs of the company.

Board biographies:

- Rudi Weinreich, Chairman and Chief Executive, born in 1946 in Austria, was sole executive director of the Group until 1987. He has been responsible for all aspects of the business since the business commenced in 1972 and continues to be closely involved with all aspects of the Group.

# BOARD REPORTS

## Corporate Governance (continued)

### Principle Six: Appropriate Skills and Experience of the Directors (continued)

- Victoria Blaisdell BSc, born in 1972, joined the Group in 2004 and is now the Group Managing Director. She previously worked in the IT industry and has worked in several countries as a Senior Consultant for one of the largest global IT consultancies.
- Paul Geraghty BSc, FCA, born in 1960, joined the Group in 2011 as Group Finance Director and Company Secretary. He previously held senior financial roles in engineering companies, including Elektron Components Limited and Protec plc.
- David Mahony BA (Economics), MSc, born in 1944, is the Senior Non-executive Director, appointed in 1988. He is also a Director of Tower Mint Limited. David spent thirty-five years with Hambros Bank in Corporate Finance and as an Industrial Advisor, during which time he was Chairman or Director of various PLC, AIM and Private companies.

### Principle Seven: Evaluation of Board Performance

In 2023 the Board will strengthen its hitherto informal monitoring of individual directors' performance by instituting a formal system whereby the Chairman and non-executive director will formally meet to evaluate and record the performance of the executive directors whilst the executive directors will perform the same exercise in regard to the Chairman and any non-executive directors. This process of board evaluation will also examine issues relating to succession planning as necessary.

### Principle Eight: Corporate Culture

The Board recognises the importance of appropriate ethical values and behaviour in relation to the Group's activities and encourages suitable behaviour and principles from employees and suppliers. These principles are set out in the company's Ethics Policy and the Board keeps a watching brief over its application.

The Company has adopted, for the Board and Senior Management, a Share Dealing Code in accordance with AIM Rule 21.

### Principle Nine: Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Group's activities rests with the Board. Rudi Weinreich is Executive Chairman of the Board, which sets the overall business strategy. Victoria Blaisdell is Group Managing Director responsible for the performance of the Group in line with its agreed business strategy.

The following matters are reserved for the Board:

- Senior appointments and remuneration
- Budget approval
- Acquisitions
- Major capital expenditure
- Major sales quotations and purchase orders
- Foreign exchange policy
- Significant legal, health and safety matters
- Stock exchange compliance and other corporate governance issues

Mr Weinreich when required acts in an Executive capacity, for example by deputising for the German Managing Director when necessary. The board recognises that his role is therefore not 100% independent however it believes that, given Mr Weinreich's unique skills and experience, this is a cost-effective beneficial arrangement for the size of the company.

In accordance with the Companies Act 2006, the Board complies with its duties: to act within its powers; to promote the success of the Company; to exercise independent judgement; to exercise reasonable care, skill and diligence; to avoid conflicts of interest; not to accept benefits from third parties and always to declare any interest in a proposed transaction or arrangement.

# BOARD REPORTS

## Corporate Governance (continued)

### Principle Nine: Maintenance of Governance Structures and Processes (continued)

#### Audit Committee

For the period under review the Audit Committee comprised David Mahony. The Group Finance Director is invited to attend Audit Committee meetings when appropriate. The Audit Committee meets as required and specifically to review the Interim Report and Annual Report. There were two meetings of the Audit Committee during 2022. The Audit Committee also reviews the findings of the external auditor and reviews accounting policies and material accounting judgements.

The independence and effectiveness of the external auditor is reviewed annually. The possibility of undertaking an audit tender process is considered on a regular basis. The Audit Committee meets at least once per year with the auditor to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. The fees in respect of audit services are set out in Note 7 of the Annual Report.

#### Remuneration Committee

For the period under review the Remuneration Committee comprised David Mahony and Rudi Weinreich. The purpose of the Remuneration Committee is to ensure that the Executive Directors and other employees are fairly rewarded for their individual contribution to the overall performance of the Group. The Committee considers and recommends to the Board the remuneration of the Executive Directors and is kept informed of the remuneration packages of senior staff and invited to comment on these. There were two Remuneration Committee meetings during 2022.

The Board retains responsibility for remuneration policy. Executive remuneration packages are designed to attract and retain executives of the necessary skill and calibre to run the Group. The Remuneration Committee recommends to the Board the remuneration packages by reference to individual performance, general market changes and any

constraints imposed by the then financial position of the Group. The Remuneration Committee has responsibility for recommending the adoption of any long-term incentive schemes.

There are three main elements of the remuneration packages for Executive Directors and staff:

1. Basic salaries and benefits in kind: Basic salaries are recommended to the Board by the Remuneration Committee, considering the performance of the individual and the rates for similar positions in comparable companies. Certain benefits in kind are available to senior staff and Executive Directors.

2. Long term incentive plans: The Company periodically operates a long-term incentive plan for Executive Directors and certain other employees both to motivate those individuals through equity participation or equivalent remuneration, and to align the interests of senior employees with those of shareholders. Exercise of share options under the schemes is subject to specified exercise periods and compliance with the AIM Rules. The schemes are overseen by the Remuneration Committee which recommends to the Board all grants of share options specifying the terms under which eligible individuals may be invited to participate.

3. Bonus Scheme: The Group has a discretionary bonus scheme for staff and Executive Directors which is specific to each individual and the role performed by that individual within the Group. Salaries and benefits were reviewed in November 2022 to cover the period to 30 November 2023. Future reviews will be held in November/ December each year for implementation from 1 December.

### Principle Ten: Shareholder Communication

The Board is committed to maintaining good communication with its shareholders. All shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, [www.holderstechnology.com](http://www.holderstechnology.com), and via the Group Finance Director, who is available to answer investor queries.

# FINANCIAL STATEMENTS

## Independent auditor's report to the members of Holders Technology plc

### Opinion

We have audited the financial statements of Holders Technology PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 November 2022 which comprise Consolidated Income Statement and Statement of Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the group and of the parent company as at 30 November 2022 and of the group's loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Our approach to the audit

We tailored the scope of our audit to ensure that we obtained sufficient evidence to support our opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls and the industry in which they operate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements for example in respect of significant accounting policies that involved making assumptions and considering future events that are inherently uncertain.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are discussed under "Key audit matters" within this report.

Our group audit scope included an audit of the group and parent company financial statements. Based on our risk assessment, we determined that components, Holders Technology UK Limited and Holders Technology GmbH, represented the principal business units within the group. A full scope audit was undertaken on each significant component. The audit of Holders Technology UK Limited, the UK significant component, was performed by the group audit team. Holders Technology GmbH, the overseas significant component in Germany was audited by local component auditors under the instruction of the group audit team. A remote review of the component auditors' procedures was also carried out by the group audit team. The components within the scope of our audit work therefore covered 100% of, group loss before tax and group net assets.

## FINANCIAL STATEMENTS

### Independent auditor's report to the members of Holders Technology plc (cont'd)

#### Our approach to the audit (continued)

At group level we also tested the consolidation process to confirm our conclusion that there were no significant risks of material misstatement in the consolidated financial information.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<p><u>Inventory valuation and provisioning</u></p> <p>Both the UK and German trading subsidiaries hold inventory in order to satisfy customer orders promptly.</p> <p>At 30 November 2022 the Group held inventory with a carrying value of £1.4m and the value of the inventory provision was £0.211m.</p> <p>Due to the significance of inventory to the financial statements and the judgements applied in assessing obsolescence and determining an appropriate provision, this has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Substantively testing a sample of inventory lines to purchase and post year-end sales invoices to ensure inventory is being held at the lower of cost and net realisable value;-</li><li>• Assessing the design and implementation of key controls around inventory management and provisioning including review and approval of the inventory provision;-</li><li>• Attending the year-end inventory count to assess the systems and procedures for recording inventory, observing the performance of count procedures, inspection of inventory and reperformance of count procedures;-</li><li>• Reviewing management's inventory provision including validating and challenging the key assumptions including procedures to identify defective, slow moving and obsolete stock;-</li><li>• Reviewing post year-end inventory write offs and prior year provisioning levels to assess management's ability to accurately determine an inventory provision; and-</li><li>• Substantively testing purchases and sales made around the year end to ensure cut off has been correctly applied.</li></ul> <p>Based on our procedures we have not identified any material misstatement arising from the valuation or provisioning of inventories</p>

## FINANCIAL STATEMENTS

### Independent auditor's report to the members of Holders Technology plc (cont'd)

#### Key audit matters (continued)

<p><u>Carrying values of investments in subsidiaries and joint ventures</u></p> <p>The parent company holds investments in subsidiary companies and joint ventures. At 30 November 2022 the carrying value of investments in subsidiaries was £2.035m, and the carrying value of investments in joint ventures was £0.103m.</p> <p>Due to the significance of the carrying values of investments in subsidiaries to the financial statements of the parent company, this has been identified as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Assessing whether there were indicators of impairment and confirming the impairment review had been carried out in accordance with IAS 36;-</li><li>• Reviewing and challenging management's discounted cash flow forecasts for each of the subsidiary entities and assessing the underlying assumptions including the growth rate and working cost of capital rate for reasonableness;-</li><li>• Performing a sensitivity analysis on the key assumptions used in the impairment model, being the growth rate of revenue and operating margins; and-</li><li>• Assessing management's ability to accurately perform impairment reviews through review of outcomes compared to previous forecasts.</li></ul> <p>Based on our procedures we have not identified any material misstatement arising from the carrying values of investments in subsidiaries and joint ventures.</p>
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#### Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below this level will not necessarily be evaluated as immaterial as we also take account of the qualitative nature of identified misstatements, and the circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement and taking into account the possible metrics used by investors and other readers of the accounts, we have determined an overall group materiality of £85,000 (2021: £124,000). This was based on 1% of group revenue which we consider to be the principal metric in assessing financial performance. The parent company materiality was set at £84,000 (2021: £124,000). These were based on draft financial statements at the planning stage of the audit.

Performance materiality was set at 80% of the above materiality levels, being £68,000 for the group (2021: £99,000) and £67,000 for the parent company (2021: £99,000). We agreed with the Audit Committee that we would report all individual audit differences in excess of £3,000 (2021: £6,00), being 5% of group materiality. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.



# FINANCIAL STATEMENTS

## Independent auditor's report to the members of Holders Technology plc (cont'd)

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and the parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining, critically appraising and assessing for arithmetical accuracy the directors' formal going concern assessment;
- reviewing projected cashflows and other available evidence to assess the ability of the company to continue in operation for at least 12 months from the date of signing this report;
- considering how the impact of the current economic climate has been factored into the forecasts;
- performing a sensitivity analysis on the key assumptions underlying the directors' going concern assessment including growth rate of revenue and operating margins;
- reviewing the disclosures in the annual report, specifically in note 2 and assessing whether they are appropriate; and
- discussing events after the reporting date with the directors to assess their impact on the going concern assumption, including comparison of the post year end cash balances to forecast positions.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

# FINANCIAL STATEMENTS

## Independent auditor's report to the members of Holders Technology plc (cont'd)

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.



# FINANCIAL STATEMENTS

## Independent auditor's report to the members of Holders Technology plc (cont'd)

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent company by discussions with directors, communication with component auditors and by updating our understanding of the sector in which the group and parent company operate.

Laws and regulations of direct significance in the context of the group and parent company include The Companies Act 2006, the AIM Rules for Companies and UK Tax legislation as well as similar laws and regulations prevailing in each country in which we identified a significant component.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of group and parent company financial statement disclosures. We reviewed the parent company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the parent company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

## FINANCIAL STATEMENTS

### Independent auditor's report to the members of Holders Technology plc (cont'd)

#### Auditor's responsibilities for the audit of the financial statements (continued)

As group auditors, our assessment of matters relating to non-compliance with laws or regulations and fraud differed at group and component level according to their particular circumstances. Our communications with component auditors included a request to identify instances of non-compliance with laws and regulations and fraud that could give rise to a material misstatement of the group financial statements in addition to our risk assessment.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Jamie Cassell (Senior Statutory Auditor)  
for and on behalf of Saffery Champness LLP

Chartered Accountants  
Statutory Auditors

71 Queen Victoria Street  
London  
EC4V 4BE

23 March 2023

## FINANCIAL STATEMENTS

### Group Income Statement for the year ended 30 November 2022

	Note	2022 £'000	2021 £'000
Revenue	5	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		8	8
<b>Operating profit/ (loss)</b>		<b>(238)</b>	<b>323</b>
Profit on disposal of assets		-	471
Income/ (loss) from joint ventures		(8)	3
Finance income/ (expenses)	6	(13)	(10)
<b>Profit/ (loss) before taxation</b>		<b>(259)</b>	<b>787</b>
Tax	8	-	(92)
<b>Profit/ (loss) for the year attributable to equity shareholders</b>		<b>(259)</b>	<b>695</b>
<b>Basic and diluted earnings/ (loss) per share</b>	10	<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/ (loss) 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>

## FINANCIAL STATEMENTS

### Statements 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 30 November 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 income/ (loss) 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>

Company	Share capital	Share premium account	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
<b>Balance at 30 November 2020</b>	422	1,590	1	137	2,150
Dividends	-	-	-	(32)	(32)
Transactions with owners	-	-	-	(32)	(32)
Dividends received	-	-	-	1,737	1,737
Loss and total comprehensive income for the year	-	-	-	(402)	(402)
<b>Balance at 30 November 2021</b>	<b>422</b>	<b>1,590</b>	<b>1</b>	<b>1,440</b>	<b>3,453</b>
Dividends	-	-	-	(126)	(126)
Transactions with owners	-	-	-	(126)	(126)
Loss and total comprehensive income for the year	-	-	-	(218)	(218)
<b>Balance at 30 November 2022</b>	<b>422</b>	<b>1,590</b>	<b>1</b>	<b>1,096</b>	<b>3,109</b>

# FINANCIAL STATEMENTS

## Balance Sheets at 30 November 2022

Company number: 1730535

		Group		Company	
	Note	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible fixed assets	12	190	220	-	-
Property, plant and equipment	13	226	82	4	1
Leased assets	14	63	87	-	-
Investments in subsidiaries	15	-	-	2,035	2,035
Investments in joint ventures	16	103	111	103	111
Deferred tax assets	23	12	12	-	-
		594	512	2,142	2,147
<b>Current assets</b>					
Inventories	17	1,362	1,180	-	-
Trade and other receivables	18	1,636	1,593	501	176
Current tax assets		-	-	-	-
Cash and cash equivalents		2,270	3,192	1,378	1,941
		5,268	5,965	1,879	2,117
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	19	(1,456)	(1,661)	(912)	(811)
Lease liabilities	20	(51)	(58)	-	-
Current tax liabilities		-	-	-	-
		(1,507)	(1,719)	(912)	(811)
<b>Net current assets</b>		3,761	4,246	967	1,306
<b>Non-current liabilities</b>					
Retirement benefit liability	22	(165)	(186)	-	-
Lease liabilities	20	(9)	(35)	-	-
Deferred tax liabilities	23	(9)	(9)	-	-
		(183)	(230)	-	-
<b>Net assets</b>		4,172	4,528	3,109	3,453
<b>Shareholders' equity</b>					
Share capital	24	422	422	422	422
Share premium account	24	1,590	1,590	1,590	1,590
Capital redemption reserve	24	1	1	1	1
Retained earnings		2,016	2,401	1,096	1,440
Cumulative translation adjustment reserve		143	114	-	-
		4,172	4,528	3,109	3,453

### Parent Company Income Statement

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £218,000 (2021: profit £1,335,000).

The financial statements were approved by the Board on 23 March 2023 and signed on its behalf by:



R W Weinreich  
Director

## FINANCIAL STATEMENTS

### Statements of Cash Flows for the year ended 30 November 2022

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>				
Profit/ (Loss) before tax from continuing operations	(259)	787	(218)	1,335
Depreciation	141	168	-	-
Gain on disposal of property, plant, and equipment	3	(471)	-	-
Impairment – Goodwill	-	146	-	-
Impairment – Investments	-	-	-	256
Decrease in inventories	(173)	1,093	-	-
(Increase)/ Decrease in trade and other receivables	(409)	(527)	(159)	(5)
Increase/ (Decrease) in trade and other payables	169	702	(64)	464
Interest Expense/ (Income)	13	10	49	-
Cash generated from/ (used in) operations	(515)	1,908	(392)	2,050
Income/ (loss) from investments	8	(3)	8	(1,740)
Tax paid	-	(92)	-	-
Interest paid	(21)	(10)	(49)	-
Net cash generated from/ (used in) operations	(528)	1,803	(433)	310
<b>Cash flows from investing activities</b>				
Purchase of property, plant, and equipment	(212)	(65)	(4)	(1)
Investment in Joint Venture	-	(80)	-	(80)
Proceeds from sale of property, plant, and equipment	2	553	-	-
Dividends received	-	-	-	1,737
Interest received	42	-	8	-
Net cash (used in)/generated from investing activities	(168)	408	4	1,656
<b>Cash flows from financing activities</b>				
Repayment of leases	(57)	(37)	-	-
Equity dividends paid	(126)	(32)	(126)	(32)
Net cash used in financing activities	(183)	(69)	(126)	(32)
<b>Net change in cash and cash equivalents</b>	<b>(879)</b>	<b>2,142</b>	<b>(555)</b>	<b>1,934</b>
Cash and cash equivalents at start of period	3,192	1,113	1,941	7
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>	<b>1,378</b>	<b>1,941</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements

### 1. General information

Holders Technology plc, a public company limited by shares, is registered in England and Wales under the Companies Act.

These consolidated financial statements are presented in pounds sterling and all information has been rounded to the nearest thousand pounds. Foreign operations are consolidated in accordance with the policies set out in note 2 below.

### 2. Accounting policies

#### Basis of preparation

The Group and parent company financial statements have been prepared in accordance with UK-adopted international accounting standards. All accounting standards and interpretations issued by the International Accounting Standards Board effective at the time of preparing these financial statements have been applied.

The Group and parent company financial statements have been prepared under the historical cost convention with the exception of forward currency contracts which are carried at fair value. A summary of the significant Group accounting policies adopted in the preparation of the financial statements is set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Going concern

The company's and Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 5. The financial position of the company and the Group, their cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 4. In addition, notes 2, 3, 4, 21 and 24 to the financial statements include the company's and the Group's objectives, policies and processes for managing their capital; their financial risk management objectives; details of their financial instruments and foreign exchange risk mitigation activities; and their exposures to credit risk and liquidity risk.

The company and Group have numerous financial resources, as shown in the financial statements, together with a number of customers and suppliers across different geographic areas and industries. The Board pursues a cautious strategy, combined with effective cost control in order to maintain a strong working capital position. Budgets and forecasts indicate a satisfactory going concern position. As a consequence, the directors believe that the company and Group are well placed to manage its business risks successfully despite the current uncertain economic outlook and therefore conclude it is appropriate to prepare the financial statements on a going concern basis.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### Standards and Interpretations to Standards not yet effective

The following Standards and Interpretations have been issued, but are not yet effective and have not been early adopted by the Group:

Reference to the Conceptual Framework (Amendments to IFRS 3 <i>Business Combinations</i> )	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 <i>Provisions, Contingent Liabilities and Contingent Assets</i> )	1 January 2022
Annual improvements 2018-2020 cycle	1 January 2022
Disclosure of Accounting Policies (Amendments to IAS 1 <i>Presentation of Financial Statements</i> and IFRS Practice Statement 2 <i>Making Materiality Judgements</i> )	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 <i>Income Taxes</i> )	1 January 2023

The directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group except for additional disclosures when the relevant standard comes into effect. The Group's revenues normally comprise items where parties, products, prices and ownership transfers are very unambiguous.

#### Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Critical judgements and key estimates and assumptions are disclosed in note 2.

#### Principles of consolidation

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries. Intra-Group transactions, including sales, profits, receivables, and payables, have been eliminated in the Group consolidation.

#### Subsidiaries

Subsidiaries are entities controlled by the company. Control is achieved where the Group is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through the power over the investee. The financial statements of subsidiaries are included from the date that control commences until the date that control ceases. In the parent company accounts investments and long-term loans to subsidiaries are initially recorded at cost. The investment value is subsequently recorded at cost less any impairment value.



# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### Joint Ventures

Joint ventures are entities in which the company has a significant shareholding, but it does not have control of the entity. Joint ventures are accounted for using the equity accounting method whereby the investment is initially recorded at cost. The company's share of any subsequent profit or loss is recorded thereafter as an increase or decrease in the investment value with a matching income or expense figure shown separately on the income statement.

#### Goodwill and business combinations

The results of subsidiaries acquired in the period are included in the income statement from the date they are acquired. On acquisition, all of the subsidiaries' assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. For business combinations occurring since 1 December 2009, the requirements of IFRS 3R have been applied. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred. The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values. Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately. As permitted by IFRS 1, goodwill arising on acquisitions before 1 December 2005 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date.

#### Impairment charges

The company considers at each reporting date whether there is any indication that assets are impaired. If so, the company carries out an impairment test by measuring an asset's recoverable amount, which is the higher of its fair value less costs to sell and its value in use. Goodwill, which is allocated to individual cash generating units, is reviewed annually for impairment. Value in use represents the present value of the future cash flows expected to be derived from the cash generating unit. The present value is discounted using a pre-tax rate that reflects current market assessments of the time value of money and of the risks specific to the cash generating unit for which future cash flow estimates have not been adjusted. If the recoverable amount is less than the carrying amount an impairment loss is recognised, and the asset is written down to its recoverable amount.

#### Revenue recognition

Revenue recognition is in accordance with IFRS 15. IFRS 15 requires that a 5-step, principles-based model should be applied to all contracts with customers. Revenue arises principally from the sale of specialised materials and finished goods. Revenue from sale of goods is recognised when goods are transferred to the customer, being the sole performance obligation.

There is also an element of commissioning services revenue, recognised over the time period to which the service relates.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

- Sales of specialised materials and finished goods are for a fixed price which is recognised when the Group transfers control of the assets to the customer. Invoices for goods fall due for settlement upon dispatch to the customer, the customer has full discretion over the use of the components and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Transfer of control does not occur until the risks of obsolescence and loss have been transferred, and either the products have been accepted in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- Sales of commissioning services are recognised depending on the substance and legal form of the contracts with its customers. Revenue is recognised once a legally binding contract between the Group and its customers has been established and the delivery of the service including support and maintenance has commenced. Revenues are recognised as each element of commissioning service is invoiced in line with the contract, with associated costs for labour and subsistence accrued for as necessary.

#### Financial instruments

The Group has adopted IFRS 9 which became effective on 1 January 2020. Financial assets and financial liabilities are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument. Examples of the Group's financial instruments include:

- Cash and cash equivalents
- Trade and other receivables
- Trade and other payables
- Derivative financial instruments
- Equity instruments
- Right-of-use assets
- Lease liabilities

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. The company considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management system are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### Trade and other receivables

The Group's trade receivables do not carry a significant financing element as defined by IFRS 15. Therefore, trade receivables are recorded initially and throughout the life of the receivable, at fair value less an amount equal to lifetime expected credit losses ("ECL").

#### Trade and other payables

Trade and other payables are not interest bearing and are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate.

#### Derivative financial instruments

The Group uses derivative financial instruments to mitigate its exposure to foreign exchange risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the income statement.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of directly attributable issue costs.

#### Property, plant, equipment, and software

The cost of items of property, plant, equipment and software is its purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated to write off assets over their expected useful lives. Where there is evidence of impairment, property, plant and equipment is written down to the recoverable amount. Depreciation is calculated at the following rates:

Leasehold building improvements	15% on written down value or over the period of the lease
Motor vehicles	20% on either cost or written down value
Plant and machinery	20% - 33% on either cost or written down value
Office equipment	25% on cost
Computer software	10% on cost

Methods of depreciation, recoverable amounts and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date. Provision is made against the carrying value of items of property, plant and equipment where impairment in value is deemed to have occurred.

#### Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

#### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the balance sheet date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the consolidated financial statements, the net assets of the Group's foreign operations are translated at the rate of exchange at the balance sheet date. Income and expense items are translated at the average rates for the period where these rates approximate to actual rates. Otherwise actual rates are used. The resulting exchange differences are charged/ credited to other comprehensive income and recognised in the currency translation reserve in equity. Such translation differences are recognised in the income statement on the disposal of the foreign operation. All other currency differences are taken to the income statement. Profit and losses on holding foreign currency balances are treated as a finance cost.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Accounting policies (continued)

#### Taxes

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured using the tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the asset is realised, or the liability settled. Deferred tax is not discounted.

Provision is not made for deferred tax on the unremitted earnings of foreign subsidiaries where such remittances are not considered probable as the Group's policy is to reinvest profits to fund growth locally. Provision is made where it is likely that dividends will be remitted within the foreseeable future.

A deferred tax asset is recognised only when it is probable that suitable taxable profits will be available in the foreseeable future from which the reversal of the temporary differences can be deducted.

#### Pension contributions

The Group does not operate a pension scheme. Pension costs relate to Group contributions to the personal pension schemes of certain directors and employees. The contributions are recognised as an employee benefit expense when they are due. There is also a retirement benefit liability arising from an asset purchase of Cimatec GmbH as disclosed in note 22. The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the accounting period less the fair value of plan assets, together with adjustments for past-service costs. Independent actuaries annually calculate the defined benefit obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

#### Dividends payable

Distributions to equity holders are disclosed as a component of the movement in shareholders' equity. A liability is recorded for a final dividend when the dividend is approved by the company's shareholders, and, for an interim dividend, when the dividend is paid.

#### Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 2. Critical accounting judgements and key sources of estimation uncertainty

#### Critical judgement in applying the Group's accounting policies

##### Stock Provision

Provisions are made for slow moving, excess, and obsolete stock. Each stock line across the Group is reviewed, and consideration is given to current inventory, historic sales, purchasing history, sales orders on hand, potential obsolescence, and market factors. The review takes place quarterly, and changes in provisions are reviewed to highlight opportunities for improved accuracy.

##### Estimation uncertainty

##### Impairment testing

Impairment testing of goodwill and investment in subsidiaries involves comparing the carrying value of an asset with its value in use, based upon a discounted cash flow model. This model involves making assumptions involving future revenues and profits as well as long-term growth rates and the appropriate discount rate. Further details are set out in note 12. Management is not aware of any probable scenarios that would require changes in its key estimates, and lead to impairment. The key assumption impacting the value in use is the revenue forecast.

### 3. Financial risk management

#### Treasury management

Group treasury policies are reviewed and approved by the board. The objectives of Group treasury policies are to ensure that adequate financial resources are available for development of the business while at the same time managing financial risks. Derivative financial instruments are used to reduce financial risk exposures arising from the Group's business activities and not for speculative purposes.

The Group Finance Director manages the Group's treasury activities and reports to the board thereon. The Group's business activities expose it to a variety of financial risks that include:

- Liquidity risk;
- Credit risk;
- Cash flow interest rate risk; and
- Currency risk.

The policies for managing these risks are described below:

#### Liquidity risk

The Group finances its operations through a combination of bank borrowings, leases and cash generated from operations. The Group's treasury policy aims to ensure that there are sufficient funds available to meet the projected cash flow requirements in the business plan.

The Group's principal source of funding is cash generated from operations. Liquidity is maintained through committed bank credit facilities (note 21).

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 4. Financial risk management (continued)

#### **Credit risk**

Credit risk on trade receivables is managed by monitoring the amount and duration of exposures to individual customers depending on their credit rating. Where possible, trade receivables are insured. The amounts of trade receivables presented in the balance sheet are net of allowances for doubtful accounts based on expected credit losses as required by IFRS 9.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are high credit quality financial institutions.

The Group has no significant concentration of credit risk, with exposure spread over a large number of customers and counterparties.

#### **Currency risk**

The Group is exposed to currency risk through movements in exchange rates on its purchases and sales that are not denominated in the local functional currencies. The Group uses forward foreign exchange contracts to mitigate the currency risk associated with these transactions, where material exposure exists. The contracts are denominated primarily in US dollars, Japanese Yen and Euros. Such contracts are accounted for in accordance with the policies set out in note 2. At the year-end no forward purchase contracts were held (2021: none).

#### **Cash flow interest rate risk**

The Group is exposed to cash flow interest rate risk on bank borrowings, which are arranged at floating rates. The board monitors the overall level of bank debt and interest costs to limit any adverse effects on the financial performance of the Group. The Group does not use interest rate swaps to reduce its exposure to interest rate fluctuations at the present time.

#### **Fair value estimation**

The fair values of cash and cash equivalents, receivables, payables, and borrowings with a maturity of less than one year approximate their book values.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 5. Segment reporting

The group has four operating subsidiaries: PCB UK, PCB Germany, LCS UK and LCS Germany. Both PCB divisions have very similar products, processes, customers, distribution means and margins. Strategic and operational decisions are normally made on the basis that together they comprise one “PCB” reportable segment. The same is true of the “LCS” divisions, which have many common characteristics. The two reported segments are therefore:

- PCB, comprising PCB UK and PCB Germany, distributes products, equipment and supplies to the PCB industry
- LCS, which provides Lighting and wireless controlled components, lighting products and lighting solutions. This comprises LCS UK and LCS Germany.

	PCB		LCS		Other		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Revenue	2,667	7,920	5,652	4,466	-	-	8,319	12,386
Cost of sales	(1,724)	(5,715)	(3,701)	(2,801)	-	-	(5,425)	(8,516)
Gross profit	943	2,205	1,951	1,665	-	-	2,894	3,870
Distribution costs	(48)	(292)	(149)	(116)	-	-	(197)	(408)
Administrative expenses	(719)	(1,369)	(2,057)	(1,521)	(167)	(111)	(2,943)	(3,001)
Other operating income/ (expenses)	8	10	2	4	(2)	(6)	8	8
Segment operating profit/ (loss)	184	554	(253)	32	(169)	(117)	(238)	469
Other segmental information								
Depreciation (Note 12,13,14)	89	142	51	26	1	-	141	169
Segment assets	6,118	4,836	3,107	2,738	(3,363)	(1,110)	5,862	6,464
Segment liabilities	(1,641)	(628)	(4,764)	(4,114)	4,715	2,806	(1,690)	(1,936)

“Other” amounts relate to central Group activities, which are not identifiable to the operating segments.

### Analysis of external revenue by geographic region

	UK		EU		Rest of World		Total	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Revenue - PCB	955	1,452	1,712	4,759	-	1,709	2,667	7,920
- LCS	3,543	2,501	1,980	1,855	129	110	5,652	4,466
	4,498	3,953	3,692	6,614	129	1,819	12,386	12,386
Non-current assets	492	414	110	98	-	-	602	512

UK revenues originate from UK which is where the UK segments are domiciled. EU and Rest of World revenues originate from Germany which is where the operating segments are domiciled. Over 90% of Rest of World revenues are from European countries outside the EU. No customer contributed more than 10% of external revenue.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 6. Finance income and expenses

	2022 £'000	2021 £'000
Interest expense on lease liability	(9)	(6)
Interest expense on pension liability	(4)	(4)

### 7. Profit/ Loss for the year

The following items have been included in arriving at the profit/ loss for the year:

	2022 £'000	2021 £'000
Costs of inventories recognised as an expense	5,040	8,454
Write-down of inventory to net realisable value	(13)	(42)
Amortisation of intangible fixed assets (note 12)	30	16
Depreciation of property, plant and equipment (note 13)	39	47
Depreciation of leased assets	71	105
Staff costs	2,179	2,515
Directors' emoluments	320	269
Government support income	-	-
Fees payable to the company's auditors for the audit of the financial statements	25	22
Fees payable to the company's auditors for other services:		
- Audit of the financial statements of the company's subsidiaries	40	40
Operating leases - land and buildings	-	-
Foreign exchange loss/ (gain)	5	14

### 8. Taxation

#### Analysis of the charge in the period

	2022 £'000	2021 £'000
Current tax		
- Current period	-	92
- Credit adjustment in respect of prior years	-	-
	-	92
Deferred tax charge/ (credit) (note 23)	-	-
Total tax	-	92

#### 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:

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



# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 9. Profit of the parent company for the financial year

The result for the financial year dealt with in the accounts of the parent company was a loss of £218,000 (2021 profit: £1,335,000).

As permitted by Section 408 of the Companies Act 2006, no separate income statement is presented in respect of the parent company.

### 10. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of treasury shares is deducted from the number of shares issued in arriving at the weighted average number of shares outstanding during the period.

For diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. Potentially dilutive ordinary shares are those share options granted to employees where the exercise price is less than the average market price of the company's ordinary shares during the period, and where exercise would decrease earnings per share or increase loss per share from continuing operations.

Reconciliations of the earnings and weighted average number of shares used in the calculations are set out below:

	2022 Number	2021 Number
Weighted average number of ordinary shares	4,224,164	4,224,164
Dilutive effect of share options	-	-
Fully diluted weighted average number of ordinary shares	4,224,164	4,224,164

	2022 Pence per share	2021 Pence per share
<b>Basic earnings per share:</b>		
Continuing operations	(6.13)	16.45
<b>Diluted earnings per share:</b>		
Continuing operations	(6.13)	16.45

### 11. Ordinary dividends

	2022 £'000	2021 £'000
Final dividend for the year ended 30 November 2021 of 0.25p (year ended 30 November 2020 final dividend: 0.50p)	21	11
Special Dividend of 2.0p paid 28 January 2022	84	
Interim dividend paid in respect of the year of 0.50p (2021: 0.50p)	21	21
Amounts recognised as distributions to equity holders	126	32

A special dividend of 2.0p per share was paid on 28 January 2022 to shareholders registered on 21 January 2022. The directors propose a final dividend in respect of the year ended 30 November 2022 of 0.50p per share. If approved by shareholders, it will be paid on 31 May 2023 to shareholders registered on 12 May 2023.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 12. Intangible fixed assets

Group	Goodwill £'000	Computer software £'000	Total £'000
<b>Cost</b>			
<b>At 1 December 2020</b>	<b>426</b>	<b>198</b>	<b>624</b>
Currency translation	(6)	(10)	(16)
Additions	-	5	5
Disposals	-	(6)	(6)
<b>At 30 November 2021</b>	<b>420</b>	<b>187</b>	<b>607</b>
Currency translation	2	3	5
Additions	-	-	-
Disposals	-	-	-
<b>At 30 November 2022</b>	<b>422</b>	<b>190</b>	<b>612</b>
<b>Depreciation</b>			
<b>At 1 December 2020</b>	<b>108</b>	<b>135</b>	<b>243</b>
Currency translation	(6)	(12)	(18)
Impairment	146	-	146
Provided in year	-	16	16
<b>At 30 November 2021</b>	<b>248</b>	<b>139</b>	<b>387</b>
Currency translation	2	3	5
Impairment	-	-	-
Provided in year	-	30	30
<b>At 30 November 2022</b>	<b>250</b>	<b>172</b>	<b>422</b>
<b>Net book value</b>			
<b>At 30 November 2022</b>	<b>172</b>	<b>18</b>	<b>190</b>
<b>At 30 November 2021</b>	<b>172</b>	<b>48</b>	<b>220</b>
<b>Analysis by cash generating unit</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
PCB	-	15	15
Lighting and Controls	172	3	175
	<b>172</b>	<b>18</b>	<b>190</b>

As permitted by IFRS 1, goodwill arising on acquisitions before 1 December 2005 (date of transition to IFRS) has been frozen at the UK GAAP amounts subject to being tested for impairment at that date, the results of which assessment indicated no such impairment.

Under UK GAAP, goodwill of £239,000 arising on acquisitions prior to 1 July 1998 was eliminated directly against reserves. The gain or loss on the disposal of a previously acquired business reflects the attributable amount of purchased goodwill in respect of that business. As the Group has opted not to restate business combinations prior to the date of transition, the goodwill written off to reserves under UK GAAP has been frozen and remains in reserves. Goodwill previously written off to reserves is not written back to the income statement on subsequent disposal.

## FINANCIAL STATEMENTS

### Notes to the Financial Statements (continued)

#### 12. Intangible fixed assets (continued)

The recoverable amount of a cash-generating unit is based on its value-in-use. Value-in-use is the present value of the projected cash flows of the cash-generating unit (CGU). The key assumptions regarding the value-in-use calculations are those regarding the discount rates and growth rates. Management estimates discount rates using pre-tax rates that reflect current market assessments of a number of factors that impact on the time value of money and any risk specific to the CGU. The rate includes management's assessment of a normal level of debt: equity ratio within similar companies in its sector and reflects the risks specific to the relevant business segment.

The Group prepares three-year cash flow forecasts based on the latest financial budgets approved by management. The model includes the impact of expected changes in stock levels, anticipated capital expenditure, tax costs, and dividends. Terminal values are calculated using a growth rate approximating the long-term average growth rates for the product sectors concerned. The growth rates were assessed at 1.5% for PCB Germany and 2.5% for LCS UK. The discount rate applied for PCB and LCS was 2.5%.

#### 13. Property, plant, and equipment

	Short leasehold land and buildings	Group Motor vehicles, plant and machinery, office equipment	Total	Company Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
<b>At 30 November 2020</b>	<b>92</b>	<b>1,557</b>	<b>1,649</b>	<b>62</b>	<b>62</b>
Currency translation	-	(35)	(35)	-	-
Additions	-	45	45	-	-
Disposals	-	(808)	(808)	-	-
<b>At 30 November 2021</b>	<b>92</b>	<b>759</b>	<b>851</b>	<b>62</b>	<b>62</b>
Currency translation	-	5	5	-	-
Additions	41	147	188	5	4
Disposals	-	(5)	(5)	-	-
<b>At 30 November 2022</b>	<b>133</b>	<b>906</b>	<b>1,039</b>	<b>67</b>	<b>66</b>
<b>Depreciation</b>					
<b>At 30 November 2020</b>	<b>92</b>	<b>1,338</b>	<b>1,430</b>	<b>62</b>	<b>62</b>
Currency translation	-	(28)	(28)	-	-
Provided in year	-	47	47	-	-
Disposals	-	(680)	(680)	-	-
<b>At 30 November 2021</b>	<b>92</b>	<b>677</b>	<b>769</b>	<b>62</b>	<b>62</b>
Currency translation	-	5	5	-	-
Provided in year	3	36	39	1	-
Disposals	-	-	-	-	-
<b>At 30 November 2022</b>	<b>95</b>	<b>718</b>	<b>813</b>	<b>63</b>	<b>62</b>
<b>Net book value</b>					
<b>At 30 November 2022</b>	<b>38</b>	<b>188</b>	<b>226</b>	<b>4</b>	<b>4</b>
<b>At 30 November 2021</b>	<b>-</b>	<b>82</b>	<b>82</b>	<b>-</b>	<b>-</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 14. Leased Assets

	Short leasehold land and buildings	Group Motor vehicles, plant and machinery, office equipment	Total	Company Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
<b>At 1 December 2020</b>	<b>284</b>	<b>280</b>	<b>564</b>	-	-
Currency translation	-	(22)	(22)	-	-
Additions	-	17	17	-	-
Disposals	-	(232)	(232)	-	-
<b>At 30 November 2021</b>	<b>284</b>	<b>43</b>	<b>327</b>	-	-
Currency translation	-	23	23	-	-
Additions	-	24	24	-	-
Disposals	(132)	-	(132)	-	-
<b>At 30 November 2022</b>	<b>152</b>	<b>90</b>	<b>242</b>	-	-
<b>Depreciation</b>					
<b>At 30 November 2020</b>	<b>171</b>	<b>52</b>	<b>223</b>	-	-
Currency translation	1	(11)	(10)	-	-
Provided in year	52	53	105	-	-
Disposals	-	(78)	(78)	-	-
<b>At 30 November 2021</b>	<b>224</b>	<b>16</b>	<b>240</b>	-	-
Currency translation	-	-	-	-	-
Provided in year	42	29	71	-	-
Disposals	(132)	-	(132)	-	-
<b>At 30 November 2022</b>	<b>134</b>	<b>45</b>	<b>179</b>	-	-
<b>Net book value</b>					
<b>At 30 November 2022</b>	<b>18</b>	<b>45</b>	<b>63</b>	-	-
<b>At 30 November 2021</b>	<b>60</b>	<b>27</b>	<b>87</b>	-	-

### 15. Investments in subsidiaries

	At Cost £'000
<b>Cost</b>	
At 1 December 2020	2,291
Impairment charge during year	(256)
At 1 December 2021	2,035
<b>At 30 November 2022</b>	<b>2,035</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 15. Investments in subsidiaries (continued)

The following subsidiary undertakings were included in the consolidated financial statements at the year end.

Name	Registered office	Nature of business	Interest in ordinary shares & voting rights
Holders Technology GmbH	Woogmorgen 12, 67272 Kirchheimbolanden, Germany	Specialised materials and components	100%
Holders Technology UK Limited	27-28 Eastcastle Street, London W1W 8DH, UK	Specialised products and components	100%
Holders Components Limited	Monkwood Cottage, Whitakers Way, Loughton IG101SQ, UK	Dormant	100%
Opteon Limited	Monkwood Cottage, Whitakers Way, Loughton IG101SQ, UK	Dormant	100%

### 16. Investments in Joint Ventures

	At Cost £'000
<b>Cost</b>	
At 1 December 2020	28
Additions during year	80
Income from investments	3
At 1 December 2021	111
Income from investments	(8)
<b>At 30 November 2022</b>	<b>103</b>

The following joint venture investments were included in the consolidated financial statements at the year end.

Name	Registered office	Nature of business	Interest in ordinary shares & voting rights
Holders Technology Austria GmbH	A-6073 Sistrans, Austria	Intelligent lighting products	50%
Holders Technology Data Analytics Limited	27-28 Eastcastle Street, London W1W 8DH, UK	Data Analytics products	50%
Holders Technology (New Zealand) Limited	204, Cumnor Terrace, Christchurch 8023, New Zealand	Intelligent lighting products	40%

### 17. Inventories

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Raw materials and consumables	26	77	-	-
Goods for resale	1,547	1,450	-	-
Stock provision	(211)	(347)	-	-
	<b>1,362</b>	<b>1,180</b>	<b>-</b>	<b>-</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 18. Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade receivables	1,100	1,371	-	-
Less: provision for impairment	(22)	(21)	-	-
Net trade receivables	1,078	1,350	-	-
Amounts due from Group u/takings	-	-	162	-
Other receivables	476	185	328	164
Prepayments and accrued income	82	58	11	12
	1,636	1,593	501	176

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables, as these do not have a significant financing component. The expected lifetime credit losses reflect assumptions on the ageing of overdue debts that may become unrecoverable, equivalent to a Group rate of 0.8% (2021: 0.8%). The provision is based upon historical observed default rates, adjusted for an assessment of the current economic environment. All trade receivables more than 365 days overdue are provided for except where monies have been received after the reporting date. The Group also provides for all other specifically identified amounts less than 365 days overdue based on known impairment indicators including known trading difficulties.

Group	2022 £'000	2021 £'000
Impairment at 1 December	21	13
Impairment losses recognised	1	8
Amounts written off as irrecoverable	5	-
Amounts recovered	-	-
Impairment losses reversed	(5)	-
Balance 30 November	22	21
Ageing of past due unimpaired debt:	2022 £'000	2021 £'000
Past due 0-30 days	177	302
Past due 31-60 days	78	228
Past due 61-90 days	13	6
Past due 91-365 days	(19)	7
	249	543

### 19. Trade and other payables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade payables	392	507	-	1
Amounts due to Group undertakings	-	-	864	699
Other taxation and social security	234	195	-	-
Other payables	76	49	-	-
Accruals	754	910	48	111
	1,456	1,661	912	811

## FINANCIAL STATEMENTS

### Notes to the Financial Statements (continued)

#### 20. Lease liabilities

IFRS 16 was applied for the first time from 1<sup>st</sup> December 2019, and this standard changes how the Group accounts for leases. Previously, under IAS 17, operating leases were not recorded on-balance sheet, they were instead recorded as off-balance sheet capital commitments.

Applying IFRS 16 for all leases, the Group now recognises right-of-use assets and liabilities on the balance sheet, initially measured at the present value of future lease payments. Under IFRS 16 the Group also recognises depreciation of right-of-use assets and interest on lease liabilities in the income statements, whereas previously under IAS 17 operating leases gave rise to a straight-line expense.

The table below shows the lease liabilities movements in the during the last two financial years.

	Land & Buildings £'000	Plant & Machinery £'000	Motor Vehicles £'000	Total £'000
At 30 November 2020	117	204	30	351
Currency translation	(1)	(10)	(1)	(12)
Additions during year	-	-	17	17
Disposals during year	-	(161)	-	(161)
Lease payments	(53)	(33)	(16)	(102)
<b>At 1 December 2021</b>	<b>63</b>	<b>-</b>	<b>30</b>	<b>93</b>
Currency translation	-	-	13	13
Additions during year	-	-	24	24
Lease payments	(44)	-	(26)	(70)
<b>At 30 November 2022</b>	<b>19</b>	<b>-</b>	<b>41</b>	<b>60</b>

Lease liabilities at 30 November 2022 are presented on the balance sheet as below:

	Land & Buildings £'000	Plant & Machinery £'000	Motor Vehicles £'000	Total £'000
Current liabilities	19	-	32	51
Non-current liabilities	-	-	9	9
<b>At 30 November 2022</b>	<b>19</b>	<b>-</b>	<b>41</b>	<b>60</b>

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 21. Financial instruments

#### a) The carrying amount and fair value of financial assets and liabilities at 30 November

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
<b>Financial assets</b>				
Cash and cash equivalents	2,270	3,192	1,378	1,941
Trade and other receivables	1,554	1,535	490	164
Loans and receivables at amortised cost	3,824	4,727	1,868	2,105
<b>Financial liabilities</b>				
Trade and other payables	1,222	1,466	55	116
Financial liabilities at amortised cost	1,222	1,466	55	116
Derivatives	-	-	-	-
Liabilities at fair value through profit and loss	-	-	-	-
<b>Net financial assets</b>	<b>2,602</b>	<b>3,261</b>	<b>1,813</b>	<b>1,989</b>

The carrying value of the Group's financial assets and liabilities are considered to approximate their respective fair values. The value of foreign exchange forward contracts has not been included.

#### b) Interest rate and currency profile of financial assets and liabilities

Currency profiles of the Group's financial assets and liabilities are set out below:

	Group			Company		
	Financial assets £'000	Financial liabilities £'000	Net financial assets / (liabilities) £'000	Financial assets £'000	Financial liabilities £'000	Net financial assets / (liabilities) £'000
Sterling	2,913	317	2,596	1,860	55	1,805
Euro	825	889	(64)	-	-	-
US dollar	86	16	70	8	-	8
<b>At 30 November 2022</b>	<b>3,824</b>	<b>1,222</b>	<b>2,602</b>	<b>1,868</b>	<b>55</b>	<b>1,813</b>
Sterling	3,128	381	2,747	1,926	116	1,810
Euro	1,463	1,054	409	172	-	172
US dollar	136	31	105	7	-	7
<b>At 30 November 2021</b>	<b>4,727</b>	<b>1,466</b>	<b>3,261</b>	<b>2,105</b>	<b>116</b>	<b>1,989</b>

All the Group's financial assets and liabilities are non-interest bearing or have floating interest rates. There are no fixed rate financial assets. Floating rate financial assets earn interest at rates based on local bank deposit rates. Floating rate financial liabilities bear interest at rates based on the Bank of England Base Rate or relevant national equivalents.



# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 21. Financial instruments (continued)

#### c) Currency profile of net foreign currency monetary assets and liabilities

The table below shows the net monetary assets/(liabilities) of the Group that are not denominated in the functional currency of the operating unit and which therefore give rise to exchange gains and losses in the income statement.

	Group			Company		
	Euro £'000	US dollar £'000	Total £'000	Euro £'000	US dollar £'000	Total £'000
<b>Sterling</b>						
<b>At 30 November 2022</b>	<b>(64)</b>	<b>70</b>	<b>6</b>	<b>-</b>	<b>8</b>	<b>8</b>
Sterling						
At 30 November 2021	409	105	514	172	7	179

#### d) Market risk: objectives, policies, and strategies

The Group's interest rate risks, liquidity risks and currency risks are managed centrally within policies approved by the board.

No mitigation of interest rates using interest rate swaps has been undertaken. The net interest receivable for the year was nil compared to nil receivable last year. No speculative transactions are undertaken. At present, forward foreign exchange contracts are only used to hedge the value of anticipated purchase orders to be placed in foreign currencies.

#### e) Market risk: sensitivities

A sensitivity analysis for financial assets and liabilities affected by market risk is set out below. Each risk is analysed separately and shows the sensitivity of financial assets and liabilities when a certain parameter is changed. The sensitivity analysis has been performed on balances at 30 November each year and therefore is not representative of transactions throughout the year. The rates used are based on historical trends and, where relevant, projected forecasts.

##### (i) Currencies

The Group is exposed to currency risk in relation to the value of its financial assets and liabilities that are denominated in currencies other than sterling (see note 21(b) above), arising from fluctuations in exchange rates. The table below shows the impact on the value of the Group's reported net financial assets at 30 November of exchange rates either strengthening or weakening by 10 per cent against sterling and the impact this would have on the reported profit or loss and equity. The Group's reported profit is not materially impacted by the effect of changes in exchange rates on the value of its net financial assets, but equity would be £144,000 lower if sterling strengthened by 10 per cent and £176,000 higher if sterling weakened by 10 per cent.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 21. Financial instruments (continued)

Group		Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
2022							
Net financial assets/(liabilities)	As reported	Rate +10%	Profit	Equity	Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	2,596	-	-	-	-	-	-
Not denominated in sterling	6	(1)	3	(144)	1	(4)	176
Net financial assets	3,220	(1)	3	(144)	1	(4)	176

		Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
2021							
Net financial assets/(liabilities)	As reported	Rate +10%	Profit	Equity	Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	2,706	-	-	-	-	-	-
Not denominated in sterling	514	(47)	(24)	(137)	57	29	168
Net financial assets	3,220	(47)	(24)	(137)	57	29	168

Company		Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
2022							
Net financial assets/(liabilities)	As reported	Rate +10%	Profit	Equity	Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	89	-	-	-	-	-	-
Not denominated in sterling	21	(1)	(1)	-	1	1	-
Net financial assets	110	(1)	(1)	-	1	1	-

		Effect of sterling strengthening by 10%			Effect of sterling weakening by 10%		
2021							
Net financial assets/(liabilities)	As reported	Rate +10%	Profit	Equity	Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	89	-	-	-	-	-	-
Not denominated in sterling	21	(16)	(16)	-	20	20	-
Net financial assets	110	(16)	(16)	-	20	20	-

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 21. Financial instruments (continued)

#### (ii) Interest rates

Changes in market interest rates expose the Group to the risk of fluctuations in the cash flow relating to its financial assets and liabilities that attract interest at floating rates (see note 21(b)). Based upon the interest rate profile of the Group's financial assets and liabilities as at both 30 November 2022 and 30 November 2021, there would be no material impact of a 1.0% point change in the market interest rates on the Group's profit and equity.

#### f) Liquidity risk

The Group monitors its liquidity to maintain a sufficient level of undrawn debt facilities together with central management of the Group's cash resources to minimise liquidity risk. All the trade and other payables at 30 November 2022 amounting to £1,456,000 (2021: £1,661,000) are payable within three months.

#### Borrowing facilities

The Group currently has no requirement for additional borrowing facilities.

#### g) Credit risk

Group policies are aimed at minimising losses due to customer payment default. Deferred payment terms are only granted to those customers who satisfy creditworthiness criteria and individual exposures to customers are monitored. Where possible, operations purchase credit insurance.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region is as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
UK	1,200	1,066	242	164
Rest of Europe	354	469	-	-
At 30 November	1,554	1,535	242	164

#### h) Capital risk

The Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and proposed dividend policy. It aims to minimise any capital risk by maintaining a conservative financing structure. The board's current policy is to use the Group's cash resources for any capital requirements and, where necessary, by adjustment to the value of dividends paid to shareholders.

#### i) Exchange rate instruments

The Group held no forward exchange contracts at 30 November 2022 or 30 November 2021.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 22. Retirement benefit liability

Group	Retirement benefit liability £'000
At 1 December 2020	223
Currency translation	(8)
Change in actuarial assumptions	(32)
Utilised	3
At 1 December 2021	186
Currency translation	3
Change in actuarial assumptions	(42)
Utilised	18
At 30 November 2022	165

The retirement benefit liability arose from the 2002 acquisition of assets by Holders Technology GmbH from Cimatic GmbH. Following the bankruptcy of Cimatic GmbH, a German court determined that Cimatic's pension obligation to one former Cimatic employee must be met by Holders Technology GmbH. The provision represents the estimated net present value of the liability to pay an annuity to that employee upon retirement, which began in 2008. The assumptions are: discount rate 0.8%, salary increase 0.0%, rate of pension increase (every 3 years) 5.25%.

No other Holders Technology employees have any retirement benefit rights from their previous employment at Cimatic.

### 23. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using tax rates of 19.0% to 30.0% (2021: 19.0% to 30.0%). The movement on the deferred tax asset account is as shown below:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
At 1 December – net deferred tax assets	3	3	-	-
Income statement credit/(charge)	-	-	-	-
At 30 November	3	3	-	-

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below:

#### Deferred tax assets

Group	Pension liability £'000	Total £'000
At 1 December 2020	12	12
Credited to income statement	-	-
At 30 November 2021	12	12
Charged to income statement	-	-
At 30 November 2022	12	12

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 23. Deferred tax (continued)

At the year end the amount of temporary differences associated with the undistributed earnings of overseas subsidiaries for which deferred tax liabilities had not been recognised was insignificant. Deferred tax assets are only recognised where in the Directors' opinion there is a reasonable expectation of the tax asset being realised. Assets are recognised based on business forecasts and the local tax environment.

#### Deferred tax liabilities

	Accelerated capital allowances £'000
<b>Group</b>	
<b>At 1 December 2020</b>	9
Transfer from income statement	-
<b>At 30 November 2021</b>	9
Transfer from income statement	-
<b>At 30 November 2022</b>	9

The Company had no deferred tax assets or liabilities.

### 24. Share Capital

	2022 £'000	2021 £'000
<b>Authorised</b>		
6,000,000 ordinary shares of 10p each (2021: 6,000,000)	600	600
		Number of shares
<b>Allotted and fully paid ordinary shares of 10p each</b>		
<b>At 30 November 2021 and 30 November 2022</b>		4,224,164

#### Other Reserves

	2022 £'000	2021 £'000
Share premium account	1,590	1,590
Capital redemption reserve	1	1

The Share Premium Account is the excess amount received for shares issued over their nominal value.

The Capital Redemption Reserve is the cumulative nominal value of own shares acquired by the company.

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 25. Employees and staff costs

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	1,893	2,027	288	242
Social security costs	261	323	32	27
Other pension costs	108	165	60	131
Share based payments	-	-	-	-
	2,262	2,515	380	400

Average monthly number of permanent employees, including executive directors:

	2022 Number	2021 Number
<b>Group</b>		
Administration and sales	31	25
Service and fabrication	18	28
	49	53
Part-time	4	2
	53	55

#### Directors' remuneration

Directors' remuneration for the year was as follows:

Company	Basic salary fees, bonuses and expenses	Benefits in kind	Total emoluments	
	£'000	£'000	2022 £'000	2021 £'000
R Weinreich (Chairman)	27	-	27	32
V Blaisdell	131	1	132	131
P Geraghty	134	3	137	85
D Mahony	24	-	24	21
	316	4	320	269

#### Pension entitlement

Directors are entitled to receive their remuneration either as salary or as pension contributions.

Pension contributions to directors' personal pension schemes are as follows:

Pension Contributions	2022 £'000	2021 £'000
V Blaisdell	40	59
P Geraghty	20	72
	60	131

# FINANCIAL STATEMENTS

## Notes to the Financial Statements (continued)

### 25 Employees and staff costs (continued)

#### Directors' shareholdings

The shareholdings of those serving at the end of the year were as follows:

	Ordinary shares	
	2022	2021
R Weinreich	1,851,002	1,900,202
D Mahony	20,000	20,000
V Blaisdell	83,302	34,102

On 14 October 2022 R Weinreich transferred 49,200 shares to V Blaisdell for nil consideration. The shareholdings are all beneficial.

#### Directors' interests in share options

There were no share options in place during the financial years ended 30.11.21 and 30.11.22.

#### Key management compensation

Group	2022 £'000	2021 £'000
Short-term employee benefits	585	568
Post-employment benefits	65	136
Termination benefits	-	-
Share-based payments	-	-
	650	704

Key management includes Directors and senior executives.

## FINANCIAL STATEMENTS

### Notes to the Financial Statements (continued)

#### 26. Financial commitments

##### Capital commitments

As at 30 November 2022 the group had no capital commitments (2021: £nil).

#### 27. Related party transactions

##### Group

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Dividends were paid to directors as follows:

	2022 £'000	2021 £'000
R W Weinreich	56	19
D A Mahony	1	-
V M Blaisdell	1	-
	58	19

##### Company

The company carried out the transactions below with its subsidiaries and joint venture.

The loan to a Joint Venture was in respect of a loan from Holders Technology PLC to Holders Technology (New Zealand) Ltd. The loan is amount at 30 November 2022 was NZ\$165,000/ £86,000, the loan is repayable on demand and carries interest at 5.0% over the New Zealand 90-day bill rate.

	2022 £'000	2021 £'000
Consultancy fees charged to subsidiaries and joint venture	380	373
Interest received from Joint Venture	3	-
Interest paid on short term loans	35	-



# FINANCIAL STATEMENTS

## FIVE-YEAR SUMMARY

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Group revenue – continuing	8,319	7,732	9,838	12,162	12,486
Group revenue – discontinued		4,654			
Gross profit	2,894	3,870	2,703	3,392	3,266
Distribution costs	(197)	(408)	(348)	(419)	(422)
Administrative expenses	(2,943)	(3,001)	(2,562)	(2,890)	(2,696)
Restructuring costs and impairment charges	-	(146)	-	-	-
Other operating income	8	8	(42)	61	36
Group operating profit/ (loss)	(238)	323	(249)	144	184
Income/ (loss) from investments	(8)	3	1	-	-
Profit on disposal of assets	-	471	-	-	-
Finance income	8	-	-	6	-
Finance expenses	(21)	(10)	(16)	-	(7)
Profit/ (loss) before taxation from continuing operations	(259)	787	(264)	150	177
Tax credit/ (expense)	-	(92)	-	31	(8)
Profit/ (loss) after tax from continuing operations	(259)	695	(264)	181	169
Loss from discontinued operations	-	-	-	-	-
Profit/ (loss) for the year attributable to equity shareholders	(259)	695	(264)	181	169
Earnings per share – continuing business					
Earnings per share – basic	(6.13p)	16.45p	(6.25p)	4.31p	4.06p
Earnings per share - diluted	(6.13p)	16.45p	(6.25p)	4.30p	4.03p
Dividends per share in respect of each year	1.00p	3.00p	0.50p	0.75p	0.75p
Equity attributable to shareholders of the parent	4,172	4,528	3,999	4,164	4,099