

20 November 2024

PHSC PLC

(“PHSC”, the “Company” or the “Group”)

Unaudited Interim Results for the six months ended 30 September 2024

PHSC (AIM: PHSC), a leading provider of health, safety, hygiene and environmental consultancy services and security solutions to the public and private sectors, announces its unaudited interim results for the six-month period ended 30 September 2024.

Financial Highlights

- Group revenue has decreased by £80k to £1.571m (H1 FY24: £1.651m).
- EBITDA of £12k (H1 FY24: £174k).
- Interest income of £9.5k received during the period.
- (Loss)/earnings per share of (0.12p) (H1 FY24: 1.04p).
- Cash of £505k at 30 September 2024 (H1 FY24: £638k).
- Net asset value (unaudited) of £3.3m (H1 FY24: £3.5m).
- Pro-forma net asset value (unaudited) per share of 31.7p, compared to a mid-market share price as at market close on 30 September 2024 of 31p.
- No interim dividend (H1 FY24: 0.75p per share).

GROUP CHIEF EXECUTIVE OFFICER’S STATEMENT

Operational Highlights and Business Outlook

Revenues for H1 were £80k lower than in the previous year, with some subsidiaries underperforming and others exceeding levels seen in H1 FY24. The positive variances were insufficient to offset the overall deficit from those subsidiaries experiencing reduced income and materially higher expenditure. There were some extra costs associated with recruiting additional personnel in anticipation of future demand, alongside other cost increases including salaries, general overheads and some restructuring initiatives.

All subsidiaries made a net contribution to the Group. Both Inspection Services (UK) Ltd and RSA Environmental Health Ltd improved their revenue performance compared with H1 last year, but the other four principal trading subsidiaries fared less well. A summary of each subsidiary’s revenue and profitability is set out below.

As noted in previous reports, the Group faces continued challenges in recruiting and retaining staff of the right calibre and with the right qualifications to deliver the range of specialised services offered. Upward pressure on salaries continues to impact our cost structure, which cannot simply be fully offset by increases in the fees we charge to our customers in a competitive marketplace.

The one-off contract that boosted our Security Division in 2023-24 and which elevated its performance figures has now ended. This adversely affects the comparative results for that part of the business. On a more positive note, the subsidiary has seen an upturn in the number and value of sales enquiries from the rest of its client base.

Sales across the Safety Division were £12k lower than the same period last year but costs were £40k higher, resulting in a negative variance of £52k. The additional costs were in part due to recruitment at our Quality Leisure Management subsidiary where the process to embed the new arrival before fee earning could commence was lengthy. This subsidiary has also been impacted by budgetary squeezes in the leisure sector and a trend towards leisure centres being returned to local authority stewardship. Despite this, management currently expects all Safety Division companies to have an improved performance in H2 based on the business

pipeline.

There was a small reduction in sales generated by the Group's Systems Division, QCS International Ltd, which achieved approximately £9k less revenue compared to H1 2024. Cost of sales and overheads rose by some £82k due to above inflation pay rises and the addition of an extra fee earner. The company has experienced a drop off in training sales which it hopes to reverse in H2.

Despite the fairly downbeat H1 performance, the Board expects to see a more positive end to the year and to be able to begin leveraging the benefits from an increased headcount.

Dividend

The Board has decided to take a prudent approach and to preserve the Group's cash reserves in the current environment. Accordingly, no interim dividend will be declared or paid for the period. The Board will consider the payment of a final dividend by reference to the Group's full year performance and cash reserves at that time.

Cash Reserves

Cash at bank on 30 September 2024 stood at £0.505m compared to approximately £0.638m at the same time last year. The Group's bank balance on 19 November 2024 stood at approximately £0.397m. Overall cash flow remains positive and is expected to remain so for the remainder of the financial year.

The Group's £50,000 banking facility with HSBC was renewed in October 2024 for a further year, although there is no expectation that there will be any need to call upon this.

Stephen King
CEO

CHAIR'S STATEMENT

The performance in the first half of this year was disappointing. The main factor was the hiring of additional staff at several of the subsidiary businesses to facilitate future growth. At this stage the Group has the higher cost burden but has not yet seen the benefit of increased revenues, which we hope will begin to come through in the second half.

On 15 October 2024, the Company announced that Stephen King, Chair and CEO, had tendered his resignation to pursue other interests and will step down from the Board and leave the Company's employment with effect from 12 January 2025. I assumed the role of non-executive Chair on the same date and a process is underway to appoint Stephen's successor as CEO in due course. The Board again thanks Stephen for his considerable contribution to the growth and development of the business over many years and wishes him well in his future endeavours.

As previously announced, Graham Webb MBE retired and stepped down as a non-executive director of the Board with effect from 30 September 2024. The Board again expresses its sincere gratitude to Graham for his longstanding service and valued contribution to the Company over more than 20 years and wishes him all the best in his retirement.

We welcomed Frank Moxon as a new non-executive director with effect from 1 October 2024.

Lorraine Young
Chair

PERFORMANCE OF TRADING SUBSIDIARIES

Profit/loss figures for the Group's individual subsidiaries below are stated before tax and inter-company charges (including the costs of operating the parent plc which are recovered through management charges

levied on, and dividends received from, the trading subsidiaries), interest paid and received, depreciation and amortisation.

Inspection Services (UK) Limited

Invoiced sales of £129,782 yielding a profit of £23,273 (H1 FY24: £100,960 and £5,654).

Personnel Health and Safety Consultants Limited

Invoiced sales of £375,821 yielding a profit of £123,800 (H1 FY24: £393,594 and £158,501).

RSA Environmental Health Limited

Invoiced sales of £183,705 resulting in a profit of £34,097 (H1 FY24: £161,109 and £17,055).

Quality Leisure Management Limited

Invoiced sales of £155,424 resulting in a profit of £13,706 (H1 FY24: £201,985 and £70,279).

QCS International Limited

Invoiced sales of £345,076 yielding a profit of £29,680 (H1 FY24: £353,647 and £114,889).

B2BSG Solutions Limited

Invoiced sales of £380,957 yielding a profit of £25,731 (H1 FY24: £439,920 and £38,901).

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About PHSC

PHSC, through its trading subsidiaries, Personnel Health & Safety Consultants Ltd, RSA Environmental Health Ltd, QCS International Ltd, Inspection Services (UK) Ltd and Quality Leisure Management Ltd, provides a range of health, safety, hygiene, environmental and quality systems consultancy and training services to organisations across the UK. In addition, B2BSG Solutions Ltd offers innovative security solutions including tagging, labelling and CCTV.

Group Statement of Comprehensive Income

| | Six months ended 30 Sept 24 | Six months ended 30 Sept 23 | Year ended 31 Mar 24 |
|------|--------------------------------------|--------------------------------------|----------------------------|
| Note | Unaudited | Unaudited | Audited |
| | £'000 | £'000 | £'000 |

Continuing operations:

| | | | | |
|--|---|--------------------|-------------------|-------------------|
| Revenue | 2 | 1,571 | 1,651 | 3,779 |
| Cost of sales | | (758) | (758) | (1,763) |
| Gross profit | | <u>813</u> | <u>893</u> | <u>2,016</u> |
| Administrative expenses | | (838) | (743) | (1,581) |
| Goodwill impairment | | - | - | (120) |
| (Loss)/profit from operations | | <u>(25)</u> | <u>150</u> | <u>315</u> |
| Finance income | | 10 | 8 | 17 |
| (Loss)/profit before taxation | | <u>(15)</u> | <u>158</u> | <u>332</u> |
| Corporation tax expense | | 3 | (36) | (83) |
| (Loss)/profit for the period after tax attributable to owners of parent | 2 | <u>(12)</u> | <u>122</u> | <u>249</u> |
| Total comprehensive income attributable to owners of the parent | | <u><u>(12)</u></u> | <u><u>122</u></u> | <u><u>249</u></u> |
| Basic and diluted (loss)/earnings per share from continuing operations attributable to the equity holders of the Group during the period | 4 | (0.12p) | 1.04p | 2.19p |

Group Statement of Financial Position

| | Note | 30 Sept 24 Unaudited £'000 | 30 Sept 23 Unaudited £'000 | 31 Mar 24 Audited £'000 |
|-------------------------------|------|----------------------------------|----------------------------------|-------------------------------|
| Non-Current Assets | | | | |
| Property, plant and equipment | 3 | 542 | 492 | 502 |
| Goodwill | | 2,115 | 2,235 | 2,115 |
| Deferred tax asset | | 12 | 12 | 12 |
| | | <u>2,669</u> | <u>2,739</u> | <u>2,629</u> |
| Current Assets | | | | |
| Inventories | | 247 | 186 | 246 |
| Trade and other receivables | | 617 | 686 | 769 |
| Cash and cash equivalents | | 505 | 638 | 488 |
| | | <u>1,369</u> | <u>1,510</u> | <u>1,503</u> |
| Total Assets | 2 | 4,038 | 4,249 | 4,132 |
| Current Liabilities | | | | |
| Trade and other payables | | 506 | 486 | 631 |

| | | | |
|---------------------------------|---------------------|---------------------|---------------------|
| Right of use lease liability | 45 | 30 | 39 |
| Current corporation tax payable | 76 | 92 | 79 |
| | <u>627</u> | <u>608</u> | <u>749</u> |
| Non-Current Liabilities | | | |
| Right of use lease liability | 81 | 27 | 41 |
| Deferred taxation liabilities | 67 | 62 | 67 |
| | <u>148</u> | <u>89</u> | <u>108</u> |
| Total Liabilities | 775 | 697 | 857 |
| Net Assets | <u>3,263</u> | <u>3,552</u> | <u>3,275</u> |

Capital and reserves attributable to equity holders of the Group

| | | | |
|----------------------------|--------------|--------------|--------------|
| Called up share capital | 1,028 | 1,104 | 1,103 |
| Share premium account | 1,916 | 1,916 | 1,916 |
| Capital redemption reserve | 583 | 507 | 508 |
| Merger relief reserve | 134 | 134 | 134 |
| Treasury shares | - | - | (210) |
| Retained earnings | (398) | (109) | (176) |
| | <u>3,263</u> | <u>3,552</u> | <u>3,275</u> |

Group Statement of Changes in Equity

| | Share Capital | Share Premium | Merger Relief Reserve | Capital Redemption Reserve | Treasury Shares | Retained Earnings | Total |
|--|---------------|---------------|-----------------------|----------------------------|-----------------|-------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 April 2024 | 1,103 | 1,916 | 134 | 508 | (210) | (176) | 3,275 |
| Loss for the period attributable to equity holders | - | - | - | - | - | (12) | (12) |
| Cancellation of treasury shares | (75) | - | - | 75 | 210 | (210) | - |
| Balance at 30 September 2024 | <u>1,028</u> | <u>1,916</u> | <u>134</u> | <u>583</u> | <u>-</u> | <u>(398)</u> | <u>3,263</u> |
| Balance at 1 April 2023 | 1,185 | 1,916 | 134 | 426 | - | (23) | 3,638 |
| Profit for the period attributable to equity holders | - | - | - | - | - | 122 | 122 |
| Purchase of own shares | (81) | - | - | 81 | - | - | - |
| Cancellation of treasury shares | - | - | - | - | - | (208) | (208) |
| Balance at 30 September 2023 | <u>1,104</u> | <u>1,916</u> | <u>134</u> | <u>507</u> | <u>-</u> | <u>(109)</u> | <u>3,552</u> |

Group Statement of Cash Flows

| | Six months ended 30 Sept 24 Unaudited £'000 | Six months ended 30 Sept 23 Unaudited £'000 | Year ended 31 Mar 24 Audited £'000 |
|---|---|---|--|
| Cash flows generated from operating activities | | | |
| Cash generated from operations | 40 | 131 | 472 |
| Tax paid | - | - | (57) |
| Net cash generated from operating activities | <u>40</u> | <u>131</u> | <u>415</u> |
| Cash flows from/(used in) investing activities | | | |
| Purchase of property, plant and equipment | (9) | (33) | (40) |
| Disposal of fixed assets | - | - | - |
| Interest received | 10 | 8 | 17 |
| Net cash from/(used in) investing activities | <u>1</u> | <u>(25)</u> | <u>(23)</u> |
| Cash flows used in financing activities | | | |
| Payments on right of use assets | (24) | (10) | (42) |
| Share buyback | - | (208) | (419) |
| Dividends paid to Group shareholders | - | - | (193) |
| Net cash used in financing activities | <u>(24)</u> | <u>(218)</u> | <u>(654)</u> |
| Net increase/(decrease) in cash and cash equivalents | 17 | (112) | (262) |
| Cash and cash equivalents at beginning of period | <u>488</u> | <u>750</u> | <u>750</u> |
| Cash and cash equivalents at end of period | <u><u>505</u></u> | <u><u>638</u></u> | <u><u>488</u></u> |

Notes to the cash flow statement**Cash generated from operations**

| | | | |
|--|------------------|-------------------|-------------------|
| Operating (loss)/profit - continuing operations | (25) | 150 | 315 |
| Depreciation charge | 38 | 24 | 74 |
| Goodwill impairment | - | - | 120 |
| Loss on sale of fixed assets | 1 | - | 3 |
| (Increase)/decrease in inventories | (1) | 14 | (45) |
| (Increase)/decrease in trade and other receivables | 152 | 32 | (94) |
| (Increase)/decrease in trade and other payables | <u>(125)</u> | <u>(89)</u> | <u>99</u> |
| Cash generated from operations | <u><u>40</u></u> | <u><u>131</u></u> | <u><u>472</u></u> |

Notes to the Interim Financial Statements

1. Basis of preparation

These condensed consolidated financial statements are presented on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and have been prepared in accordance with the AIM Rules for Companies and the Companies Act 2006, as applicable to companies reporting under IFRS.

The financial information contained in this announcement, which has not been audited, does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 March 2024, prepared under IFRS, have been filed with the Registrar of Companies. The auditor's report for the 2024 financial statements was unqualified and did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

The same accounting policies and methods of computation are followed within these interim financial statements as adopted in the most recent annual financial statements.

Impairment of goodwill

The Board has considered the carrying value of goodwill and is satisfied that the assumptions made at the time of the last adjustment remain valid.

2. Segmental Reporting

| | Six months ended 30 Sept 24 Unaudited £'000 | Six months ended 30 Sept 23 Unaudited £'000 | Year ended 31 Mar 24 Audited £'000 |
|---|---|---|---|
| Revenue | | | |
| Security division: B2BSG Solutions Ltd | 381 | 440 | 1,179 |
| Health & Safety division | | | |
| Inspection Services (UK) Ltd | 130 | 101 | 224 |
| Personnel Health & Safety Consultants Ltd | 376 | 393 | 862 |
| Quality Leisure Management Ltd | 155 | 202 | 392 |
| RSA Environmental Health Ltd | 184 | 161 | 345 |
| | <u>845</u> | <u>857</u> | <u>1,823</u> |
| Systems division: QCS International Ltd | 345 | 354 | 777 |
| Total revenue | <u>1,571</u> | <u>1,651</u> | <u>3,779</u> |
| <u>Profit/(loss) after taxation, before management charges</u> | | | |
| Security division: B2BSG Solutions Ltd | 25 | 32 | 155 |
| Health & Safety division | | | |
| Inspection Services (UK) Ltd | 15 | 1 | 14 |
| Personnel Health & Safety Consultants Ltd | 98 | 124 | 288 |
| Quality Leisure Management Ltd | 8 | 59 | 90 |
| RSA Environmental Health Ltd | 23 | 12 | 33 |

| | | | |
|---|-------------|------------|------------|
| Less: RSA impairment | - | - | (120) |
| | <u>144</u> | <u>196</u> | <u>305</u> |
| Systems division: QCS International Ltd | 19 | 87 | 195 |
| Holding company: PHSC plc | (200) | (193) | (406) |
| Total Group (loss)/profit after taxation | <u>(12)</u> | <u>122</u> | <u>249</u> |

| | 30 Sept 24 Unaudited £'000 | 30 Sept 23 Unaudited £'000 | 31 Mar 24 Audited £'000 |
|--|----------------------------------|----------------------------------|-------------------------------|
| <u>Total assets</u> | | | |
| Security division: B2BSG Solutions Ltd | 475 | 525 | 586 |
| Safety division | | | |
| Inspection Services (UK) Ltd | 76 | 89 | 77 |
| Personnel Health & Safety Consultants Ltd | 213 | 272 | 259 |
| Quality Leisure Management Ltd | 111 | 134 | 148 |
| RSA Environmental Health Limited | 558 | 575 | 579 |
| | <u>958</u> | <u>1,070</u> | <u>1,063</u> |
| Systems division: QCS International Ltd | 215 | 205 | 200 |
| Holding company: PHSC plc | 2,922 | 3,038 | 2,937 |
| | <u>4,570</u> | <u>4,838</u> | <u>4,786</u> |
| Adjustment of goodwill | (532) | (591) | (656) |
| Adjustment of deferred tax | - | 2 | 2 |
| Total assets | <u>4,038</u> | <u>4,249</u> | <u>4,132</u> |

3. Property, plant and equipment

| | 30 Sept 24 Unaudited £'000 | 30 Sept 23 Unaudited £'000 | 31 Mar 24 Audited £'000 |
|--------------------------|----------------------------------|----------------------------------|-------------------------------|
| Cost or valuation | | | |
| Brought forward | 1,037 | 969 | 970 |
| Additions | 79 | 48 | 111 |
| Disposals | (10) | - | (44) |
| Carried forward | <u>1,106</u> | <u>1,017</u> | <u>1,037</u> |

| | | | |
|-----------------------|-------------------|-------------------|-------------------|
| Depreciation | | | |
| Brought forward | 535 | 501 | 501 |
| Charge | 38 | 24 | 75 |
| Disposals | (9) | - | (41) |
| Carried forward | <u>564</u> | <u>525</u> | <u>535</u> |
| Net book value | <u>542</u> | <u>492</u> | <u>502</u> |

4. (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the following data.

| | Six months ended 30 Sept 24 Unaudited £'000 | Six months ended 30 Sept 23 Unaudited £'000 | Year ended 31 Mar 24 Audited £'000 |
|---|---|---|---|
| Earnings | | | |
| Continuing activities | (12) | 122 | 249 |
| Number of shares | 30 Sept 24 | 30 Sept 23 | 31 Mar 24 |
| Weighted average number of shares for the purpose of basic (loss)/earnings per share | 10,280,853 | 11,713,776 | 11,357,413 |

- ENDS -