

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

2 May 2023

H C SLINGSBY PLC
(“Slingsby” or the “Company” or the “Group”)

Audited Results for the year ended 31 December 2022

Statement by the Chairman

Board Composition

Following the Board changes in 2016, I remain as Interim Executive Chairman and since 2018 Morgan Morris has been the appointed Group Chief Executive. The Board continues to believe that it would benefit from the appointment of new Non-Executive Directors. This should now be possible following the release of restrictions relating to the Coronavirus, the agreement with regard to the pension scheme detailed below and the reinstatement of Directors' and Officers' insurance cover in respect of claims relating to the pension scheme, which had deterred previously suitable candidates. The Board will continue to explore solutions to this issue, with the objective remaining to appoint new Non-Executive Directors and a Non-Executive Chairman.

Results

In the half year statement, I reported an operating profit (before exceptional items) of £0.32m on sales of £11.0m. The full year operating profit (before exceptional items) was £0.63m (2021: £0.41m) on sales of £21.6m (2021: £19.8m). Group sales increased by 9%, which together with an improved gross margin, led to a profit before taxation and exceptional items of £0.49m (2021: £0.29m). The increase in Group sales is principally due to the Group passing cost price increases which occurred across its product ranges on to customers. This action resulted in the improvement in gross margin in 2022.

Profit before tax of £0.8m in 2021, included an exceptional item of £0.53m relating to the increase in value of the freehold property at Baildon. Within 2022, there have been no exceptional items recorded.

ESE Direct Limited (“ESE”) contributed £7m of sales (2021: £6.4m) and profit before tax and management charges of £0.54m (2021: £0.53m). ESE's sales increased mainly due to passing on cost prices increases to customers.

Group earnings before interest, tax, depreciation, amortisation and exceptional items (“EBITDA”) in the year ended 31 December 2022 were £1.1m (2021: £0.9m). The Group had net cash (after overdraft balances included in trade and other payables) as at 31 December 2022 of £0.03m (2021: £0.35m). Group cash balances reduced due to increased working capital requirements and investment in fixed assets.

Dividend

Despite the agreement reached with the Trustee of the defined benefit pension scheme enabling the recommencement of dividends, the Board does not recommend the declaration of a final dividend for the year ended 31 December 2022 (2021: £nil). This is due to the Board adopting a prudent view to maintain cash resources within the Group.

Under the agreement with the pension scheme, dividends are limited in their quantum to £60,000 plus 50% of net cashflow over £150,000 per annum.

Pension Scheme

The Company paid £0.35m (2021: £0.36m) in deficit reduction contributions during 2022. The Company also continues to contribute £0.16m (2021: £0.16m) towards the scheme's running costs. The Group is scheduled to pay £406,000 in deficit reduction contributions in 2023. Contributions rise each year by inflation with a review at 1 January 2023 which is in progress.

At 31 December 2022, the pension scheme deficit decreased by £2.4m to £5.49m (2021: £7.94m). This improvement in the pension scheme position (which is £1.7m after the decrease in the related deferred tax asset) together with the profit generated in the year, increased the Group's net assets to £4.3m (2021: £2.3m). The improved pension position was largely due to increases in the discount rate.

Recent Trading and Future Developments

Group sales in Q1 of 2023 against the same period in 2022 increased by 5%. This improvement in sales at a higher gross margin was offset by increased overhead costs. This led to an unaudited profit before tax in Q1 2023 of £0.12m compared to £0.16m in the same period in 2022.

On 30th March 2023, Slingsby acquired certain assets of Stakrak Limited (“Stakrak”). Stakrak trades primarily through the websites Stakrak, GasCageDirect and SecurityCagesDirect selling a range of similar and

complimentary products but specialising in mesh cage solutions. The consideration for the purchase was £0.11m funded from existing cash resources.

The market remains competitive, and the Board is cautious regarding the outlook. This is particularly the case due to the significant uncertainty that remains caused by the continuing conflict in the Ukraine, the risk of a recession in the Group's main UK market and that the longer term impacts of the Coronavirus pandemic and Brexit are not yet fully known. It is unclear as to the impact that these events will have on demand going forward.

In addition, inflationary pressures remain leading to cost increases across the product range and in overheads. This could impact on the Group's gross margin and profits in 2023. Whilst supply chain issues have lessened both in terms of supply of components and availability of transport, they remain problematic and impact on customer service levels and in some instances could lead to lost sales opportunities.

Finally, I would like to thank our staff across the Group for their efforts in 2022. The Group has faced numerous challenges in recent years which were overcome due to the positive attitude and hard work of our employees.

D.S.Slingsby

Interim Executive Chairman

28 April 2023

For further information, please contact:

H C Slingsby PLC

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

Tel: 01274 535 030

Allenby Capital Limited (Nominated Adviser & Broker)

Alex Brearley/George Payne

Tel: 020 3328 5656

Consolidated Income Statement for the year ended 31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|--|------|---------------|---------------|
| Revenue | | 21,564 | 19,824 |
| | | ----- | ----- |
| Operating profit before exceptional items | | 627 | 410 |
| Exceptional items | 2 | - | 530 |
| Operating profit | | 627 | 940 |
| Finance costs | | (142) | (118) |
| | | ----- | ----- |
| Profit before taxation | | 485 | 822 |
| Taxation | | (105) | (255) |
| | | ----- | ----- |
| Profit for the year attributable to owners of the parent | | 380 | 567 |
| | | ----- | ----- |
| Basic and diluted earnings per share | 4 | 36.2p | 54.0p |
| | | ----- | ----- |

Consolidated Statement of Comprehensive Income and Expense for the year ended 31 December 2022

| | 2022 £'000 | 2021 £'000 |
|---|---------------|---------------|
| Profit for the year | 380 | 567 |
| Items that will not be classified to profit or loss: | | |
| Re-measurements of post-employment benefit obligation | 2,235 | (3) |
| Movement in deferred tax relating to retirement benefit obligation | (559) | 491 |
| | ----- | ----- |
| Other comprehensive income | 1,676 | 488 |
| | ----- | ----- |
| Total comprehensive income for the year attributable to equity shareholders | 2,056 | 1,055 |
| | ----- | ----- |

Consolidated Balance Sheet as at 31 December 2022

| | Note | 2022 £'000 | 2021 £'000 |
|--------------------------------|------|---------------|---------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 5,418 | 5,377 |
| Intangible assets | | 249 | 386 |
| Goodwill | | 700 | 700 |
| Deferred tax asset | | 1,373 | 1,985 |
| | | ----- | ----- |
| | | 7,740 | 8,448 |
| | | ----- | ----- |
| Current assets | | | |
| Inventories | | 2,683 | 2,330 |
| Trade and other receivables | | 2,962 | 2,764 |
| Derivative financial asset | | - | 7 |
| Cash and cash equivalents | | 2,243 | 1,999 |
| | | ----- | ----- |
| | | 7,888 | 7,100 |
| | | ----- | ----- |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | (5,007) | (4,593) |
| Derivative financial liability | | - | - |
| Finance lease obligations | | (20) | (32) |
| | | ----- | ----- |
| | | (5,027) | (4,625) |
| | | ----- | ----- |
| Net current assets | | 2,861 | 2,475 |
| | | ----- | ----- |
| Non-current liabilities | | | |
| Lease obligations | | (113) | - |
| Retirement benefit obligation | 3 | (5,492) | (7,938) |
| Deferred tax liabilities | | (677) | (722) |
| | | ----- | ----- |
| Net assets | | 4,319 | 2,263 |
| | | ----- | ----- |
| Capital and reserves | | | |
| Share capital | | 262 | 262 |
| Share Premium | | 24 | 24 |
| Retained earnings | | 4,033 | 1,977 |
| | | ----- | ----- |
| Total equity | | 4,319 | 2,263 |
| | | ----- | ----- |

Consolidated Cash Flow Statement for the year ended 31 December 2022

| | | 2022 £'000 | 2021 £'000 |
|---|------|---------------|---------------|
| | Note | | |
| Cash flows from operating activities | | | |
| Cash generated from operations | 5 | (27) | 331 |
| Interest paid | | - | 1 |
| UK corporation tax paid | | (49) | (150) |
| | | ----- | ----- |
| Cash (used in)/generated from operating activities | | (76) | 182 |
| | | ----- | ----- |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (211) | (100) |
| Proceeds from sales of property, plant and equipment | | 24 | 28 |
| Purchase of intangible assets | | (22) | (3) |
| | | ----- | ----- |
| Net cash used in investing activities | | (209) | (75) |
| | | ----- | ----- |
| Cash flows from financing activities | | | |
| Capital element of lease payments | | (35) | (36) |
| Increase in overdraft | | 564 | 147 |
| | | ----- | ----- |
| Net cash generated from financing activities | | 529 | 111 |
| | | ----- | ----- |
| Net increase in cash and cash equivalents | | 244 | 218 |
| | | 1,999 | 1,781 |
| Opening cash and cash equivalents | | ----- | ----- |
| Closing cash and cash equivalents | | 2,243 | 1,999 |
| | | ----- | ----- |

Consolidated Statement of Changes in Shareholders' Equity

| | Share capital £'000 | Share premium £'000 | Retained earnings £'000 | Total equity £'000 |
|--|------------------------|---------------------------|-------------------------------|-----------------------|
| 1 January 2021 | 262 | 24 | 922 | 1,208 |
| Profit for the year | - | - | 567 | 567 |
| Other comprehensive expense for the year | - | - | 488 | 488 |
| | ----- | ----- | ----- | ----- |
| Total comprehensive expense for the year | - | - | 1,055 | 1,055 |
| | ----- | ----- | ----- | ----- |
| 1 January 2022 | 262 | 24 | 1,977 | 2,263 |
| Profit for the year | - | - | 380 | 380 |
| Other comprehensive income for the year | - | - | 1,676 | 1,676 |
| | ----- | ----- | ----- | ----- |
| Total comprehensive income for the year | - | - | 2,056 | 2,056 |
| | ----- | ----- | ----- | ----- |
| 31 December 2022 | 262 | 24 | 4,033 | 4,319 |
| | ----- | ----- | ----- | ----- |

Notes to the Preliminary Results for the year ended 31 December 2022

1. The preliminary financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 for the financial year ended 31 December 2022 but has been extracted from those accounts. The annual accounts for the year ended 31 December 2022 have been prepared in accordance with UK adopted International Accounting Standards. The financial information included in this preliminary announcement does not include all the disclosures required in accounts prepared in accordance with UK adopted International Accounting Standards and accordingly it does not itself comply with UK adopted International Accounting Standards.

The accounting policies used in the preparation of these preliminary results have remained unchanged from those set out in the statutory accounts for the year ended 31 December 2021. They are also consistent with those in the full accounts for the year ended 31 December 2022 which have yet to be published.

The auditors have reported on the accounts for the year ended 31 December 2022 and their opinion was unqualified, did not include any matters to which the auditor drew attention by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The comparative information included in this preliminary announcement has been extracted from the statutory accounts for the year ended 31 December 2021. The auditors reported on these accounts and their opinion was unqualified, did not include any matters to which the auditor drew attention by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Statutory accounts for the year ended 31 December 2021 have been delivered to the Registrar of Companies and those for the financial year ended 31 December 2022 will be delivered following the Company's annual general meeting.

| | | |
|------------------------------------|---------|----------|
| 2. Exceptional item | 2022 | 2021 |
| | £'000 | £'000 |
| Property impairment reversal | - | 530 |
| | ----- | ----- |
| | - | 530 |
| | ----- | ----- |
| 3. Retirement benefit obligation | 2022 | 2021 |
| | £'000 | £'000 |
| Present value of funded obligation | 14,735 | 25,061 |
| Fair value of scheme assets | (9,243) | (17,123) |
| | ----- | ----- |
| Net liability in balance sheet | 5,492 | 7,938 |
| | ----- | ----- |
| 4. Earnings per share | | |

Basic profit per share is based upon a profit of £380,000 (2021: £567,000) and on 1,050,000 (2021: 1,050,000) ordinary shares in issue during the year.

There is no difference between basic profit per share and diluted loss per share for both years as there are no potentially dilutive shares in issue.

5. Cash (used in)/generated from operating activities

| | 2022 | 2021 |
|--|-------|-------|
| | £'000 | £'000 |
| Profit before tax | 485 | 822 |
| Net finance costs | 142 | 118 |
| Depreciation and amortisation | 464 | 461 |
| Defined benefit pension scheme contributions paid | (352) | (357) |
| Property impairment reversal | - | (530) |
| Profit on sale of property, plant and equipment | (24) | (17) |
| Increase in inventories | (353) | (107) |
| Increase in trade and other receivables | (192) | (137) |
| Increase in trade and other payables | (197) | 78 |
| Cash (used in)/generated from operating activities | (27) | 331 |

6. Dividends

No dividends were paid or declared during 2021 or 2022 and the Directors are not proposing any final dividend be payable in respect of the year ended 31 December 2022.

7. Availability of Report and Accounts

The financial statements for the year ended 31 December 2022, containing a notice of the Annual General Meeting will be posted to shareholders shortly and will be available on the Company's website www.slingsby.com/investor-relations.