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	Six months ended	Year ended
		30 Sept 24	30 Sept 23	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		813	893	2,016
Administrative expenses		(838)	(743)	(1,581)
Goodwill impairment		-	-	(120)
(Loss)/profit from operations		(25)	150	315
Finance income		10	8	17
(Loss)/profit before taxation		(15)	158	332
Corporation tax expense		3	(36)	(83)
(Loss)/profit for the period after tax attributable to owners of parent	2	(12)	122	249
Total comprehensive income attributable to owners of the parent		**(12)**	**122**	**249**
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
		2,669	2,739	2,629
Current Assets				
Inventories		247	186	246
Trade and other receivables		617	686	769
Cash and cash equivalents		505	638	488
		1,369	1,510	1,503
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
	627	608	749
Non-Current Liabilities			
Right of use lease liability	81	27	41
Deferred taxation liabilities	67	62	67
	148	89	108
Total Liabilities	**775**	**697**	**857**
Net Assets	**3,263**	**3,552**	**3,275**
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)
	3,263	**3,552**	**3,275**

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	1,028	1,916	134	583	-	(398)	3,263
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	1,104	1,916	134	507	-	(109)	3,552

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	40	131	415
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	1	(25)	(23)
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	(24)	(218)	(654)
Net increase/(decrease) in cash and cash equivalents	17	(112)	(262)
Cash and cash equivalents at beginning of period	488	750	750
Cash and cash equivalents at end of period	505	638	488

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	(125)	(89)	99
Cash generated from operations	40	131	472

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
	845	857	1,823
Systems division: QCS International Ltd	345	354	777
Total revenue	**1,571**	**1,651**	**3,779**
Profit/(loss) after taxation, before management charges			
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)
	144	196	305
Systems division: QCS International Ltd	19	87	195
Holding company: PHSC plc	(200)	(193)	(406)
Total Group (loss)/profit after taxation	**(12)**	**122**	**249**

Total assets	30 Sept 24 Unaudited £'000	30 Sept 23 Unaudited £'000	31 Mar 24 Audited £'000
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
	958	1,070	1,063
Systems division: QCS International Ltd	215	205	200
Holding company: PHSC plc	2,922	3,038	2,937
	4,570	4,838	4,786
Adjustment of goodwill	(532)	(591)	(656)
Adjustment of deferred tax	-	2	2
Total assets	**4,038**	**4,249**	**4,132**

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	1,106	1,017	1,037

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

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

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