16 November 2023

PHSC PLC

("PHSC", the "Company" or the "Group")

Unaudited Interim Results for the six months ended 30 September 2023

PHSC (AIM: PHSC), a leading provider of health, safety, hygiene and environmental consultancy services and security solutions to the public and private sectors, is pleased to announce its unaudited interim results for the six-month period ended 30 September 2023.

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT

Financial Highlights

- Group revenue of £1.651m (H1 FY23: £1.679m).
- EBITDA of £174k (H1 FY23: £162k).
- Earnings per share of 1.04p (H1 FY23: 0.90p).
- Cash of £638k following payment of increased dividend and completion of share buyback programme (H1 FY22: £691k).
- Net asset value (unaudited) of £3.5m (H1 FY23: £3.6m).
- Pro-forma net asset value (unaudited) per share of 32.2p, compared to a mid-market share price as at market close on 29 September 2023 of 18.5p.
- Interim dividend declared of 0.75p per ordinary share.

Operational Highlights and Business Outlook

Whilst income for the first half of the financial year was approximately £28k lower than at this stage in 2022, EBITDA for the same period rose by approximately £12k. Overall, profitability was further boosted by £7.6k of bank interest, compared with none for H1 last year. All subsidiaries made a contribution to this improved performance and there is a breakdown of how each part of the Group has performed provided later in this report.

The Group continued to respond to challenges caused by a shortage of skilled professional staff, which is not unique to our subsidiaries, and seeks to mitigate the cost pressures that this shortage is causing. The expectations of fee-earning personnel in particular have risen markedly, and recruitment of appropriately qualified staff at sustainable salary levels is proving difficult. To mitigate this, we have had to increase the fees we charge for many of our services and ensure that the quality of our service enables us to retain our existing clients and to attract new contracts.

Although the UK retail sector is still under considerable pressure, our bias towards more clients in the food sector has helped our Security Division. As noted later in this report, the profitability of B2BSG Solutions at the halfway stage represents a great improvement [versus H1 2022] and management are confident that the subsidiary can make a positive contribution over the remainder of the year.

Across the Safety Division, combined sales were £28k below where they were at this point in 2022 but EBITDA was circa £12k higher as a result of improved margins. In last year's interim report, we noted that there had been a marked improvement in the fortunes of RSA Environmental Health, which predominantly sells into the education sector. This year we have to report that net profit growth at this subsidiary was not replicated and fell below where it had been in the corresponding period. Despite this, it will be seen that the Safety Division as a whole performed better than before. This demonstrates the strength of the Safety Division overall and the cyclic nature of its business. In addition, a decline in the fortunes of one subsidiary can be offset by improvement in another.

The Management Systems Division of the Group, QCS International, saw some slippage in both revenue and

EBITDA. The subsidiary is seeking to take on more staff to assist with demand, as current personnel are already working to capacity.

Looking to the remainder of the current year, the Board believes there are plenty of opportunities for each of our three Divisions (safety, security and management systems). With the recruitment of extra personnel of the right calibre, we firmly believe we will be able to continue to deliver positive outcomes for shareholders.

Dividend

Based on our projections that the Group will continue to have adequate and growing cash reserves from trading activities, the Board has declared an interim dividend of 0.75p per ordinary share to be paid on 12 January 2024 to those shareholders on the register of members on 22 December 2023. This represents a 50% increase on the 0.5p interim dividend in the previous year.

Any recommendation by the Board for the payment of a final dividend will be subject to the Group's full year performance, cash reserves, and the outlook at that time and will be notified in due course.

Cash Flow

Cash at bank on 30 September 2023 stood at £0.638m compared to approximately £0.7m at the same time last year. The figure shown is net of around £208k, inclusive of costs, for the successful share buyback programme completed in August 2023.

Despite no current expectation of having to call upon it, the Group has agreed to renew its £50,000 banking facility with HSBC.

The cancellation of those shares previously bought back and initially held in treasury has reduced the total cost of dividend payments. The Group has sufficient cash reserves to service the proposed interim dividend and all requirements arising in the normal course of business. There are no additional calls on the Company's cash. It is noted that authority was obtained at the last AGM for the Company to potentially undertake a further share buyback programme(s), however, no decision has been take on this matter at the present time.

Discrete Performance by Trading Subsidiaries

Profit/loss figures for the 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, trading subsidiaries), interest paid and received, depreciation and amortisation.

Inspection Services (UK) Limited

Invoiced sales of £100,960 yielding a profit of £5,654 (H1 FY23: £95,620 and £4,962).

Personnel Health and Safety Consultants Limited

Invoiced sales of £393,594 yielding a profit of £158,501 (H1 FY23: £423,253 and £119,478).

RSA Environmental Health Limited

Invoiced sales of £161,109 resulting in a profit of £17,055 (H1 FY23: £174,625 and £32,767).

Quality Leisure Management Limited

Invoiced sales of £201,985 resulting in a profit of £70,279 (H1 FY23: £192,014 and £67,769).

QCS International Limited

Invoiced sales of £353,647 yielding a profit of £114,889 (H1 FY23: £408,894 and £138,463).

B2BSG Solutions Limited

Invoiced sales of £439,920 resulting in a profit of £38,901 (H1 FY23: £384,340 and £2,825).

For further information please contact:

PHSC plc
Stephen King Tel: 01622 717 7000
Stephen.king@phsc.co.uk
www.phsc.plc.uk

Strand Hanson Limited (Nominated Adviser) Tel: 020 7409 3494
James Bellman/Matthew Chandler

Novum Securities Limited (Broker) Tel: 020 7399 9427
Colin Rowbury

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	Note	Six months ended 30 Sept 23 Unaudited £'000	Six months ended 30 Sept 22 Unaudited £'000	Year ended 31 Mar 23 Audited £'000
Continuing operations				
Revenue	2	1,651	1,679	3,438
Cost of sales		(758)	(804)	(1,613)
Gross profit		893	875	1,825
Administrative expenses		(743)	(744)	(1,525)
Other income		-	1	3
Profit from operations		150	132	303
Finance income		8	-	1
Profit before taxation		158	132	304
Corporation tax expense		(36)	(26)	(61)
Profit for the period after tax attributable to owners of parent	2	122	106	243

Total comprehensive income attributable to owners of the parent		**122**	**106**	**243**
Basic and diluted earnings per share for profit after tax from continuing operations attributable to the equity holders of the Group during the period	4	1.04p	0.90p	2.05p

Group Statement of Financial Position	Note	30 Sept 23 Unaudited £'000	30 Sept 22 Unaudited £'000	31 Mar 23 Audited £'000
Non-current assets				
Property, plant and equipment	3	492	462	468
Goodwill		2,235	2,235	2,235
Deferred tax asset		12	16	12
		2,739	2,713	2,715
Current assets				
Inventories		186	206	200
Trade and other receivables		686	660	674
Cash and cash equivalents		638	691	750
		1,510	1,557	1,624
Total assets	2	**4,249**	**4,270**	**4,339**
Current liabilities				
Trade and other payables		486	471	531
Right of use lease liability		30	23	25
Current corporation tax payable		92	81	57
		608	575	613
Non-current liabilities				
Right of use lease liability		27	14	26
Deferred taxation liabilities		62	62	62
		89	76	88
Total liabilities		**697**	**651**	**701**
Net assets		**3,552**	**3,619**	**3,638**
Capital and reserves attributable to equity holders of the Group				
Called up share capital		1,104	1,185	1,185
Share premium account		1,916	1,916	1,916
Capital redemption reserve		507	426	426
Merger relief reserve		134	134	134
Retained earnings		(109)	(42)	(23)

	3,552	**3,619**	**3,638**

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 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
Balance at 1 April 2022	1,468	1,916	134	143	(645)	497	3,513
Profit for the period attributable to equity holders	-	-	-	-	-	106	106
Cancellation of treasury shares	(283)	-	-	283	645	(645)	-
Balance at 30 September 2022	1,185	1,916	134	426	-	(42)	3,619

Group Statement of Cash Flows

	Six months ended 30 Sept 23 Unaudited £'000	Six months ended 30 Sept 22 Unaudited £'000	Year ended 31 Mar 23 Audited £'000
Cash flows generated from operating activities			
Cash generated from operations	131	62	318
Tax paid	-	-	(55)
Net cash generated from operating activities	131	62	263
Cash flows used in investing activities			
Purchase of property, plant and equipment	(33)	(2)	(41)
Disposal of fixed assets	-	-	-
Interest received	8	-	1
Net cash used in investing activities	(25)	(2)	(40)
Cash flows used in financing activities			
Payments on right of use assets	(10)	(18)	(4)
Share buyback	(208)	-	-

Dividends paid to Group shareholders	-	-	(118)
Net cash used in financing activities	(218)	(18)	(122)
Net (decrease)/increase in cash and cash equivalents	(112)	42	101
Cash and cash equivalents at beginning of period	750	649	649
Cash and cash equivalents at end of period	638	691	750

Notes to the cash flow statement

Cash generated from operations			
Operating profit - continuing operations	150	132	303
Depreciation charge	24	30	63
Goodwill impairment	-	-	-
Loss on sale of fixed assets	-	-	-
Decrease/(increase) in inventories	14	(20)	(14)
Decrease in trade and other receivables	32	66	52
Decrease in trade and other payables	(89)	(146)	(86)
Cash generated from operations	131	62	318

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 2023, prepared under IFRS, have been filed with the Registrar of Companies. The auditor's report for the 2023 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 23 Unaudited	Six months ended 30 Sept 22 Unaudited	Year ended 31 Mar 23 Audited
Revenue	£'000	£'000	£'000

Security division: B2BSG Solutions Ltd	440	384	830
Health & Safety division			
Inspection Services (UK) Ltd	101	96	198
Personnel Health & Safety Consultants Ltd	393	423	807
Quality Leisure Management Ltd	202	192	402
RSA Environmental Health Ltd	161	175	366
	857	886	1,773
Systems division: QCS International Ltd	354	409	835
Total revenue	**1,651**	**1,679**	**3,438**

Profit/(loss) after taxation, before management charge

Security division: B2BSG Solutions Ltd	32	4	(3)
Health & Safety division			
Inspection Services (UK) Ltd	1	1	8
Personnel Health & Safety Consultants Ltd	124	102	229
Quality Leisure Management Ltd	59	56	116
RSA Environmental Health Ltd	12	25	61
	196	184	414
Systems division: QCS International Ltd	87	107	225
Holding company: PHSC plc	(193)	(189)	(393)
Total Group profit after taxation	**122**	**106**	**243**

Total assets	30 Sept 23 Unaudited £'000	30 Sept 22 Unaudited £'000	31 Mar 23 Audited £'000
Security division: B2BSG Solutions Ltd	525	178	466
Safety division			
Inspection Services (UK) Ltd	89	97	68
Personnel Health & Safety Consultants Ltd	272	289	221
Quality Leisure Management Ltd	134	185	95
RSA Environmental Health Limited	575	619	565
	1,070	1,190	949
Systems division: QCS International Ltd	205	395	242

Holding company: PHSC plc	3,038	3,270	3,216
	4,838	5,033	4,873
Adjustment of goodwill	(591)	(765)	(536)
Adjustment of deferred tax	2	2	2
Total assets	**4,249**	**4,270**	**4,339**

3. Property, plant and equipment

	30 Sept 23 Unaudited £'000	30 Sept 22 Unaudited £'000	31 Mar 23 Audited £'000
Cost or valuation			
Brought forward	969	928	928
Additions	48	2	41
Disposals	-	-	-
Carried forward	1,017	930	969
Depreciation			
Brought forward	501	438	438
Charge	24	30	63
Disposals	-	-	-
Carried forward	525	468	501
Net book value	**492**	**462**	**468**

4. Earnings per share

The calculation of the basic earnings per share is based on the following data.

	Six months ended 30 Sept 23 Unaudited £'000	Six months ended 30 Sept 22 Unaudited £'000	Year ended 31 Mar 23 Audited £'000
Earnings			
Continuing activities	122	106	243
Number of shares	30 Sept 23	30 Sept 22	31 Mar 23
Weighted average number of shares for the purpose of basic earnings per share	11,713,776	11,847,019	11,847,019

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