Holders Technology plc
Annual Report & Accounts 2021

Specialised PCB Materials, Lighting and Wireless Control Solutions

Year in Brief

Holders Technology plc ("The Group") supplies specialty laminates and materials 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.

Revenue and profitability for all divisions improved during the year, helped by a general improvement in economic conditions. On 30 September 2021 the Group disposed of certain commodity PCB assets from the UK and Germany divisions.

An interim dividend of 0.50p per share was paid on 5 October 2021, and a special dividend of 2.0p per share was paid on 28 January 2022. The directors will recommend payment of a final dividend of 0.50p per share, a total of 3.0p for the year (2020 total: 0.50p).

The results are summarised below.

Highlights

		2021 £'000	2020 £'000
Revenue	PCB	**7,920**	7,314
	LCS	**4,466**	2,524
	Group	**12,386**	9,838
Gross Margins	PCB	**27.8%**	24.4%
	LCS	**37.3%**	36.5%
	Group	**31.2%**	27.5%
Operating Profit/ (Loss)	PCB	**554**	102
	LCS	**32**	(246)
	Central costs	**(117)**	(105)
	Group	**469**	(249)
Net Profit on Disposal of Assets*		**325**	-
Finance Costs		**(10)**	(16)
Income from Joint Ventures		**3**	1
Profit/ (Loss) before tax	Group	**787**	(264)
Tax		**(92)**	-
Profit/ (Loss) after tax	Group	**695**	(264)
Basic and diluted EPS/ (LPS)		**16.45p**	(6.25p)
Dividend paid & proposed		**3.00p**	0.50p
Cash		**3,192**	1,113

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

Contents

STRATEGIC REPORT

Chairman’s Statement

It is pleasing to be able to report that in the year to 30 November 2021, group turnover grew to £12,386,000 (2020: £9,838,000), with the major part of that growth coming from our LCS business.

The year saw a very significant development for the Group with the sale of our commodity PCB product range. This has enabled us to concentrate on a number of specialised PCB products whilst further growing our LCS business. Further details of this transaction are given in the Operating and Business review and the Financial Review.

The disposal has further strengthened our cash position, with cash at the end of the year being £3.1m (2020: £1.1m). In recognition of this improved position, a special dividend of 2.0p per share has been paid with the balance of the disposal proceeds being available to further strengthen our growing LCS activities.

LCS activities are primarily based in the Europe but during the year, in order to extend our geographical coverage, we established joint venture operations in New Zealand and Australia.

Shareholders will recognise that the expansion of our LCS business will require significant investment to realise the expansion which we believe to be possible. We have always been financially conservative and will continue to be so and will incline to writing off rather than capitalising such expenditures, this may impact short term profitability.

The potential impact of recent events in Ukraine inevitably cast a shadow over the immediate business outlook but we can say that, in part due to the recent disposal of certain activities, we have a strong balance sheet, and this coupled with the opportunities we perceive leaves us, we believe, well positioned to meet the challenges of the years ahead.

R W Weinreich
Executive Chairman
25 March 2022

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.

With volume PCB manufacture moving to China, 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, M & E consultants, as well as building engineering companies.

The Group continues to expand its wireless controls business into other geographical territories. In August 2021 the Group established Holders Technology (New Zealand) Ltd and Holders Technology Australia PTY Ltd, which sell wireless lighting control solutions and all related project services and data analytics in New Zealand and Australia.

Market Overview

PCB divisions in 2021 experienced significant instability, with widespread raw material shortages and marked cost increases for goods and freight. Alternative materials were sourced where available, and existing goods were re-priced where possible. By the year end, revenue had increased from £7.3m to £7.9m and operating profitability improved from £102,000 to £554,000.

LCS divisions in 2021 recovered strongly after the effects of the Covid-19 pandemic in 2020. LCS divisions' revenue grew from £2.5m to £4.5m and operating profitability improved from £246,000 loss to £32,000 profit.

Business Review

In 2021, the Group divested certain assets of its PCB business. This enabled the Group to remain focused on the retained and more technically sophisticated PCB products, rather than the more commodity and lower margin products. This also provided the company with additional cash reserves to invest in the higher growth LCS divisions.

2021 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 controls hardware provided by the Group, as well as a full range of project services. These are a combination of new build as well as retrofit projects.

- Announcement of a strategic partnership with Tridonic, a global leading provider of wireless emergency lighting systems. The partnership enables Holders Technology to promote wireless technology not only for standard luminaires, but also for emergency luminaires within a building.

Operating and Business Review (continued)

Business Review (continued)

- Acquisition of first customers for the Holders Technology Data Analytics solution. Using the wireless lighting control infrastructure, we are able to supply customers with energy, lighting, and occupancy data.

- Broadening of our range of wireless control products and supplier relationships, to ensure the largest and most complete portfolio of products available in our markets.

- Further investment in knowledgeable and experienced sales and technical staff, across the Group.

- Expansion outside of Europe to New Zealand and Australia, leveraging our supplier base and European expertise to these new joint venture companies.

Conclusion

2021 was a transitional year for the Group with divestment of certain PCB assets and strengthening of our LCS businesses. In 2022, we expect our PCB business to have continuing strong demand for the products we offer. For the LCS business, we plan further staff recruitment and technology investment, to strengthen our business and further enhance our product and services portfolio.

V. Blaisdell

Victoria Blaisdell
Group Managing Director
25 March 2022

STRATEGIC REPORT

Financial Review

Key performance indicators
The Board believes that the following key performance indicators are of most significance to assessment of 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 £9.8m to £12.4m. Overall PCB revenue increased by 8.3%, whilst Lighting and Controls revenue increased by 76.9%.

Profitability
The operating profit was £469,000 compared to an operating loss of £249,000 in 2020. The gross profit margin was 31.2% compared to 27.5% in 2020. Administration costs increased from £2.6m to £3.0m (2020 costs were lower due to the implementation of measures in response to the Covid-19 pandemic.) Administration costs, however, fell as a proportion of revenue from 26.0% in 2020 to 24.2% in 2021.

PCB Asset Disposal
On 31 September 2021 the Group disposed of various PCB assets in the UK and Germany comprising machinery and commercial information relating to commodity materials used in the production of PCBs in the European market. Proceeds of the disposal were £1,634,000 and the profit on disposal was £471,000.

Goodwill of £146,000 relating to the Germany PCB acquisition in 2003 was written off following the disposal.

Post tax result
The profit for the financial year after tax, attributable to equity shareholders was £695,000 (2020: loss of £264,000). The basic and fully diluted earnings per share was 16.45p (2020: 6.25p loss 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 Review (continued)

- **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.

- **Covid-19**

  The Covid-19 pandemic has created risks in terms of market disruption and health risk to our workforce. The Group continues to follow government health advice in respect of the Covid-19 virus.

Cash flow, liquidity and financing

The Group's cash position improved during the year. Cash balances increased from £1,113,000 to £3,192,000. The improvement principally arose from operating profits plus proceeds from the PCB asset disposal.

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 2021 the Group had net liquid funds (trade and other receivables plus cash minus current liabilities excluding lease liabilities) of £3.1m (2020: £1.3m). Net assets per ordinary share at 30 November 2021 were £1.07 (2020: £0.95).

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 2021 year-end were £4,528,000 (2020: £3,999,000).

Conclusion

The Group enters 2021 with a stronger balance sheet and increased capacity for investment as new opportunities are identified.

Paul Geraghty
Group Finance Director
25 March 2022

STRATEGIC REPORT

The Strategic Report on pages 1-5 was approved by the Board on 25 March 2022 and signed on its behalf by

Paul Geraghty
Group Finance Director
25 March 2022

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	www.holderstechnology.com
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 profit after taxation for the financial year attributable to shareholders of £695,000 (2020: loss £264,000).

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 31 May 2022 to shareholders on the register at close of business on 13 May 2022. The total dividend for the year, including the interim dividend of 0.50p (2020: 0.25p) per share paid on 6 October 2021, and the special dividend of 2.00p (2020: nil) amounts to £127,000 (2020: £21,000), which is equivalent to 3.00p (2020: 0.50p) per share.

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 2021 are set out in note 25 to the financial statements.

Rudi Weinreich, aged 75, 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 49, 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 61, 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 78, is the Senior and sole Non-Executive Director, appointed in 1988.

Substantial shareholdings
At 25 March 2022 the company had been informed of the following interests, in addition to the interests of R W Weinreich, 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	348,601	8.25%
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%
Armstrong Investments Ltd	150,000	3.55%

Report of the Directors (continued)

Annual General Meeting

The current intention, subject to government restrictions at the time, is for the Annual General Meeting of the Company to be held at the Dyrham Park Country Club, Galley Lane, Barnet EN5 4RA at 11.30 a.m. on 29 April 2022.

Special business at the Annual General Meeting

An ordinary resolution (set out as resolution 5 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 6 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 7 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 2023. 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.

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 International Accounting Standards (IAS) 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.

P. Geraghty

Paul Geraghty
Secretary

25 March 2022

Directors’ Remuneration Report

The directors present the directors’ remuneration report for the financial year ended 30 November 2021. 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;
- Share incentive schemes; and
- Annual bonus 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 7 May 2021. On that date, the Covid-19 restrictions meant that shareholders were not permitted to attend the meeting in person. Shareholders were instead encouraged to submit any questions for the AGM by email in advance of the AGM. In addition, the board will propose a change to the company's articles to permit online attendance at future shareholder meetings.

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 our intention is to implement 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.

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.

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. 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 Manage-ment	Recruitment/ retention of key management	Reduced perfor-mance	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.

Corporate Governance (continued)

Principle Four: Risk Management (continued)

Activity	Risk	Impact	Control(s)
Covid-19	Reduced demand, health risk to workforce.	Reduced profitability/ capacity	Make use of government advice and support

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 and non-executive Director are part time employees, and the non-Executive Director David Mahony is a part time consultant. 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.

*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, including Directors' interest in share options over the Group's share capital, are set out in Note 25 of the 2021 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 2021 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.

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 2022 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.

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. Paul Geraghty as 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 2021. 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. 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 was one Remuneration Committee meeting during 2021.

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. Share incentive plans: The Company periodically operates an approved share option scheme for Executive Directors and certain other employees both to motivate those individuals through equity participation, 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 2021 to cover the period to 30 November 2022. 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 though its website, www.holderstechnology.com, and via Paul Geraghty, 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 2021 which comprise Group income statement, Group statement of comprehensive income, Group and Company Statement of changes in equity, Group and Company Balance Sheet, Group 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 international accounting standards (IAS) in conformity with the requirements of the Companies Act 2006.

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 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006; 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 company, the accounting processes and controls and the industry in which the Group operates.

The parent company, the UK subsidiary (Holders Technology UK Limited) and the Group's material German subsidiary (Holders Technology GmbH) are the only significant components of the Group and were subjected to full scope audits. The group audit team performed the audit of the parent company and the UK subsidiary and issued instructions to component auditors in respect of the German subsidiary. The group audit team directed and supervised the component auditor work, held meetings with the component audit team and conducted a detailed remote file review of the component auditor's work.

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 estimates that involved making assumption and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

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

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
Valuation and provisioning of inventory Both the UK and German trading subsidiaries hold significant reserves of inventory in order that they can satisfy customer orders promptly. At 30 November 2021 the Group held inventory with a carrying value of £1.18m and the value of the inventory provision was £347k. Due to the significance of inventory to the balance sheet and the judgement applied in determining the appropriate provision, valuation and provisioning for inventory was considered to be a key audit matter. In addition, during the period the group disposed of certain fixed assets within the German PCB division including related inventory items. This increased the risk of inventory items being obsolete and requiring provisioning.	Our audit procedures included the following: • Substantive testing of 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. • Assessing the design and implementation of key controls around inventory management and provisioning including review and approval of the inventory provision. • 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 in order to gain comfort over existence, completeness, accuracy, and valuation of inventory balances. • Reviewing management's inventory provision including validating and challenging the key assumptions applied by management. We reviewed post year-end inventory write offs and prior year provisioning levels to assess management's ability to accurately record the inventory provision. • Substantive testing of purchases and sales made around the year end to ensure cut off has been correctly applied. Based on our procedures, we did not identify any material misstatements in the carrying value of inventory. We consider that inventory valuation and provisioning is appropriate.

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

Key audit matters (continued)

Key Audit Matter	How our scope addressed this matter
Carrying value of parent company investments The parent company holds investments in subsidiary companies and joint ventures. At 30 November 2021 the carrying value of investments in subsidiaries was £2.035m, and the carrying value of investments in joint ventures was £111k. During the period the parent company recorded an impairment in relation to the investment in Holders Technology GmbH of £256k. This was due to the disposal by the German subsidiary of certain trade and assets which affected the future profitability forecasts for this entity. The carrying value of the parent company investments was considered to be a key audit matter because of the significance to the parent company balance sheet and the evidence of impairment within the German subsidiary.	Our audit procedures included the following: • Assessing whether the impairment review had been carried out in accordance with IAS 36. • Reviewing and challenging management's discounted cash flow forecasts for each of the subsidiary entities and assessing the underlying assumptions for reasonableness. • Performing sensitivity analysis on the key assumptions used in the impairment model. • Assessing management's ability to accurately perform impairment reviews through review of outcomes compared to previous forecasts. Based on our procedures, we concluded that the carrying value of the parent company's investments was appropriate and the impairment of the German subsidiary had been calculated in accordance with IAS 36.
Accounting for the disposal of a trading asset The German trading subsidiary disposed of a significant part of the PCB trade and assets during the year, which also included related tangible fixed assets and inventory held by the UK trading subsidiary. This transaction was considered a key audit matter due to the material nature of the transaction to the financial statements and the potential for material misstatement if not accounted for in accordance with relevant accounting standards.	Our audit approach included the following: • Reviewing the contract of sale for the disposal of the trading asset including verification of cash proceeds received and identification of potential liabilities arising from the transaction. • Reviewing assets included within the disposal calculation to ensure they reflected those identified in the disposal agreement. • Reperforming the calculation of the profit on disposal to ensure mathematical accuracy. • Reviewing the journal postings to ensure each element of the transaction is accounted for correctly. • Ensure that appropriate disclosures are included in the financial statements in accordance with IFRS standards. Based on our procedures, we consider that the accounting for the disposal of the trading asset has been recorded appropriately and in accordance with accounting standards.

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

Our application of materiality

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our audit 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 a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, as set out below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the financial statements as a whole.

We determined a materiality of £129,000 for the Group and £106,000 for the Company financial statements. Group materiality is based on 1% of Group revenue and Company materiality is based on 5% of net assets per draft financials at the planning stage.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Performance materiality was set at 80% of materiality.

We set a level of triviality of £6,000 which is 5% of planning materiality, and any uncorrected audit differences below this level were not reported to management, unless warranted under qualitative grounds.

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:

- Reviewing detailed cash flow forecasts to support the going concern assumption and stress testing the forecasts under a range of scenarios
- Reconciling the opening forecast position to the latest management accounts
- Consideration of how the impact of Coronavirus and the Global economy has been factored into the forecasts
- Assessing the disclosures in the financial statements regarding the impact of Coronavirus and the Global economy and the appropriateness of preparing the financial statements of the group and company on the going concern basis

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.

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

Other information

Te 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.

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.

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

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.

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.

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

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

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.

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. 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.

Saffery Champness LLP
……………………………….

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

Chartered Accountants
Statutory Auditors

71 Queen Victoria Street
London
EC4V 4BE

25 March 2022

Group Income Statement for the year ended 30 November 2021

	Note	2021 £'000	2020 £'000
Revenue	5	**12,386**	9,838
Cost of sales		**(8,516)**	(7,135)
Gross profit		**3,870**	2,703
Distribution costs		**(408)**	(348)
Administrative expenses		**(3,001)**	(2,562)
Impairment of goodwill		**(146)**	-
Other operating (expenses)/ income		**8**	(42)
Operating profit/ (loss)		**323**	(249)
Profit on disposal of assets		**471**	-
Income from joint ventures		**3**	1
Finance income/ (expenses)	6	**(10)**	(16)
Profit/ (loss) before taxation		**787**	(264)
Tax	8	**(92)**	-
Profit/ (loss) for the year attributable to equity shareholders		**695**	(264)
Basic and diluted earnings/ (loss) per share	10	**16.45p**	(6.25p)

Group Statement of Comprehensive Income for the year ended 30 November 2021

	2021 £'000	2020 £'000
Profit/ (loss) for the year	**695**	(264)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(134)**	120
Total comprehensive income/ (loss) for the year	**561**	(144)

Statements of Changes in Equity for the year ended 30 November 2021

Group	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 November 2019	422	1,590	1	128	2,023	4,164
Dividends	-	-	-	-	(21)	(21)
Transactions with owners	-	-	-	-	(21)	(21)
Loss for the year	-	-	-	-	(264)	(264)
Exchange differences on translating foreign operations	-	-	-	120	-	120
Total comprehensive (loss)/ income for the year	-	-	-	120	(264)	(144)
Balance at 30 November 2020	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
Balance at 30 November 2021	**422**	**1,590**	**1**	**114**	**2,401**	**4,528**

Company	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 30 November 2019	422	1,590	1	261	2,274
Dividends	-	-	-	(21)	(21)
Transactions with owners	-	-	-	(21)	(21)
Loss and total comprehensive income for the year	-	-	-	(103)	(103)
Balance at 30 November 2020	**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)
Balance at 30 November 2021	**422**	**1,590**	**1**	**1,440**	**3,453**

FINANCIAL STATEMENTS

Balance Sheets at 30 November 2021

Company number: 1730535		Group		Company	
	Note	**2021**	2020	**2021**	2020
		£'000	£'000	**£'000**	£'000
Assets					
Non-current assets					
Intangible fixed assets	12	**220**	381	**-**	-
Property, plant and equipment	13	**82**	219	**1**	-
Leased assets	14	**87**	341		
Investments in subsidiaries	15	**-**	-	**2,035**	2,291
Investments in joint ventures	16	**111**	28	**111**	28
Deferred tax assets	23	**12**	12	**-**	-
		512	981	**2,147**	2,319
Current assets					
Inventories	17	**1,180**	2,340	**-**	-
Trade and other receivables	18	**1,593**	1,420	**176**	171
Current tax assets		**-**	-	**-**	-
Cash and cash equivalents		**3,192**	1,113	**1,941**	7
		5,965	4,873	**2,117**	178
Liabilities					
Current liabilities					
Trade and other payables	19	**(1,661)**	(1,274)	**(811)**	(347)
Lease liabilities	20	**(58)**	(105)	**-**	-
Current tax liabilities		**-**	-	**-**	-
		(1,719)	(1,379)	**(811)**	(347)
Net current assets		**4,246**	3,494	**1,306**	(169)
Non-current liabilities					
Retirement benefit liability	22	**(186)**	(223)	**-**	-
Lease liabilities	20	**(35)**	(244)	**-**	-
Deferred tax liabilities	23	**(9)**	(9)	**-**	-
		(230)	(476)	**-**	-
		4,528	3,999	**3,453**	2,150
Shareholders' equity					
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		**2,401**	1,738	**1,440**	137
Cumulative translation adjustment reserve		**114**	248	**-**	-
		4,528	3,999	**3,453**	2,150

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 profit for the financial year was £1,335,000 (2020: loss £103,000).

The financial statements were approved by the Board on 25 March 2022 and signed on its behalf by:

R W Weinreich
Director

Statements of Cash Flows for the year ended 30 November 2021

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash flows from operating activities				
Profit/ (Loss) before tax from continuing operations	787	(264)	1,335	(103)
Depreciation	168	292	-	-
Gain on disposal of property, plant, and equipment	(471)	-	-	-
Impairment – Goodwill	146	-	-	-
Impairment – Investments	-	-	256	
Decrease in inventories	1,093	284	-	-
(Increase)/ Decrease in trade and other receivables	(527)	385	(5)	(5)
Increase/ (Decrease) in trade and other payables	702	(50)	464	(3)
Interest Expense/ (Income)	10	16	-	(1)
Cash generated from/ (used in) operations	1,908	663	2,050	(112)
Income from investments	(3)	(1)	(1,740)	(1)
Tax paid	(92)	-	-	-
Interest paid	(10)	(16)	-	-
Net cash generated from/ (used in) operations	1,803	646	310	(113)
Cash flows from investing activities				
Purchase of property, plant, and equipment	(65)	(25)	(1)	-
Investment in Joint Venture	(80)	(27)	(80)	(27)
Proceeds from sale of property, plant, and equipment	553	-	-	-
Dividends received	-	-	1,737	-
Interest received	-	-	-	1
Net cash (used in)/generated from investing activities	408	(52)	1,656	(26)
Cash flows from financing activities				
Repayment of leases	(37)	(213)	-	-
Equity dividends paid	(32)	(21)	(32)	(21)
Net cash used in financing activities	(69)	(234)	(32)	(21)
Net change in cash and cash equivalents	2,142	360	1,934	(160)
Cash and cash equivalents at start of period	1,113	734	7	167
Effect of foreign exchange rates	(63)	19	-	-
Cash and cash equivalents at end of period	3,192	1,113	1,941	7

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 International Accounting Standards (IAS), in conformance with the requirements of the Companies Act 2006. 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.

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 *Business Combinations*)	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 *Provisions, Contingent Liabilities and Contingent Assets*)	1 January 2022
Annual improvements 2018-2020 cycle	1 January 2022
Disclosure of Accounting Policies (Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements)*	1 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 *Income Taxes*)	1 January 2023
Classification of Liabilities as Current or Non-Current: *amendments to IAS 1*	1 January 2024

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.

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.

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 2019. 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.

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.

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.

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).

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 (2020: £154,000 held) as described in note 21.

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.

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 materials, 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	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Revenue	**7,920**	7,314	**4,466**	2,524	**-**	-	**12,386**	9,838
Cost of sales	**(5,715)**	(5,531)	**(2,801)**	(1,604)	**-**	-	**(8,516)**	(7,135)
Gross profit	**2,205**	1,783	**1,665**	920	**-**	-	**3,870**	2,703
Distribution costs	**(292)**	(298)	**(116)**	(50)	**-**	-	**(408)**	(348)
Administrative expenses	**(1,369)**	(1,338)	**(1,521)**	(1,113)	**(111)**	(111)	**(3,001)**	(2,562)
Other operating income/ (expenses)	**10**	(45)	**4**	(3)	**(6)**	6	**8**	(42)
Segment operating profit/ (loss)	**554**	102	**32**	(246)	**(117)**	(105)	**469**	(249)
Other segmental information								
Depreciation (Note 12,13,14)	**142**	279	**26**	13	**-**	-	**169**	292
Segment assets	**4,836**	6,841	**2,738**	2,104	**(1,110)**	(3,091)	**6,464**	5,854
Segment liabilities	**(628)**	(1,319)	**(4,114)**	(3,793)	**2,806**	3,257	**(1,936)**	(1,855)

"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	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000	**2021 £'000**	2020 £'000
Revenue - PCB	**1,452**	1,270	**4,759**	4,695	**1,709**	1,349	**7,920**	7,314
- LCS	**2,501**	1,107	**1,855**	1,385	**110**	32	**4,466**	2,524
	3,953	2,377	**6,614**	6,080	**1,819**	1,381	**12,386**	9,838
Non-current assets	**414**	330	**98**	651	**-**	-	**512**	981

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.

Notes to the Financial Statements (continued)

6. Finance income and expenses

	2021 £'000	2020 £'000
Interest expense on lease liability	(6)	(10)
Interest expense on pension liability	(4)	(6)

7. Profit/ Loss for the year

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

	2021 £'000	2020 £'000
Costs of inventories recognised as an expense	8,454	7,066
Write-down of inventory to net realisable value	(42)	20
Amortisation of intangible fixed assets (note 12)	16	17
Depreciation of property, plant and equipment (note 13)	47	52
Depreciation of leased assets	105	223
Staff costs	2,515	2,159
Directors' emoluments	269	172
Government support income	-	(107)
Fees payable to the company's auditors for the audit of the financial statements	22	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)	14	37

8. Taxation

Analysis of the charge in the period	2021 £'000	2020 £'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 (2020: lower) than the standard rate of corporation tax in the UK, effectively 19.0% (2020: 19.0%) for the company's financial year. The differences are explained below:

	2021 £'000	2020 £'000
Profit/ (Loss) before taxation	787	(264)
Profit/ (loss) before taxation multiplied by the rate of corporation tax in the UK of 19.0% (2020: 19.0%)	150	(50)
Effects of:		
Adjustment from prior years	-	-
Taxation losses	(58)	50
Taxation	92	-

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 profit of £1,335,000 (2020 loss: £103,000).

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:

	2021 Number	2020 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

	2021 Pence per share	2020 Pence per share
Basic earnings per share:		
Continuing operations	**16.45**	(6.25)
Diluted earnings per share:		
Continuing operations	**16.45**	(6.25)

11. Ordinary dividends

	2021 £'000	2020 £'000
Final dividend for the year ended 30 November 2020 of 0.25p (year ended 30 November 2019 final dividend: 0.50p)	**11**	10
Interim dividend paid in respect of the year of 0.50p (2020: 0.25p)	**21**	11
Amounts recognised as distributions to equity holders	**32**	21

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 2021 of 0.50p per share. If approved by shareholders, it will be paid on 31 May 2022 to shareholders registered on 12 May 2022.

Notes to the Financial Statements (continued)

12. Intangible fixed assets

Group	Goodwill £'000	Computer software £'000	Total £'000
Cost			
At 1 December 2019	**420**	**188**	**608**
Currency translation	6	10	16
At 30 November 2020	**426**	**198**	**624**
Currency translation	(6)	(10)	(16)
Additions	-	5	5
Disposals	-	(6)	(6)
At 30 November 2021	**420**	**187**	**607**
Depreciation			
At 1 December 2019	**102**	**112**	**214**
Currency translation	6	6	12
Provided in year	-	17	17
At 30 November 2020	**108**	**135**	**243**
Currency translation	(6)	(12)	(18)
Impairment	146	-	146
Provided in year	-	16	16
At 30 November 2021	**248**	**139**	**387**
Net book value			
At 30 November 2021	**172**	**48**	**220**
At 30 November 2020	**318**	**63**	**381**

Analysis by cash generating unit	£'000	£'000	£'000
PCB	-	44	44
Lighting and Controls	172	4	176
	172	48	220

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.

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

	Group			Company	
	Short leasehold land and buildings	Motor vehicles, plant and machinery, office equipment	Total	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 30 November 2019	**92**	**1,488**	**1,580**	**62**	**62**
Currency translation	-	44	44	-	-
Additions	-	25	25	-	-
Disposals	-	-	-	-	-
At 30 November 2020	**92**	**1,557**	**1,649**	**62**	**62**
Currency translation	-	(35)	(35)	-	-
Additions	-	45	45	-	-
Disposals	-	(808)	(808)	-	-
At 30 November 2021	**92**	**759**	**851**	**62**	**62**
Depreciation					
At 30 November 2019	**92**	**1,251**	**1,343**	**62**	**62**
Currency translation	-	35	35	-	-
Provided in year	-	52	52	-	-
Disposals	-	-	-	-	-
At 30 November 2020	**92**	**1,338**	**1,430**	**62**	**62**
Currency translation	-	(28)	(28)	-	-
Provided in year	-	47	47	-	-
Disposals	-	(680)	(680)	-	-
At 30 November 2021	**92**	**677**	**769**	**62**	**62**
Net book value					
At 30 November 2021	**-**	**82**	**82**	**-**	**-**
At 30 November 2020	**-**	**219**	**219**	**-**	**-**

Notes to the Financial Statements (continued)

14. Leased Assets

	Group			Company	
	Short leasehold land and buildings	Motor vehicles, plant and machinery, office equipment	Total	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 December 2019 - IFRS 16 right-of-use assets recognised	**284**	**244**	**528**	-	-
Additions	-	36	36	-	-
Disposals	-	-	-	-	-
At 30 November 2020	**284**	**280**	**564**	**-**	**-**
Currency translation	-	(22)	(22)	-	-
Additions	-	17	17	-	-
Disposals	-	(232)	(232)	-	-
At 30 November 2021	**284**	**43**	**327**	**-**	**-**
Depreciation					
At 30 November 2019	**-**	**-**	**-**	**-**	**-**
Provided in year	171	52	223	-	-
Disposals	-	-	-	-	-
At 30 November 2020	**171**	**52**	**223**	**-**	**-**
Currency translation	1	(11)	(10)	-	-
Provided in year	52	53	105	-	-
Disposals	-	(78)	(78)	-	-
At 30 November 2021	**224**	**16**	**240**	**-**	**-**
Net book value					
At 30 November 2021	**60**	**27**	**87**	**-**	**-**
At 30 November 2020	**113**	**228**	**341**	**-**	**-**

15. Investments in subsidiaries

	At Cost £'000
Cost	
At 1 December 2019	2,291
At 1 December 2020	2,291
Impairment charge during year	(256)
At 30 November 2021	**2,035**

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
Cost	
At 1 December 2019	-
Additions during year	28
At 1 December 2020	28
Additions during year	80
Income from investments	3
At 30 November 2021	**111**

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	
	2021 £'000	2020 £'000	**2021 £'000**	2020 £'000
Raw materials and consumables	**77**	1,080	**-**	-
Goods for resale	**1,450**	1,728	**-**	-
Stock provision	**(347)**	(468)	**-**	-
	1,180	2,340	**-**	-

Notes to the Financial Statements (continued)

18. Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade receivables	**1,371**	1,311	**-**	-
Less: provision for impairment	**(21)**	(10)	**-**	-
Net trade receivables	**1,350**	1,301	**-**	-
Amounts due from Group u/takings	**-**	-	**-**	149
Other receivables	**185**	6	**164**	-
Prepayments and accrued income	**58**	113	**12**	22
	1,593	1,420	**176**	171

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables, as these to 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% (2020: 1.2%). 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	**2021**	2020
	£'000	£'000
Impairment at 1 December	**13**	18
Impairment losses recognised	**8**	(4)
Amounts written off as irrecoverable	**-**	-
Amounts recovered	**-**	-
Impairment losses reversed	**-**	(1)
Balance 30 November	**21**	13

Ageing of past due unimpaired debt:	**2021**	2020
	£'000	£'000
Past due 0-30 days	**302**	217
Past due 31-60 days	**228**	26
Past due 61-90 days	**6**	12
Past due 91-365 days	**7**	1
	543	256

19. Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Trade payables	**507**	467	**1**	10
Amounts due to Group undertakings	**-**	-	**699**	307
Other taxation and social security	**195**	243	**-**	-
Other payables	**49**	52	**-**	-
Accruals	**910**	512	**111**	30
	1,661	1,274	**811**	347

Notes to the Financial Statements (continued)

20. Lease liabilities

IFRS 16 was applied for the first time from 1st December 2020, 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.

Transition to IFRS 16

The table below shows a reconciliation from the off-balance sheet lease commitments previously disclosed as at 30 November 2020 to the on-balance sheet lease liabilities recognised at 1 December 2020 under IFRS 16, and the movements in the lease liability during the subsequent financial year.

	Land & Buildings £'000	Plant & Machinery £'000	Motor Vehicles £'000	Total £'000
At 30 November 2020	284	244	-	528
Additions during year	-	-	36	36
Lease payments	(167)	(40)	(6)	(213)
At 1 December 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)
At 30 November 2021	**63**	**-**	**30**	**93**

Lease liabilities at 30 November 2021 are presented on the balance sheet as below:

	Land & Buildings £'000	Plant & Machinery £'000	Motor Vehicles £'000	Total £'000
Current liabilities	44	-	14	58
Non-current liabilities	19	-	16	35
At 30 November 2021	**63**	**-**	**30**	**93**

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 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Financial assets				
Cash and cash equivalents	3,192	1,113	1,941	7
Trade and other receivables	1,535	1,307	164	149
Loans and receivables at amortised cost	4,727	2,420	2,105	156
Financial liabilities				
Trade and other payables	1,466	1,031	116	46
Financial liabilities at amortised cost	1,466	1,031	116	46
Derivatives	-	-	-	-
Liabilities at fair value through profit and loss	-	-	-	-
Net financial assets	3,261	1,389	1,989	110

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	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
At 30 November 2021	4,727	1,466	3,261	2,105	116	1,989
Sterling	1,006	196	810	123	34	89
Euro	904	668	236	32	12	20
US dollar	510	167	343	1	-	1
At 30 November 2020	**2,420**	**1,031**	**1,389**	**156**	**46**	**110**

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.

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
Sterling At 30 November 2021	**409**	**105**	**514**	**172**	**7**	**179**
Sterling At 30 November 2020	236	343	579	20	1	21

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 £137,000 lower if sterling strengthened by 10 per cent and £168,000 higher if sterling weakened by 10 per cent.

Notes to the Financial Statements (continued)

21. Financial instruments (continued)

Group

2021

Net financial assets/(liabilities)	As reported	Effect of sterling strengthening by 10% Rate +10%	Profit	Equity	Effect of sterling weakening by 10% 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

2020

Net financial assets/(liabilities)	As reported	Effect of sterling strengthening by 10% Rate +10%	Profit	Equity	Effect of sterling weakening by 10% Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	810	-	-	-	-	-	-
Not denominated in sterling	579	(53)	(3)	(235)	64	4	287
Net financial assets	1,389	(53)	(3)	(235)	64	4	287

Company

2021

Net financial assets/(liabilities)	As reported	Effect of sterling strengthening by 10% Rate +10%	Profit	Equity	Effect of sterling weakening by 10% 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	-

2020

Net financial assets/(liabilities)	As reported	Effect of sterling strengthening by 10% Rate +10%	Profit	Equity	Effect of sterling weakening by 10% Rate -10%	Profit	Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Denominated in sterling	89	-	-	-	-	-	-
Not denominated in sterling	21	(2)	(2)	-	2	2	-
Net financial assets	110	(2)	(2)	-	2	2	-

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 2021 and 30 November 2020, 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 2021 amounting to £1,661,000 (2020: £1,031,000) are payable within three months.

Borrowing facilities

The Group currently has no requirement for additional borrowing facilities. As the previous year end, 30 November 2020, an overdraft facility of £100,000 was available.

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	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
UK	**1,066**	635	**164**	121
Rest of Europe	**469**	672	**-**	28
At 30 November	**1,535**	1,307	**164**	149

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 2021 (2020: value held £89,000). When appropriate during the year, contracts were taken out to mitigate trade payables denominated in foreign currencies. The fair value of these instruments was £nil (2020: £4,000).

Notes to the Financial Statements (continued)

22. Retirement benefit liability

Group	Retirement benefit liability £'000
At 1 December 2019	212
Currency translation	8
Change in actuarial assumptions	-
Utilised	3
At 1 December 2020	223
Currency translation	(8)
Change in actuarial assumptions	(32)
Utilised	3
At 30 November 2021	186

The retirement benefit liability arose from the 2002 acquisition of assets by Holders Technology GmbH from Cimatec GmbH. Following the bankruptcy of Cimatec GmbH, a German court determined that Cimatec's pension obligation to one former Cimatec 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 0.43%, 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 Cimatec.

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% (2020: 19.0% to 30.0%). The movement on the deferred tax asset account is as shown below:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'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 2019	12	12
Credited to income statement	-	-
At 30 November 2020	12	12
Charged to income statement	-	-
At 30 November 2021	**12**	**12**

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

Group	Accelerated capital allowances £'000
At 1 December 2019	9
Transfer from income statement	-
At 30 November 2020	9
Transfer from income statement	-
At 30 November 2021	**9**

The Company had no deferred tax assets or liabilities.

24. Share Capital

	2021 £'000	2020 £'000
Authorised		
6,000,000 ordinary shares of 10p each (2020: 6,000,000)	600	600

	Number of shares
Allotted and fully paid ordinary shares of 10p each	
At 30 November 2020 and 30 November 2021	**4,224,164**

Other Reserves

	2021 £'000	2020 £'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.

Notes to the Financial Statements (continued)

25. Employees and staff costs

	Group		Company	
	2021	2020	**2021**	2020
	£'000	£'000	**£'000**	£'000
Wages and salaries	**2,027**	1,747	**242**	153
Social security costs	**323**	300	**27**	19
Other pension costs	**165**	112	**131**	72
Share based payments	**-**	-	**-**	-
	2,515	2,159	**400**	244

Average monthly number of permanent employees, including executive directors:

	2021	2020
Group	**Number**	Number
Administration and sales	**25**	32
Service and fabrication	**28**	24
	53	56
Part-time	**2**	2
	55	58

Directors' remuneration

Directors' remuneration for the year was as follows:

Company	**Basic salary fees, bonuses and expenses**	**Benefits in kind**	**Total emoluments**	
			2021	2020
	£'000	**£'000**	**£'000**	£'000
R Weinreich (Chairman)	24	8	**32**	18
V Blaisdell	131	-	**131**	63
P Geraghty	83	2	**85**	76
D Mahony	21	-	**21**	15
	259	10	**269**	172

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	**2021**	2020
	£'000	£'000
V Blaisdell	**59**	38
P Geraghty	**72**	34
	131	72

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	
	2021	2020
R Weinreich	1,900,202	1,900,202
D Mahony	20,000	20,000
V Blaisdell	34,102	34,102

The shareholdings are all beneficial.

Directors' interests in share options

	At start of year or on date of appointment	No. of options exercised or lapsed during year	At end of year	Minimum Threshold	Maximum Threshold	Exercise price	Date from which exercisable	Expiry date
V Blaisdell	120,000	(120.000)	-	41.25p	100.00p	10.0p	27/03/20	27/03/21
P Geraghty	100,000	(100,000)	-	41.25p	100.00p	10.0p	27/03/20	27/03/21
	220,000	(220,000)	-					

The share price at 30 November 2021 was 92.5p (2020: 37.5p) whilst during the year the high and low prices were 121.5p and 37.5p.

Key management compensation

Group	2021 £'000	2020 £'000
Short-term employee benefits	568	457
Post-employment benefits	136	77
Termination benefits	-	-
Share-based payments	-	-
	704	534

Key management includes Directors and senior executives.

Total share options in issue

	2021 No	2020 No
Total options in issue 1 December	-	220,000
Issued during year	-	-
Exercised	-	-
Forfeited	-	(220,000)
Leavers	-	-
Total options in issue 30 November	-	-

At the year-end no share options were exercisable.

Notes to the Financial Statements (continued)

26. Financial commitments

Capital commitments

As at 30 November 2021 the group had capital commitments for plant and machinery totalling £nil (2020: £236,000).

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:	2021 £'000	2020 £'000
R W Weinreich	19	10
D A Mahony	-	-
V M Blaisdell	-	-
	19	10

Company

The company carried out the following transactions with its subsidiaries and joint venture:

	2021 £'000	2020 £'000
Consultancy fees charged to subsidiaries and joint venture	373	237
Interest on short term loans	-	1

FIVE-YEAR SUMMARY

	2021	2020	2019	2018	2016
	£'000	£'000	£'000	£'000	£'000
Group revenue – continuing	**12,386**	9,838	12,162	12,486	12,208
Group revenue – discontinued					50
Gross profit	**3,870**	2,703	3,392	3,266	3,205
Distribution costs	**(408)**	(348)	(419)	(422)	(438)
Administrative expenses	**(3,001)**	(2,562)	(2,890)	(2,696)	(2,695)
Restructuring costs and impairment charges	**(146)**	-	-	-	-
Other operating income	**8**	(42)	61	36	(7)
Group operating profit/ (loss)	**323**	(249)	144	184	65
Income from investments	**3**	1	-	-	-
Profit on disposal of assets	**471**	-	-	-	-
Finance income	**-**	-	6	-	-
Finance expenses	**(10)**	(16)	-	(7)	(11)
Profit/ (loss) before taxation from continuing operations	**787**	(264)	150	177	54
Tax credit/ (expense)	**(92)**	-	31	(8)	5
Profit/ (loss) after tax from continuing operations	**695**	(264)	181	169	59
Loss from discontinued operations	**-**	-	-	-	(42)
Profit/ (loss) for the year attributable to equity shareholders	**695**	(264)	181	169	17
Earnings per share – continuing business					
Earnings per share – basic	**16.45p**	(6.25p)	4.31p	4.06p	1.42p
Earnings per share - diluted	**16.45p**	(6.25p)	4.30p	4.03p	1.34p
Dividends per share in respect of each year	**3.00p**	0.50p	0.75p	0.75p	0.50p
Equity attributable to shareholders of the parent	**4,528**	3,999	4,164	4,099	3,932