

**H C Slingsby plc**  
**("Slingsby" or "the Company")**  
**Report for the half year ended 30 June 2021**

**Statement by the Chairman**

**Trading**

In my trading update of 9 June 2021, I reported that Group sales in the four months to 30 April 2021 were 6% higher than prior year but that gross margin was lower, meaning that unaudited profit before tax was £0.1m compared to £0.2m in the prior year. We were cautious regarding the outlook due to continued uncertainty caused by the coronavirus pandemic. Whilst the Group's sales grew in 2020 due to demand for virus related products, the same level of order intake that was experienced in 2020 had not recurred in 2021. In addition, the Group has experienced significant cost price increases across its product range as well as higher shipping costs and delays which impacted on gross margin.

Group sales in the six months to 30 June 2021 were 5% lower than in the same period in 2020. This fall in sales together with a continuation in the trend regarding gross margin, led to an unaudited profit before tax of £0.1m in 2021 compared to an unaudited profit before tax of £0.4m in the same period in 2020.

The market remains competitive and it remains unclear what impact the pandemic will have on demand going forward. The downward trend in gross margin is likely to persist for the remainder of the year and there is also heightened potential for credit related issues should customers become insolvent.

**Balance sheet**

The Group had net assets of £1.96m at 30 June 2021 compared to net assets of £1.21m at 31 December 2020. This improvement is due to a decrease in the liability relating to the defined benefit pension scheme of £0.7m (after associated deferred tax). The retirement benefit obligation decreased during the six months to 30 June 2021 due to an increase in the discount rate used by the scheme actuary. This has the impact of decreasing scheme liabilities, which outweighed a decrease in the value of scheme assets. The Company made deficit reduction contributions totalling £199,000 in the six months to 30 June 2021, in line with the agreement with the scheme's Trustee.

**Cashflow**

The Group had net cash of £0.8m at 30 June 2021 (net debt of £0.4m at 30 June 2020) compared to £0.3m at 31 December 2020. The Group continues to operate within its existing banking facilities and the Directors continue to believe that the Group has additional funding options available should the need arise.

**Dividend**

Due to the uncertain outlook, the Board has decided not to declare an interim dividend. It is the Board's intention to re-commence dividend payments to shareholders as soon as it is prudent to do so.

**People**

We would like to thank our employees for their hard work and flexibility which has enabled the Group to continue its operations during a challenging time.

**Dominic Slingsby**  
**Interim Executive Chairman and Operations Director**

**For further information please contact:**

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**Unaudited Condensed Consolidated Income Statement for the half year ended 30 June 2021**

		Half year ended 30/06/21 (Unaudited) £'000	Half year ended 30/06/20 (Unaudited) £'000	Year ended 31/12/20 (Audited) £'000
	Note			
Revenue		9,950	10,455	21,806
Operating profit		156	505	1,263
Finance costs		(61)	(81)	(154)
Profit before taxation		95	424	1,109
Taxation	2	(26)	(38)	(163)
Profit for the period attributable to equity shareholders		69	386	946
Basic and diluted weighted average earnings per share		6.6p	38.6p	92.3p

The results set out above derive entirely from continuing operations.

The above unaudited condensed consolidated income statement should be read in conjunction with the accompanying notes.

**Unaudited Consolidated Statement of Comprehensive Income and Expense for the half year ended 30 June 2021**

	Half year ended 30/06/21 (Unaudited) £'000	Half year ended 30/06/20 (Unaudited) £'000	Year ended 31/12/20 (Audited) £'000
Profit for the period	69	386	946
<b>Items that will not be reclassified to profit or loss</b>			
Remeasurements of post-employment benefit obligations	842	(883)	(1,784)
Movement in deferred tax relating to retirement benefit obligation	(160)	150	339
Other comprehensive income/(expense)	682	(733)	(1,445)

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Total comprehensive income/(expense) recognised for the period attributable to equity shareholders	751	(347)	(499)
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The above unaudited consolidated statement of comprehensive income and expense should be read in conjunction with the accompanying notes.

#### Unaudited Consolidated Balance Sheet as at 30 June 2021

	30/06/21 (Unaudited) £'000	30/06/20 (Unaudited) £'000	31/12/20 (Audited) £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4,962	5,089	5,084
Intangible assets	453	650	518
Goodwill	700	700	700
Deferred tax asset	1,367	1,239	1,553
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	7,482	7,678	7,855
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<b>Current assets</b>			
Inventories	2,164	2,456	2,224
Trade and other receivables	2,658	3,046	2,632
Cash and cash equivalents	2,076	1,696	1,781
Derivative financial asset	2	7	-
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	6,900	7,205	6,637
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<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	(3,172)	(3,534)	(2,948)
Bank borrowings	(1,275)	(2,126)	(1,506)
Derivative financial obligations	-	-	(7)
Lease obligations	(34)	(32)	(34)
Current tax liabilities	(150)	-	-
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	(4,631)	(5,692)	(4,495)
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<b>Net current assets</b>	2,269	1,513	2,142
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<b>Non-current liabilities</b>			
Retirement benefit obligation	(7,194)	(7,359)	(8,175)
Lease obligations	(15)	(50)	(32)
Deferred tax liabilities	(583)	(458)	(582)
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<b>Net assets</b>	1,959	1,324	1,208
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<b>Capital and reserves</b>			
Share capital	262	250	262
Share premium	24	-	24
Retained earnings	1,673	1,074	922
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<b>Total equity</b>	1,959	1,324	1,208
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The above unaudited consolidated balance sheet should be read in conjunction with the accompanying notes.

#### Unaudited Consolidated Statement of Changes in Shareholders' Equity

	Share Capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
At 1 January 2020	250	-	1,421	1,671
Total comprehensive expense recognised for the period	-	-	(347)	(347)
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At 30 June 2020	250	-	1,074	1,324
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At 1 January 2021	262	24	922	1,208
Total comprehensive income recognised for the period	-	-	751	751
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At 30 June 2021	262	24	1,673	1,959
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The above unaudited consolidated statement of changes in shareholders' equity should be read in conjunction with the accompanying notes.

#### Unaudited Consolidated Statement of Cash Flows for the half year ended 30 June 2021

		Half year ended 30/06/21 (Unaudited) £'000	Half year ended 30/06/20 (Unaudited) £'000	Year ended 31/12/20 (Audited) £'000
	Note			
<b>Cash flows from operating activities</b>				
Cash generated from operations	3	590	787	1,594
UK corporation tax paid		-	-	(41)
Interest received/(paid)		1	(12)	(13)
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<b>Cash generated from operating activities</b>		591	775	1,540

<b>Cash flows from investing activities</b>	-----	-----	-----
Purchase of property, plant and equipment	(44)	(30)	(108)
Purchase of intangible assets	(3)	(12)	(18)
Proceeds from sales of property, plant and equipment	-	-	6
<b>Net cash outflow from investing activities</b>	-----	-----	-----
	(47)	(42)	(120)
<b>Cash flows from financing activities</b>	-----	-----	-----
Capital element of lease payments	(18)	(18)	(36)
Proceeds from share issue	-	-	36
Proceeds from/(repayment of) borrowing	-	510	(1,034)
(Decrease)/Increase in overdraft	(231)	(807)	117
<b>Net cash used in financing activities</b>	-----	-----	-----
	(249)	(315)	(917)
<b>Net increase in cash and cash equivalents</b>	295	418	503
Opening cash and cash equivalents	1,781	1,278	1,278
<b>Closing cash and cash equivalents</b>	-----	-----	-----
	2,076	1,696	1,781

The above unaudited consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the Interim Report for the half year ended 30 June 2021

### 1. Interim Financial Information

The unaudited condensed consolidated interim financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The interim financial statements, which are unaudited and have not been reviewed by the Company's auditors, have been prepared in accordance with the policies set out in the 2020 Annual Report and Accounts. The comparative figures for the year ended 31 December 2020 do not constitute full financial statements and have been abridged from the full accounts for the year ended on that date, on which the auditors gave an unqualified report. They did not contain any statement under Section 498 of the Companies Act 2006. The 2020 accounts have been delivered to the Registrar of Companies. The Company has chosen not to adopt IAS 34 'Interim Financial Statements'.

### 2. Taxation

	Half year ended 30/06/21 (Unaudited) £'000	Half year ended 30/06/20 (Unaudited) £'000	Year ended 31/12/20 (Audited) £'000
Current tax	-	24	150
Deferred tax	26	14	13
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	26	38	163

The effective tax rate is 27%.

### 3. Cash generated from operations

	Half year ended 30/06/21 (Unaudited) £'000	Half year ended 30/06/20 (Unaudited) £'000	Year ended 31/12/20 (Audited) £'000
Profit before tax	95	424	1,109
Net finance costs	61	81	154
Depreciation and amortisation	234	210	430
Defined benefit pension scheme contributions paid	(199)	(150)	(304)
Profit on sale of property, plant and equipment	-	-	(6)
Decrease/(Increase) in inventories	60	(322)	(90)
Decrease in trade and other receivables	(27)	(652)	(231)
Increase in trade and other payables	366	1,196	532
Cash generated from operating activities	590	787	1,594