

This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

26 April 2023

Image Scan Holdings plc

("Image Scan", the "Company" or the "Group")

INTERIM RESULTS

Image Scan, (AIM: IGE) specialists in the field of X-ray imaging for the security and industrial inspection markets, today announces its interim results for the six months ended 31 March 2023. The previously reported stronger momentum that was evident through trade shows and demonstrations has resulted in an improved performance compared to the same period last year.

Financial summary:

- Order intake increased by 81% to £1,858k (H1 2022: £1,029k)
- Revenue was 85% higher at £1,459k (H1 2022: £790k)
- Gross profit margin of 48% (H1 2022: 52%)
- Profit before taxation of £16k (H1 2022: loss of £345k)
- Period end bank balance was £1,003k (H1 2022: £777k)
- Period end orderbook of £1,116k (H1 2022: £721k)

Operational highlights:

- Large volume portable X-ray system order delivered to a Spanish security customer
- Customer deliveries and satisfaction maintained by effective management of supply chain challenges
- Research and development effort focussed on developing high end portable products, taking advantage of grant funding support.
- Attended Middle Eastern regional trade show with valuable support from DIT Internationalisation Fund
- Global activity recovering after a covid hiatus, demonstrated by contracts from territories including Democratic Republic of Congo, Togo, Brazil, and Columbia

Vince Deery, Chief Executive Officer of Image Scan commented: *"We are pleased with the financial results for the first half of the year and our operational highlights demonstrate our continued commitment to delivering high-quality products and services to our customers.*

The half year performance demonstrates a substantial improvement over the same period last year with the higher levels of activity reported at the commencement of the financial period successfully converted into contracts and delivery of product to customers. The decline in margin reflects the product mix and pressures of the global economic conditions. With careful cost management and continued improved market activity and product innovation we hope to maintain the momentum to deliver a full year in line with market expectations.

As part of the Board's succession plan, Dr Richard Leaver has stated his intention to resign as Vice Chairman and will leave the Board at the end of the financial year. On behalf of the Board, I would like to thank Richard, and acknowledge his dedication, support, and guidance to the Company over the years of his valuable service."

For further information on the Company, please visit: www.ish.co.uk and for further information on its products, please visit: www.3dx-ray.com

Enquiries:

Image Scan Holdings plc
Vincent Deery CEO
Sarah Atwell King, CFO and Company Secretary

Tel: +44 (0) 1509 817 400
ir@ish.co.uk

W H Ireland - Nominated Adviser and Broker
Mike Coe/Sarah Mather (Corporate Finance)

Tel: +44 (0)20 7220 1666

CEO's statement

Introduction

Image Scan Holdings plc is a specialist in innovative X-ray technology, operating globally in the security and industrial inspection sectors. The Company's principal activity is the design, manufacture, and supply of both portable and fixed X-ray security screening systems to governments, security organisations and law enforcement agencies. The Company also supplies high-quality screening systems used in the manufacture of catalytic converters and diesel particulate filters.

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Financial results

Order intake for the first six months ended 31 March 2023 ("H1 2023") increased by 81% to £1,858k (H1 2022: £1,029k). Revenues increased by 85% to £1,459k (H1 2022: £790k). Gross margin on those revenues was at 48% (H1 2022: 52%), the reduction due to the mix of products sold and global inflationary pressures.

Operating expenses decreased by 8% to £688k (H1 2022: £749k), reflecting organisational changes and the successful award of a number of grants made within the year.

The overall effect of increased sales coupled with reduced overheads led to a pre-tax profit of £16k in H1 2023 (H1 2022: loss of £345k).

Stock decreased to £569k (H1 2022: £581k; Sept 22 £629k).

The Company finished H1 2023 with an order book of £1,116k (H2 2022: £721k) and a cash balance increase to £1,003k (H1 2022: £777k FY22 £690k) putting the Company in a stronger position for H2 2023.

Overview

The improved sales reflect the previously reported higher activity levels in the marketplace. We hope these levels continue, which combined with our cost control and organisational changes will assist the Company to deliver according to market expectations. The improved £1,116k order book will be largely delivered in this financial year.

Careful attention has been paid to costs and stock levels to ensure the correct balance is struck between satisfying customer lead time and managing cash reserves, this will continue in the second half. The ongoing difficult economic outlook and inflationary pressures will continue to impact margins.

The product development program continues to focus on additional options for the higher precision portable X-ray imaging systems and has been supported financially by a number of grant awards.

Organisational change

Internal restructuring has taken place over the period which has been executed with pleasing levels of staff engagement and support.

As part of the Board's succession plan, Dr Richard Leaver has stated his intention to resign as Vice Chairman and will leave the Board at the end of the financial year. The Board would like to thank Richard, and acknowledge his dedication, support, and guidance to the Company over the years of his valuable service.

Outlook

The increased level of foot fall at security trade shows globally and the improved level of demonstration activity by our sales team and the partner network builds confidence that the improvement in the business shown in the first half can continue into the second half.

Some Asian territories disappointingly have yet to recover to the levels of business we have experienced previously, however, with the wider demonstration and introduction of the higher value ThreatScan®-AS1 product going well, we are anticipating trading in line with market expectations for the year.

Vince Deery
Chief Executive Office
 26 April 2023

Consolidated income statement For the six months ended 31 March 2023

	Note	Six months ended 31 March 2023 (Unaudited) £'000	Six months ended 31 March 2022 (Unaudited) £'000	Year ended 30 September 2022 (Audited) £'000
Revenue		1,459	790	2,002
Cost of sales		(752)	(383)	(924)
Gross profit		707	407	1,078
Operating expenses		(688)	(749)	(1,421)
Operating profit/(loss)		19	(342)	(343)
Finance income		2	-	-
Interest payable		(5)	(3)	(6)
Profit/(loss) before taxation		16	(345)	(349)
Taxation		-	-	78
Profit/(loss) for the period		16	(345)	(271)

		Pence	Pence	Pence
Earnings per share				
Basic profit/(loss) per share	(3)	0.01	(0.25)	(0.20)

Diluted profit/(loss) per share	0.01	(0.25)	(0.20)
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Consolidated statement of changes in equity
For the six months ended 31 March 2023

	Six months ended 31 March 2023 (Unaudited) £'000	Six months ended 31 March 2022 (Unaudited) £'000	Year ended 30 September 2022 (Audited) £'000
Opening equity shareholders' funds	1,388	1,649	1,649
Shares issued	-	10	10
Profit/(loss) attributable to equity shareholders	16	(345)	(271)
Closing equity shareholders' funds	1,404	1,314	1,388

Consolidated statement of financial position
As at 31 March 2023

	As at 31 March 2023 (Unaudited) £'000	As at 31 March 2022 (Unaudited) £'000	As at 30 September 2022 (Audited) £'000
Non-current assets			
Intangible and tangible assets	514	425	464
	514	425	464
Current assets			
Inventories	569	581	629
Trade and other receivables	440	591	638
Cash and cash equivalents	1,003	777	690
	2,012	1,949	1,957
Total assets	2,526	2,374	2,421
Current liabilities			
Trade and other payables	981	874	869
Non-current liabilities	141	186	164
	1,122	1,060	1,033
Net assets	1,404	1,314	1,388
Equity			
Share capital	1,368	1,368	1,368
Share premium account	8,333	8,333	8,333
Retained earnings	(8,297)	(8,387)	(8,313)
Equity shareholders' funds	1,404	1,314	1,388

Consolidated cash flow statement
For the six months ended 31 March 2023

	Six months ended 31 March 2023 (Unaudited) £'000	Six months ended 31 March 2022 (Unaudited) £'000	Year ended 30 September 2022 (Audited) £'000
Cash flows from operating activities			
Operating profit/(loss)	19	(342)	(343)
Adjustments for:			
Depreciation	8	7	6
Amortisation of intangibles	22	12	29
Amortisation of right of use asset	21	20	40
Impairment of inventories	(14)	5	(11)
Increase/(decrease) in provision for warranty	3	(13)	(7)
Decrease/(increase) in inventories	74	(196)	(224)
Decrease in trade and other receivables	172	148	132
Increase/(decrease) in trade and other payables	105	64	41
Net cash generated from/(used in) operating activities	410	(295)	(337)
Corporation tax recovered	-	(5)	48
Net cash inflow/(outflow) from operating activities	410	(300)	(289)
Cash flows from investing activities			
Interest received	2	-	-
Purchase of tangible assets	-	-	(2)
Purchase of intangible assets	(80)	(103)	(177)
Net cash used in investing activities	(78)	(103)	(179)
Cash flows from financing activities			
Share issue	-	10	10
Lease payments	(19)	(16)	(38)
Net cash used in financing activities	(19)	(6)	(28)

	2023	2022	2021
Net increase/(decrease) in cash and cash equivalents	313	(409)	(496)
Cash and cash equivalents at beginning of period	690	1,186	1,186
Cash and cash equivalents at end of period	1,003	777	690

**Notes to the unaudited interim financial statements
For the six months ended 31 March 2023**

1 Basis of preparation

The interim financial statements, which are unaudited, have been prepared on the basis of the accounting policies expected to apply for the financial year to 30 September 2023 and in accordance with recognition and measurement principles of International Financial Reporting Standards ('IFRSs') as adopted by the United Kingdom. The accounting policies applied in the preparation of these interim financial statements are consistent with those used in the financial statements for the year ended 30 September 2022.

The interim financial statements do not include all of the information required for full annual financial statements and do not comply with all the disclosures in IAS 34 'Interim financial reporting'. Accordingly, whilst the interim statements have been prepared in accordance with IFRSs, they cannot be construed as being in full compliance with IFRSs.

The financial information for the year ended 30 September 2022 does not constitute the full statutory accounts for that period. The annual report and financial statements for the year ended 30 September 2022 have been filed with the Registrar of Companies. The independent auditor's report on the report and financial statements for the year ended 30 September 2022 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under Section 498(2) or 498(3) of the Companies Act 2006.

2 Going concern

The interim financial information has been prepared on a going concern basis, which assumes that the Company will have adequate resources to continue in operational existence for the foreseeable future.

3 Earnings per share ('EPS')

Basic earnings per ordinary share is based on the profit on ordinary activities before taxation of £16k (H1 2022 loss of £345k) and on 136,854,577 ordinary shares in issue throughout the period.

Diluted profit per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of dilutive potential ordinary shares, based on the share price at the end of the period. The Company's dilutive potential ordinary shares are shares issued under the Company's Enterprise Management Incentive ('EMI') scheme and options issued under the Company's Unapproved scheme.

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