RNS Number : 4732Y
Light Science Tech. Holdings PLC
31 July 2024

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (EU) 596 / 2014 WHICH FORMS PART OF UNITED KINGDOM LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED. UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.

Light Science Technologies Holdings plc

("LSTH", "Light Science", the "Company" or the "Group")

Interim Results

Continued Growth in Revenue & Margin

Light Science Technologies Holdings plc (AIM: LST), comprising three divisions: controlled environment agriculture ("CEA"); contract electronics manufacturing ("CEM") and passive fire protection ("PFP"), announces its unaudited interim results for the six months ended 31 May 2024 (the "Period").

Financial Highlights

- Revenue of £5.2m for the Period, up 19.3% (H1 2023: £4.4m)
- Gross margins increased to 26.6%, a rise of 27.3% (H1 2023: 20.9%)
- Loss before tax reduced by 58.4% to £0.3m (H1 2023: £0.8m)
- Agreed new terms with Close Brothers for £850,000 Group debt facility which will enable further growth capabilities
  - Group cash at 31 May 2024 was £1.05m with additional undrawn funds availability of approximately £0.5m under debt facilities with Close Brothers.

Operational Highlights

- CEM division won key contract and expanded into new sector with strong prospects of follow-on revenues
- CEA landscape materially improved
  - Expansion of international reach with South African AgriLogiq distributor agreement
  - SensorGrow installed with Dyson Farming as part of its "TRIP" project
  - Tomtech synergies being successfully leveraged
- First £600k PFP division, Injecta Fire Barrier contract commenced
  - Strong margin and cash-generative operations expected to underpin short to medium term revenue growth and balance sheet strength
- Graham Cooley and Richard Mills appointed to the Board, adding significant City experience and international reach

Post-Period Highlights

- CEM division expects record breaking year in pest control following recent committed orders received
- PFP division continues to progress rapidly
  - Secured £750,000 contract with a blue-chip client
  - Acquired new machinery to expand capacity
  - Shaun Tasker appointed Divisional Managing Director

Online Analyst Briefing: 9.30am, Friday 2 August 2024

An online briefing for Analysts will be held at 9.30am on Friday 2 August 2024. Analysts interested in attending should contact Walbrook PR on lst@walbrookpr.com or 020 7933 8780.

Investor Presentation: 4.00pm, Monday 5 August 2024

Management will be providing a presentation and hosting an investor Q&A session on the Company's results and future prospects at 4.00pm on Monday 5 August 2024. Investors can sign up for free and register to meet LSTH via the following link:
https://www.investormeetcompany.com/light-science-technologies-holdings-plc/register-investor

Questions can be submitted pre-event via the platform or by emailing lst@walbrookpr.com, or in real time during the presentation via the "Ask a Question" function.

Institutional Investor Meetings:
The Company will be in London for meetings during the week commencing 5 August 2024. If you would like to meet with management, please contact aimeemccusker@oberoninvestments.com.

Simon Deacon, CEO of LSTH, commented: *"In the first half of 2024, the structural changes made in the business began to take hold and we are seeing accelerated growth in both revenues and margins. With this progress, our losses are narrowing and therefore we are confident of achieving break even with continued progression across our divisions.*

"Strategically, we are better positioned as a Group than we ever have been. CEM continues to provide robust revenues and expands into new markets, PFP is adding strong margin revenues in a large addressable market that benefits from regulatory

tailwinds, and we continue to establish a global footprint in CEA; a market that we believe underpins exponential long-term growth opportunities for LSTH.

"While some hurdles remain, the landscape for the Group is steadily improving. CEM, recently positioned to handle larger volume projects, stands to benefit from emerging market trends. PFP is targeting an enormous domestic market, which is facing increasing governmental pressure, as the less invasive, lower cost solution and within CEA we are increasingly reminded of the global pressures that are forcing us to re-think how we approach food production. It is the Board's view that both the short and long term prospects for the Group are very positive."

For additional information please contact:

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Notes to Editors:

About Light Science Technologies Holdings plc (www.lightsciencetechnologiesholdings.com)
Light Science Technologies Holdings plc operates through three divisions: controlled environment agriculture ("CEA"); contract electronics manufacturing ("CEM"); and passive fire protection ("PFP"). The company is involved in the design, manufacturing, and installation of products and customized solutions spanning various industry sectors, including commercial horticulture, pest control, lighting, audio, gas detection, and fire protection. With a focus on addressing global challenges related to food security, climate change, and fire protection, the Group is committed to developing robust solutions in these rapidly growing market sectors.

LSTH is the holding company for Light Science Technologies Ltd ("Light Science Technologies") and Tomtech (UK) Limited ("Tomtech") in the CEA division; UK Circuits and Electronics Solutions Limited ("UK Circuits") in the CEM division; and LSTH IFB Limited ("LSTH IFB") in the PFP division.

Controlled Environment Agriculture
The Group's tailored solutions encompass control systems, grow lights, sensor technology, venting, and irrigation systems, catering to both UK and global customers. Key markets include indoor, vertical, glasshouses, polytunnels, and medicinal farming. Driving factors comprise global food and water shortages, a growing population, government policies promoting sustainable growth methods, heightened scrutiny of food production's impact on climate change, and a shift away from processed foods. Key markets span the Americas, Australasia, and select locations in the Middle East.

The sensorGROW technology enables real-time monitoring of essential air zone growing factors such as carbon dioxide, air humidity, air pressure, air temperature, and light. In development, it aims to extend monitoring to soil temperature, soil moisture, and soil electroconductivity. This empowers farmers to enhance resource management, saving costs on water, nutrients, fertilizers, and energy, while simultaneously increasing yields and cultivating healthier crops. Learn more here https://lightsciencetech.com/sensorgrow/ . The nurturGROW sustainable grow lighting product range, applicable to greenhouses, vertical farming, polytunnels, and medicinal plants, addresses a robust market with an anticipated global worth exceeding US$6.5 billion by 2026. Explore solutions here https://lightsciencetech.com/solutions/greenhouse/

Through Tomtech, the Group stands out as a UK leader in control systems for commercial greenhouses and polytunnels. Tomtech enables growers in optimizing and automating cultivation environments, leading to superior crop growth. The product range includes control systems, software, irrigation, lighting, sensors, and venting, applicable across various crops, ultimately improving yields and profitability. Discover more here https://www.tomtech.co.uk/

Contract Electronics Manufacturing (https://www.ukcircuits.co.uk/)

UK Circuits serves as the Group's profitable and revenue-strong CEM-focused division. It excels in designing, procuring, and manufacturing high-quality CEM products, with a specialization in Printed Circuit Boards. These products find application across diverse sectors such as audio, automotive, electronics, gas detection, lighting, pest control, telecommunications, and, more recently, in the CEA market.

Passive Fire Protection (https://injectafirebarrier.com/)

LSTH IFB offers a practical and cost-effective solution to rectify non-compliant public and private buildings, spanning residential, commercial, and industrial sectors, with regard to fire safety regulations-a challenge addressed by a £5.1 billion allocation from the UK government. Serving as the UK's premier independent approved installer, LSTH IFB utilizes the ground-breaking Injectaclad fire-resistant graphite barrier system. This system is retroactively installed within building cavities, reinstating fire-resistant performance and containing the spread of fire and smoke compliant with regulatory requirements. This innovative solution stands out as an appealing alternative to the more costly and disruptive method of removing external facades and installing traditional fire barriers. With a proven track record in the passive fire protection market and a robust sales pipeline, LSTH IFB targets a UK market potentially valued at up to £50 billion*.

* Estimators price cladding replacement at 10 times government budget (theconstructionindex.co.uk)

Chief Executive's Report
Financial & Operating review

This was a positive period for the Company, with strong progress across all divisions. The combination of new contracts, the bedding in of recent acquisitions and current market trends underpinning solid revenue growth and positive movement in all key metrics.

Group revenue for the six months to 31 May 2024 increased by 19.3% to £5.2m (HY23: £4.4m). This has been achieved through a combination of organic and acquisitive growth with £4.5m revenue contributed from the Contract Electronics Manufacturing ("CEM") division, representing 4.2% growth, £0.3m from the newly integrated Passive Fire Protection ("PFP") division and £0.4m from the Controlled Environment Agriculture ("CEA") division.

Group performance has benefitted from the growth in the CEA division and particularly the PFP division, both of these divisions typically commanding higher margins than the CEM division, the latter of which has also seen a 4% increase in its gross profit margin, when compared with the full prior year. This has resulted in the Group gross profit margin increasing to 26.6% for the reported period, from 20.9% for the first six month of FY23 and from 23.4% for the full prior year.

The CEM division continues to deliver steadily improving revenues, with key contracts won during the period including a new client in the sports entertainment segment. An initial order of £130,000 was followed by another of the same value post period end and there are very strong prospects of follow-on revenues in this new sector.

The CEA division is now successfully leveraging the synergies of the acquisition of Tomtech (UK) Limited in September 2023, and has made a significant start to its strategy of signing global distribution partnerships to expand its global reach. An exclusive distribution agreement with AgriLogiq in South Africa was signed in May 2024, further enhancing the Company's global reach and allowing the Company to focus on low cost and low risk entry into expected high-growth markets with established partners. This strategy is proving fruitful - with the Company already quoting for a significant sized project in South Africa while the Company remains in advanced talks with a number of potential partners globally.

Additionally, SensorGrow's first outdoor trials took place in open fields in partnership with Dyson Farming as part of the Transformative Reduced Input Potatoes ("TRIP") project - providing exposure to the open agriculture sensor market, expected to be worth over $3.84 billion by 2028**, while also providing scope for the Company to grow recurring revenues via hardware and software sales.

The PFP division, formed following the acquisition of the trade and assets of Injecta Fire Barrier in November 2023, has made a positive start with its first contract valued at £600,000 and has secured a further contract worth £750,000 from a blue-chip client, shortly after the end of the reported period. Margins are strong and the near-term cash-generative nature of its operations is expected to underpin short to medium term revenue growth and balance sheet strength. To best position the division to capitalise on the opportunity pipeline, Shaun Tasker was appointed Managing Director of LSTH IFB Limited in June, bringing over 20 years of commercial experience.

The Board continues to carefully monitor overhead costs, such that despite the additional costs derived from the acquired businesses, Group overheads remain in line with the equivalent period last year. The continued drive for overhead cost control coupled with increased gross profit generation, led to a positive Group EBITDA* for the six months to 31 May 2024 of £28,000 (HY23: negative EBITDA £494,000), being a very significant step towards achieving Group profitability.

The Group has continued its planned programme of investment in the period. Capital and other expenditure in the CEM division has been introduced to automate and expand capacity at the Group's manufacturing site in Manchester and progress to gaining further quality accreditations, to open new market opportunities. Capital expenditure has been underlaid by finance leases.

In May 2024, the Group completed an enhancement of its debt facilities with its long-standing lender, Close Brothers, to provide group-wide financing underpinned by an additional £850,000 facility, which will be used amongst other areas, to enable the Group to exploit future growth initiatives.

Group cash at 31 May 2024 is £1.05m with additional undrawn funds availability of c£0.5m under debt facilities with Close Brothers.

Board Changes
In March 2024 Graham Cooley was appointed as Non-Executive Chairman, and Richard Mills, previously a consultant to the Company, was appointed as Independent Non-Executive Director. Myles Halley and Robert Naylor both stepped down from their respective roles as Non-Executive Chairman and Non-Executive Director.

Outlook

Outlook

The CEM division is benefiting from recent positioning to handle larger volume projects and exploit wider market trends, including the move away from Far East manufacturing - with the Company expecting to see increasing demand for local manufacturing in the UK. Its current committed forward order book stands at £4.3m. Whilst the CEM division has historically provided platform revenue and gross profit generation for the Group, the Board expects to see a re-balancing of divisional contributions through the second half of FY24 and beyond.

As previously highlighted, the CEA landscape is materially improved, and the Board is confident that it remains the most significant long-term growth opportunity for the Group - with global trends and demand for localised and sustainable growing solutions and food security becoming increasingly prevalent while the Company's broadened product offering and scope for cross selling provide scope for increased revenues from existing and new clients. The focus is currently on growing the international reach of the division, selling into the regions in most immediate need of innovative control systems to combat declining global growing conditions. Negotiations with targeted global partners are currently in progress and the Company expects to complete further regional strategic distribution partnerships in due course. Current committed forward order book stands at £143,000.

PFP represents the most immediate route to cash generation and significant revenue growth, targeting the growing fire safety retrofit market in the UK, which has been estimated to be valued up to a potential of £50 billion***. Since the inclusion of the PFP division into the Group in November 2023, it has secured contracts totalling over £1.35m and has an active quoted sales pipeline of £6.9m with an opportunity for follow on work with its live contracts. Current committed forward orders stand at £740,000. With our recently strengthened team and expanded operational capacity as well as growing Government pressure for remediation works, the division is well placed to rapidly scale.

Furthermore, post period, in order to meet the increased levels of demand within this division, the Company has invested in a third Injecta Pump - enhancing capacity and its ability to service its growing customer base - underpinning the potential to generate exponential revenues. The Company has also strengthened its subcontractor team, which now consists of two site managers and up to 12 operatives.

The Company aims to take advantage of growth drivers across all three of its divisions. With a healthy, committed orderbook, growing revenues and strong progress towards profitability, management looks forward to providing further updates as it delivers on its growth strategy.

*EBITDA is not presented within the Company's financial statements but is defined as Operating Profit/(Loss) add back Depreciation and Amortisation, see note 3

** Agriculture Sensor Market Size, Share, Growth And Industry Forecast 2024-2034 (thebusinessresearchcompany.com)

*** Estimators price cladding replacement at 10 times government budget (theconstructionindex.co.uk)

Simon Deacon
Chief Executive Officer
30 July 2024

Consolidated statement of comprehensive income
For the six months ended 31 May 2024

	Notes	Unaudited Six months ended 31 May 2024 £	Unaudited Six months ended 31 May 2023 £	Audited Year ended 30 November 2023 £
Revenue	3	**5,199,802**	**4,358,720**	**9,295,160**
Cost of sales		(3,818,354)	(3,446,008)	(7,122,419)
Gross profit		**1,381,448**	**912,712**	**2,172,741**
Administrative expenses		(1,621,819)	(1,634,438)	(3,026,483)
Non-recurring administrative expenses		-	-	(255,363)
Other operating income		53,743	41,406	249,197
Operating loss		**(186,628)**	**(680,320)**	**(859,908)**
Finance costs		(147,145)	(128,961)	(279,077)
Loss on ordinary activities before taxation		**(333,773)**	**(809,281)**	**(1,138,985)**
Income tax credit	4	18,430	50,887	213,376
Loss for the period and total comprehensive income for the period		**(315,343)**	**(758,394)**	**(925,609)**
Attributable to:				
The owners of the company		(332,327)	(770,938)	(953,164)
Non-controlling interests		16,984	12,544	27,555
		(315,343)	**(758,394)**	**(925,609)**
Loss per share				
Basic and diluted (pence)	7	**(0.10)**	**(0.38)**	**(0.36)**

Consolidated balance sheet
As at 31 May 2024

	Notes	Unaudited as at 31 May 2024 £	Unaudited as at 31 May 2023 £	Audited as at 30 November 2023 £
Assets				
Non-current assets				

Goodwill		920,867	-	920,867
Intangible assets		1,616,064	836,033	1,560,130
Property, plant and equipment		778,096	718,296	854,512
Right-of-use assets		433,171	560,145	423,881
		3,748,198	**2,114,474**	**3,759,390**
Current assets				
Inventories		1,207,300	1,848,193	1,399,597
Trade and other receivables		3,003,537	2,071,314	2,154,961
Corporation tax receivable		49,394	237,927	37,897
Cash and cash equivalents		1,049,890	1,002,846	981,357
		5,310,121	**5,160,280**	**4,573,812**
Total assets		**9,058,319**	**7,274,754**	**8,333,202**
Liabilities				
Current liabilities				
Borrowings	5	(1,711,373)	(1,626,242)	(1,779,712)
Trade and other payables		(2,379,890)	(2,158,789)	(1,878,435)
Consideration payable		(449,618)	-	(364,580)
Lease liabilities		(115,213)	(158,421)	(101,240)
		(4,656,094)	**(3,943,452)**	**(4,123,967)**
Non-current liabilities				
Borrowings	5	(752,222)	(288,889)	(180,555)
Trade and other payables		(321,813)	(135,179)	(240,017)
Consideration payable		(871,313)	-	(1,017,406)
Lease liabilities		(291,271)	(275,354)	(303,978)
		(2,236,619)	**(699,422)**	**(1,741,956)**
Total liabilities		**(6,892,713)**	**(4,642,874)**	**(5,865,923)**
Net assets		**2,165,606**	**2,631,880**	**2,467,279**
Capital and reserves attributable to the owners of the company				
Share capital	6	3,330,055	3,330,055	3,330,055
Share premium account		5,520,243	5,520,243	5,520,243
Share based payment reserve		560,284	600,000	546,614
Warrant reserve		159,593	159,593	159,593
Merger reserve		(3,478,435)	(3,478,435)	(3,478,435)
Retained earnings		(4,312,972)	(3,854,419)	(3,980,645)
		1,778,768	**2,277,037**	**2,097,425**
Non-controlling interests		386,838	354,843	369,854
Total equity		**2,165,606**	**2,631,880**	**2,467,279**

Statements of changes in equity
For the six months ended 31 May 2024

Consolidated	**Share capital** £	**Share premium account** £	**Share based payment reserve** £	**Warrant reserve** £
At 30 November 2022	**1,741,500**	**5,654,011**	**726,000**	**159,593**
Transactions with shareholders				
Shares issued during the period	1,588,555	(133,768)	-	-
Share based payment - lapsed options	-	-	(126,000)	-
Total transactions with shareholders	**1,588,555**	**(133,768)**	**(126,000)**	**-**
Comprehensive income				
Loss for the period	-	-	-	-
Total comprehensive income	-	-	-	-
Unaudited balance at 31 May 2023	**3,330,055**	**5,520,243**	**600,000**	**159,593**
Transactions with shareholders				
Share based payment	-	-	2,614	-
Share based payment - lapsed options	-	-	(56,000)	-
Total transactions with shareholders	**-**	**-**	**(53,386)**	**-**
Comprehensive income				
Loss for the period	-	-	-	-
Total comprehensive income	-	-	-	-
Audited balance at 30 November 2023	**3,330,055**	**5,520,243**	**546,614**	**159,593**
Transactions with shareholders				
Share based payment	-	-	13,670	-
Total transactions with shareholders	**-**	**-**	**13,670**	**-**
Comprehensive income				
Loss for the period	-	-	-	-
Total comprehensive income	-	-	-	-
Unaudited balance at 31 May 2024	**3,330,055**	**5,520,243**	**560,284**	**159,593**

Consolidated	**Merger reserve** £	**Retained earnings** £	**Non- controlling interests** £	**Total equity** £
At 30 November 2022	**(3,478,435)**	**(3,209,481)**	**342,299**	**1,935,487**
Transactions with shareholders				
Shares issued during the period	-	-	-	1,454,787

Share based payment - lapsed options	-	126,000	-	-
Total transactions with shareholders	**-**	**126,000**	**-**	**1,454,787**
Comprehensive income				
Loss for the period	-	(770,938)	12,544	(758,394)
Total comprehensive income	**-**	**(770,938)**	**12,544**	**(758,394)**
Unaudited balance at 31 May 2023	**(3,478,435)**	**(3,854,419)**	**354,843**	**2,631,880**
Transactions with shareholders				
Share based payment	-	-	-	2,614
Share based payment - lapsed options	-	56,000	-	-
Total transactions with shareholders	**-**	**56,000**	**-**	**2,614**
Comprehensive income				
Loss for the period	-	(182,226)	15,011	(167,215)
Total comprehensive income	**-**	**(182,226)**	**15,011**	**(167,215)**
Audited balance at 30 November 2023	**(3,478,435)**	**(3,980,645)**	**369,854**	**2,467,279**
Transactions with shareholders				
Share based payment	-	-	-	13,670
Total transactions with shareholders	**-**	**-**	**-**	**13,670**
Comprehensive income				
Loss for the period	-	(332,327)	16,984	(315,343)
Total comprehensive income	**-**	**(332,327)**	**16,984**	**(315,343)**
Unaudited balance at 31 May 2024	**(3,478,435)**	**(4,312,972)**	**386,838**	**2,165,606**

Consolidated cash flow statement
For the six months ended 31 May 2024

	Unaudited Six months ended 31 May 2024 £	**Unaudited Six months ended 31 May 2023 £**	**Audited Year ended 30 November 2023 £**
Cash flows from operating activities Loss after tax	(315,343)	(758,394)	(925,609)
Adjustments for:			
Depreciation of tangible assets	80,189	60,475	115,371
Depreciation of right-of-use assets	52,730	110,025	187,318
Amortisation and impairment of intangible assets	81,991	15,757	245,618
(Profit)/Loss on disposal of tangible and right-of-use assets	(2,771)	-	30,278
Foreign exchange loss	2,766	-	2,185
Unwind of discount on consideration	13,945	-	7,496
Interest payable - loan and leases	47,593	128,961	103,219
Taxation and RDEC credit	(54,223)	(56,345)	(266,112)
Share based payment	13,670	-	2,614
Changes in working capital:			
Decrease / (increase) in inventory	192,297	(264,844)	207,925
Decrease / (increase) in trade and other receivables	(812,781)	498,337	492,087
(Decrease) / increase in trade and other payables	580,485	103,047	(209,934)
Cash used in operations	**(119,452)**	**(162,981)**	**(7,544)**
Tax (paid) / received	6,932	(3,787)	183,111
Net cash outflow from operating activities	**(112,520)**	**(166,768)**	**175,567**
Cash flows from investing activities			
Purchase of property, plant and equipment	(4,467)	(853)	(18,809)
Proceeds from disposal of property, plant and equipment	3,465	-	27,456
Acquisition of subsidiaries, net of cash acquired	-	-	142,507
Payment of deferred consideration	(75,000)	-	-
Purchase of intangible fixed assets	(137,924)	(143,447)	(592,405)
Purchase of right-of-use assets	(7,862)	-	(16,172)
Net cash outflow from investing activities	**(221,788)**	**(144,300)**	**(457,423)**
Cash flows from financing activities			
Capital issued (net of issue costs)	-	1,454,787	1,454,787
Proceeds from new loans	850,000	-	-
Repayment of loans	(108,333)	(108,333)	(216,667)
Lease payments	(52,892)	(112,547)	(234,126)
Interest paid on leases	(13,411)	(16,118)	(33,155)
Net drawdown on working capital facilities	(238,339)	(381,705)	(228,235)
Interest paid on loans and borrowings	(34,184)	(112,843)	(70,064)
Net cash inflow/(outflow) from financing activities	**402,841**	**723,241**	**672,540**
Increase in cash and cash equivalents	**68,533**	**412,173**	**390,684**
Cash and cash equivalents including overdrafts at the start of the period	981,357	590,673	590,673
Cash and cash equivalents including overdrafts at the end of the period	**1,049,890**	**1,002,846**	**981,357**

Notes to the financial statements

1. General Information

Light Science Technologies Holdings plc was incorporated in England on 13 January 2020 as a private company limited by shares. On 8 July 2021, the Company re-registered as a public limited company. The company's equity is admitted to trading on AIM. The address of its registered office is The Mills, Canal Street, Derby, DE1 2RJ.

The principal activity of the Group is the development and manufacturing of electronic boards; the development and manufacturing of lighting and technology products for the Controlled Environment Agriculture ("CEA") sector; and the installation of retrospective cavity barriers in wall and floor constructions.

This condensed consolidated half-yearly financial information ("interim results") was approved by the directors for issue on 30 July 2024.

The financial information in these interim results is that of the holding company and all of its subsidiaries. It has been prepared in accordance with UK-adopted international accounting standards. The accounting policies applied by the Group in the preparation of these consolidated financial statements are consistent with those applied by the Group in its latest audited financial statements for the year ended 30 November 2023, a copy of which can be found here: https://lightsciencetechnologiesholdings.com/investors/. These policies have been applied consistently to all periods presented.

The financial information presented herein does not constitute full statutory accounts under section 434 of the Companies Act 2006 and was not subject to a formal review by the auditors. The financial information in respects of the year ended 30 November 2023 has been extracted from the statutory accounts which have been delivered to the Registrar of Companies. The Group's Independent Auditor's report on those accounts was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the six months ended 31 May 2024 and 31 May 2023 is unaudited.

As further detailed in the Company's Annual report, the Directors believe the principal risks and uncertainties facing the Group over the final 6 months of the year to be the continuing macroeconomic challenges from high input inflation becoming embedded and rising interest rates to combat it. Additionally, the ongoing and potential for new geopolitical uncertainties, especially with a considerable number of global elections including in the Group's country of domicile, could impact upon the regional and global economies the businesses operate in, and so remain a risk. Whilst these factors also present the Group with opportunities in the medium to longer term (with the trend to grow more locally, sustainably and energy efficiently), in the shorter term the Directors see these risks could have the potential to impact Group revenue and cash generation. In consideration of these risks and uncertainties, the Company continues implementation and careful monitoring of various actions to manage cash flows and discretionary spending.

There are no subsequent events requiring recognition and disclosure in the financial statements.

The Directors do not recommend the payment of an interim dividend for the six months ended 31 May 2024. No dividend has been paid in respects of the year ended 30 November 2023.

2. Going concern

Working capital forecasts have been prepared by management which show that the Group can meet its day-to-day cash flow requirements and operate within all the terms of its borrowing facilities.

The Directors are satisfied that the Group has sufficient financing in place to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of this report and hence have prepared the financial statements on a going concern basis.

The Directors acknowledge that there is uncertainty on the level and timing of revenues especially in the Controlled Environment Agriculture and Passive Fire Protection divisions, and there would be a probable need to raise additional funding, should the Group's expectations for revenue generation not materialise as expected. The Directors note that this material uncertainty may cast significant doubt on the group's ability to continue as a going concern.

In response to these matters the Group is continuing to manage cash flows and discretionary spending.

The financial statements do not include any adjustments that would result if the group were unable to continue as a going concern.

3. Revenue and segmental reporting

The total revenue of the Group for the period has been derived from its principal activity wholly undertaken in the United Kingdom.

Revenue is in respect of supply of hardware and project services is recognised at a point in time either at the point of customer collection, dispatch or project completion. Revenue in respect of services is recognised over time evenly over the number of months supported or as measured by the number of linear meters installed.

	31 May 2024	**31 May 2023**	**30 November 2023**
	£	**£**	**£**
Revenue by products and services:			
Supply of hardware (CEM)	4,536,305	4,354,788	9,085,484
Supply of hardware (CEA)	124,208	3,932	67,681
Supply of project services (CEA)	178,742	-	142,321
Supply of maintenance services (CEA)	81,814	-	12,306
Supply of installation services (PFP)	300,481	-	-
Intercompany eliminations	(21,748)	-	(12,632)
	5,199,802	**4,358,720**	**9,295,160**

During the six months to 31 May 2024 one customer represented 55.8% of total revenue (HY23: 60.2%; 2023: 58.3%)

During the six months to 31 May 2024 one customer represented 53.8% of total revenue (HY23: 60.2%; 2023: 58.5%).

The Group has three operating segments 'Contract electronics manufacture' relating to the development and manufacturing of electronic boards; 'Controlled environment agriculture' relating to the development and manufacturing and installation of lighting, technology and other products for the Controlled Environment Agriculture (CEA) sector; and 'Passive fire protection' relating to the installation of a retrospective cavity barrier in wall and floor constructions. Corporate refers to the Group's centralised resources used by the segments. This is consistent with the presentation in the last financial statements. The Chief Operating Decision Maker (CODM) has been determined to be the Board. The performance of the three reportable segments is based upon a review of profits and segmental assets/liabilities.

31 May 2024	**Contract electronics manufacture £**	**Controlled environment agriculture £**	**Passive fire protection £**	**Corporate and intercompany eliminations £**	**Total**
Revenue	4,536,305	384,764	300,481	(21,748)	5,199,802
Depreciation and amortisation	(94,158)	(73,852)	(46,264)	(636)	(214,910)
Operating profit/(loss)	294,014	(126,170)	(1,740)	(352,732)	(186,628)
Segment assets	5,518,638	2,127,095	1,337,493	75,093	9,058,319
Segment liabilities	(4,551,459)	(608,586)	(1,257,633)	(475,035)	(6,892,713)

30 November 2023	**Contract electronics manufacture £**	**Controlled environment agriculture £**	**Passive fire protection £**	**Corporate and intercompany eliminations £**	**Total**
Revenue	9,085,484	222,308	-	(12,632)	9,295,160
Depreciation and amortisation	(176,610)	(366,727)	(23)	(4,947)	(548,307)
Operating profit/(loss)	594,029	(789,724)	(31,112)	(633,101)	(859,908)
Segment assets	4,331,514	2,269,204	1,193,586	538,898	8,333,202
Segment liabilities	(3,539,171)	(672,835)	(1,204,911)	(449,006)	(5,865,923)

31 May 2023	**Contract electronics manufacture £**	**Controlled environment agriculture £**	**Passive fire protection £**	**Corporate and intercompany eliminations £**	**Total**
Revenue	4,354,788	3,932	-	-	4,358,720
Depreciation and amortisation	(84,279)	(99,139)	-	(2,839)	(186,257)
Operating profit/(loss)	265,105	(583,274)	-	(362,151)	(680,320)
Segment assets	4,853,052	1,439,663	-	982,039	7,274,754
Segment liabilities	(3,662,264)	(265,078)	-	(715,532)	(4,642,874)

4. Taxation

The tax credit is made up as follows:

	31 May 2024 £	**31 May 2023 £**	**30 November 2023 £**
Current tax expense			
UK corporation tax for the period	-	(50,887)	(15,896)
Adjustment in respect of prior periods	-	-	(53,445)
Total current income tax	**-**	**(50,887)**	**(69,341)**
Deferred tax			
Origination and reversal of timing difference	(18,430)	-	(138,949)
Adjustment in respect of prior year	-	-	(5,086)
	(18,430)	-	(144,035)
	(18,430)	**(50,887)**	**(213,376)**

The tax charge in the six month periods have been calculated based on the estimated tax rate that is expected to apply to the full year.

5. Borrowings

	31 May 2024 £	**31 May 2023 £**	**30 November 2023 £**
Current			
Interest bearing loans	386,667	216,667	216,667
Invoice discounting facility	1,324,706	1,229,575	1,383,045
Stock loan facility	-	180,000	180,000
	1,711,373	**1,626,242**	**1,779,712**
Repayable between one and five years			
Interest-bearing loans	752,222	288,889	180,555
	752,222	**288,889**	**180,555**

In October 2020, the Group entered into a term loan with a principal of £975,000 payable in 54 equal instalments of £18,056 and interest payable at 5.5% plus base rate with the first six months payment free. The loan was provided by Close Brothers under the Government backed Coronavirus Business Interruption Loan Scheme (CBILS). The loan with Close Brothers is secured by fixed and floating charges over the Group, including all property and intellectual property. This is linked to the Group's invoice discounting facility noted below. The balance for the CBILS term loan at 31 May 2024 was £288,889 (HY23: £505,556; 2023: £397,222).

The Group has in place ongoing invoice discounting facility arrangements provided by Close Brothers. Interest is payable on the invoice discounting facility at 2% plus base rate. The invoice discounting facility with Close Brothers is secured by fixed and floating charges over the Group, including all property and intellectual property, as well as the trade receivables of the subsidiary, UK Circuits and Electronics Solutions Limited.

The Group agreed a stock loan facility in December 2022 with Close Brothers. Interest is payable on the stock loan facility at 3.25% plus base rate. This facility provides up to £500,000 working capital secured by fixed and floating charges over the Group, including all property and intellectual property, as well as the inventories of the subsidiary, UK Circuits and Electronics Solutions Limited.

Further, in May 2024, the Group entered into a further term loan with a principal of £850,000 payable in 60 equal instalments of £14,167 and interest payable at 5.99% plus base rate. The loan was provided by Close Brothers under the Government backed Recovery Loan Scheme (RLS). Security by fixed and floating charges were extended to include the new subsidiaries. The balance for the RLS term loan at 31 May 2024 was £850,000.

6. Issued equity capital

Company	Nominal value	Total no. of Ordinary shares	Total £
At 1 December 2022	£0.01	174,150,000	1,741,500
Share issue	£0.01	158,855,500	1,588,555
At 31 May 2023, 30 November 2023 and 31 May 2024	**£0.01**	**333,005,500**	**3,330,055**

During the month of April 2023, an aggregated total of 158,855,500 new ordinary shares were issued at a price of £0.01 per share equating to the nominal value of those shares.

The share premium account is shown net of £133,768 of share issuance costs in connection with this.

7. Loss per share

Basic loss per share is calculation on the loss for the period after taxation attributable to the owners of the parent of £332,327 and on 324,105,500 ordinary shares, being the weighted number in issue during the period excluding shares held by the Employee Benefit Trust (EBT). Unexercised options over the ordinary shares are not included in the calculation of diluted loss per share as they are anti-dilutive.

	31 May 2024			31 May 2023		
Basic and Diluted EPS	**Earnings £**	**Weighted average number of shares**	**Per share amount (pence)**	**Earnings £**	**Weighted average number of shares**	**Per share amount (pence)**
Weighted average number of ordinary shares		333,005,500			209,524,470	
Adjusted for the effect of own shares held by EBT		(8,900,000)			(8,900,000)	
Earnings attributable to ordinary shareholders of the Company	(332,327)	324,105,500	(0.10)	(770,938)	200,624,470	(0.38)

	30 November 2023		
Basic and Diluted EPS	**Earnings £**	**Weighted average number of shares**	**Per share amount (pence)**
Weighted average number of ordinary shares		271,434,137	
Adjusted for the effect of own shares held by EBT		(8,900,000)	
Earnings attributable to ordinary shareholders of the Company	(953,164)	262,534,137	(0.36)

Diluted Earnings Per Share

Basic and diluted loss per share are equal as where a loss is incurred the effect of outstanding share options and warrants is considered anti-dilutive and is ignored for the purpose of the loss per share calculation.

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