



IMAGE SCAN HOLDINGS PLC
("Image Scan" or the "Company")

Final Results for the Year Ended 30 September 2024

Image Scan (AIM: IGE), the specialist supplier of X-ray screening systems to the security and industrial inspection markets, today announces final results for the year ended 30 September 2024.

HIGHLIGHTS

FINANCIAL HEADLINES

- Order intake up to £6.6m (2023: £2.9m)
- Sales £2.9m (2023: £3.0m)
- Gross profit 53% (2023: 48%)
- Administrative expenses down to £1.3m (2023: £1.4m)
- Pre-tax profit £0.2m (2023: profit £0.1m)
- Year-end order book £4.47m (2023: £0.65m)
- Year-end cash balance £0.91m (2023: £0.96m)

Image Scan's Chief Executive, Vince Deery, commented:

This year's performance demonstrates significant progress, driven by growing market confidence in our solutions. Sales were consistent with the prior year, while gross profit improved to 53%, and administrative expenses were further reduced, highlighting the success of our cost control initiatives, now in their third year.

Our pre-tax profit has doubled, reflecting our disciplined operational approach and ability to convert opportunity into sustained profitability. The year-end order book, at £4.47m, is at an unprecedented high level, providing excellent visibility into the coming year and a strong platform for future growth.

The team's commitment has been vital to this success, and I am immensely proud of their efforts. Looking ahead, we remain focused on delivering value and reinforcing our market position. As we continue to build on this positive momentum, we are also exploring strategic opportunities to enhance our capabilities and drive future growth.

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

-ENDS-

Image Scan Holdings plc

Vincent Deery CEO

Sarah Atwell-King, CFO & Company Secretary

Tel: **+44 (0) 1509 817400**

Zeus - Nominated Advisor and Corporate Broker

Mike Coe/Sarah Mather (Investment Banking)

Tel: **+44 (0)203 829 5000**

[ABOUT IMAGE SCAN HOLDINGS PLC](#)

About Image Scan Holdings plc

The core activity of the Group is the manufacture of portable X-ray systems for security and counter terrorism applications. The Group recently launched a cabinet X-ray machine and is replacing its Axis range of checkpoint X-ray systems with new machines developed with a partner. All these products are taken to market across the world through a strong network of international partners.

In addition, over the last sixteen years, Image Scan has developed and manufactured industrial X-ray inspection systems, the MDXi range. The primary market for these systems is in automotive emissions control where they are used for quality control inspection of catalytic converters and diesel particulate filters.

The visibility and reach of the Company's 3DX-Ray brand has been further strengthened through a new LinkedIn profile focussed on its EOD and counter-terrorism activities. This can be found at: <https://www.linkedin.com/company/3dx-ray/>

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

CHAIRMAN'S STATEMENT

Overview

In 2024 Image Scan doubled profit, secured a major defence contract win and generated a record order book, with new products gaining traction, whilst sustaining cost control activities.

Financial Summary

For the year ended 30 September 2024 (the "Year"), the Group generated revenues of £2.9m (2023: £3.0m), and a profit before tax of £0.2m (2023: £0.1m). This performance was the result of a sustained level of sales with good cost control. Group cash balances have held steady at £0.91m (2023: £0.96m).

The launch of new products has played a significant factor in our improved performance and our recent significant contract wins gives us confidence for 2025.

Environmental, Social and Governance

In the Year, Image Scan transitioned to the new QCA code, taking the opportunity to review our processes and policies. As part of this the directors have adopted a code of practice based on the IOD recommendations. This review process has considered the way we deliver our overarching business objectives, ensuring that the needs of all our key stakeholders are met. We are confident in the robust procedures we have in place across the business and intend to continue building on these in 2025.

Outlook

Our trading performance, aligning with market expectations, reflects a commendable 115% increase in profit before tax with revenue staying at a similar level to last year. This accomplishment is a testament to the diligent efforts of our restructured team and the positive impact of our product development programme.

With a robust balance sheet and a healthy cash position and a record order book, we stand on a strong operational and financial foundation ready for growth. The recent success with our updated product portfolio and the large contract award instils confidence in our ability to achieve organic growth and meet expectations for the current financial year.

While macroeconomic and geopolitical uncertainties persist, we approach each opportunity with enthusiasm and drive, engaging the collective talents of our team. The Board of Directors remains confident in the Group's prospects in the medium to long term. We are committed to capitalising on this Year's performance and actively seeking strategic avenues for growth in conjunction with our organic initiatives.

On behalf of the Board and the dedicated team at Image Scan, I wish to thank our colleagues and customers for their invaluable contributions throughout 2024. Their commitment has been instrumental in our success which we outline within this report.

Tim Jackson

CHAIRMAN

CEO REPORT

BUSINESS REVIEW

The introduction of the wider product portfolio has as predicted broadened our scope of opportunity and bolstered the Group's ability to compete in international tenders.

The sales team's active participation in trade shows and Counter Explosive Ordnance (Counter EO) conventions and demonstrations has provided market experts and thought leaders' exposure to the benefits of the Group's latest product offerings and enhancements, which has directly led to an improved financial performance and sales to over 30 different countries.

We have adeptly managed the reduction in the industrial business supporting the catalyst market (associated with the internal combustion engine) and its transition of production to lower-cost countries. Our strategic measures have, to date, successfully mitigated the impact of this transition on our business demonstrating our resilience in the face of market shifts.

Image Scan seeks to enable our customers to be more effective by providing the best possible X-ray imaging systems and ongoing support.

The Group's strategy focuses on the organic growth of current activities by expansion of the product range, and its target territories. The Group seeks to operate in profitable, niche security segments for which it can offer differentiated products that it offers to the market at good margins.

In industrial screening, we will continue to mitigate the reduction in the catalyst market related to the internal combustion engine and its impact on the Group revenue particularly as related to new equipment sales.

While the Group continues to focus on expanding its product range to drive organic growth, it is also actively pursuing strategic growth opportunities through acquisitions.

The Group possesses extensive and valuable expertise in establishing and maintaining market routes, particularly in the field of security and Counter EO. It aims to enhance these channels by incorporating new, in-house-developed products or by identifying organisations that can provide innovative technologies or products associated with the industry, thereby enriching the Group's product portfolio. The process of identifying and analysing organisations

offering products or services aligned with the Group has continued on from last year's initial activity.

OUTLOOK

We expect the level of market activity observed in the Year to be maintained, and with heightened engagement at trade shows and conferences, we anticipate a strong opportunity pipeline. Expanding our product range is not only a safeguard for our market position but also provides access to opportunities that were previously unavailable with our historic product portfolio.

As previously announced in the trading update, a major contract with a prominent defence contractor valued at over £3m over a 36 month period has helped provide a very strong opening order book which will enable a constant level of underlying business and a foundation for the next year.

We will concentrate on our core expertise, specifically our portable X-ray products and associated software. This strategic focus is aimed at sustaining and expanding our market share, countering competition in this market. Our approach involves extending our range into markets featuring higher performance and higher value systems.

We will continue to manage the reduction of the capital equipment sales into the catalytic convertor manufacturers as this industry recognises the diminishing prominence of internal combustion engines and the imperative shift towards achieving net-zero emissions. We will actively pursue and maintain the aftersales revenue that the Groups installed base of this equipment provides.

Image Scan has successfully navigated through the challenges posed by inflationary pressures and has demonstrated excellent purchasing strategies and organisational cost control measures.

With the refined organisational structure and energetic team, revitalised product range, combined with a strong opening order book we are well-positioned to sustain the momentum of this year's achievements. Our goal is to enhance the Group's profitability and leverage the advantages of the Group listing to strategically advance the business. Our focus is on executing deliberate actions that contribute to the growth of the Group, moving beyond organic growth alone.

Vincent Deery

CHIEF EXECUTIVE OFFICER

CFO REPORT

KEY PERFORMANCE INDICATORS

	2024	2023	2022	2021	2020
Order intake	£6.6m	£2.9m	£2.2m	£2.8m	£2.4m
Turnover	£2.9m	£3.0m	£2.0m	£2.9m	£3.5m
Gross margin	53%	48%	54%	53%	49%
Profit/(loss) before tax	£0.2m	£0.1m	(£0.4m)	£0.2m	£0.1m
Cash balance	£911k	£958k	£690k	£1,186k	£1,409k
Inventory Balance	£393k	£349k	£629k	£393k	£451k

FINANCIAL RESULTS

FY24 was a strong year for Image Scan, delivering an increase in pre-tax profit of 115% up from £97k to £208k, ahead of market expectation. This builds on the good work initiated in 2023, with funds continuing to be invested in delivering new products which is reflected in orders won in the year while costs continue to be carefully managed.

The closing order book combined with improved working capital puts the Group in a strong position to continue to deliver its strategy in 2025.

While sales were down slightly at £2.9m against prior year of £3.0m, the gross margin percentage increased due to careful purchasing and stock management and the Group also benefited from a good dollar exchange rate. These efforts have contributed to a gross margin of £1.5m (53%) against £1.4m (48%) last year, evidencing the ongoing focus on driving costs down as highlighted in last year's report.

The focus on delivering to customer requirements has continued and the margin was achieved without compromising on either the timeframes or the quality of product delivered to our customers which is reflected in the low levels of expenditure on warranty and is supported by the smooth recertification of ISO9001:2015 at the end of the financial year.

Cost control is also reflected in a small decrease in administrative expenses of 3% in the year despite inflationary pressures and builds on the 5% reduction delivered in 2023.

The Group continue to invest and maintain in our product portfolio with a combined spend of £215k (2023: £309k). Expenditure is down against last year because product development was mainly delivered by the team without external support. Due to the restrictions on available schemes for our region, we were not able to access any grant support in the Year and this, combined with the increasingly restricted R&D tax credit regime, makes the ability of our internal team crucial to delivering our product strategy.

Our business model continues to be to offer mainly cash neutral commercial terms, ideally in sterling which allows us to make supplier payments in line with agreed payment terms. We have set clear stock holding policies which balances the cost of holding components against the need to meet customer delivery deadlines. The net result of our cost management is reflected in an increase in working capital as well as our balance sheet. This means we will continue to invest in our product portfolio as well as expanding our demonstration kits in 2025 to showcase the full range of our product portfolio.

All these measures lead to increase in pre-tax profit by 115% from £97k to £208k and increasing our EPS by almost 50% for our shareholders. Delivering this level of improvement could not have been achieved without the commitment and focus of all the team at Image Scan and I would add my thanks to the whole team for their continuing efforts.

Sarah Atwell King

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2024

	Note	2024 £	2023 £
REVENUE		2,860,776	2,962,934
Cost of sales		(1,348,975)	(1,527,723)
Gross profit		1,511,801	1,435,211
Administrative expenses		(1,313,730)	(1,354,652)
Other operating income		3,474	14,934
OPERATING PROFIT		201,545	95,493
Finance income		10,736	6,639
Interest payable and similar charges		(4,514)	(5,555)
PROFIT BEFORE TAXATION		207,767	96,577
Taxation		(756)	27,362
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE EQUITY OWNERS OF THE PARENT COMPANY		207,011	123,939
		Pence	Pence
Earnings per share	2		
Basic		0.15	0.09
Diluted		0.15	0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	2024 £	2023 £
NON-CURRENT ASSETS		
Intangible assets	333,249	320,957
Property, plant and equipment	-	6,599
Right of use asset	143,873	153,678
	477,122	481,234
CURRENT ASSETS		
Inventories	392,643	348,753
Trade and other receivables	910,775	633,870
Cash and cash equivalents	911,468	958,465
	2,214,886	1,941,088
TOTAL ASSETS	2,692,008	2,422,322
CURRENT LIABILITIES		
Trade and other payables	792,167	712,455
Lease liability	53,158	37,625
Warranty provision	25,473	33,858
	870,798	783,938
NON-CURRENT LIABILITIES		
Lease liability	102,498	126,683
	102,498	126,683

NET ASSETS	1,718,712	1,511,701
EQUITY		
Share capital	1,368,546	1,368,546
Share premium account	8,332,910	8,332,910
Profit and loss account	(7,982,744)	(8,189,755)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS	1,718,712	1,511,701

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2024

	Share capital £	Share premium £	Profit and loss account £	Total £
As at 1 October 2022	1,368,546	8,332,910	(8,313,694)	1,387,762
Profit for the year and total comprehensive income for the year	-	-	123,939	123,939
As at 30 September 2023	1,368,546	8,332,910	(8,189,755)	1,511,701
Profit for the year and total comprehensive income for the year	-	-	207,011	207,011
As at 30 September 2024	1,368,546	8,332,910	(7,982,744)	1,718,712

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 September 2024

	2024 £	2023 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating profit	201,545	95,493
Adjustments for:		
Amortisation of intangible assets	62,350	60,887
Depreciation	7,199	6,960
Amortisation of right of use asset	40,524	39,375
Research and development expenditure credit	(3,474)	-
(Decrease) in impairment of inventories	(9,280)	(54,349)
(Increase)/decrease in inventories	(34,610)	334,499
(Increase) in trade and other receivables	(300,627)	(40,485)
Increase/(decrease) in trade and other payables	79,712	(81,004)
(Decrease) in warranty provisions	(8,385)	(4,072)
Cash generated from operating activities	34,954	357,304
Corporation tax received	26,440	72,269
	61,394	429,573
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	10,736	6,639
Purchase of intangibles	(74,642)	(124,290)
Purchase of property, plant and equipment	(600)	-
Net cash used in investing activities	(64,506)	(117,651)
CASH FLOWS FROM FINANCING ACTIVITIES		
Lease payments (capital and interest)	(43,885)	(43,000)
Proceeds from issue of share capital	-	-

Net cash used in financing activities	(43,885)	(43,000)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(46,997)	268,922
Cash and cash equivalents at beginning of year	958,465	689,543
CASH AND CASH EQUIVALENTS AT END OF YEAR	911,468	958,465

Notes to this statement

1. Basis of preparation

While the financial information included in this annual financial results announcement has been prepared in accordance with the recognition and measurement principles of UK adopted international accounting standards, this announcement does not contain sufficient information to comply therewith.

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 September 2024 or 30 September 2023 but is derived from those accounts. Statutory accounts for 2023 have been delivered to the Registrar of Companies, and those for 2024 will be delivered following the Company's Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under Section 498 of the Companies Act 2006.

2. Earnings per share

The diluted earnings 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. 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. Where the Company is reporting losses, the impact of share options is considered anti-dilutive. Where the Company is reporting profits, share options could potentially dilute basic earnings per share in the future but are only included in the calculation of diluted earnings per share when the exercise price of the share options is below the average share price in the year.

	2024	2023
	£	£
Profit for the year	207,011	123,939
Weighted average number of ordinary shares in issue	136,854,577	136,854,577
Number of diluted shares	136,854,577	136,854,577
Basic profit per share	0.15p	0.09p
Diluted profit per share	0.15p	0.09p

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