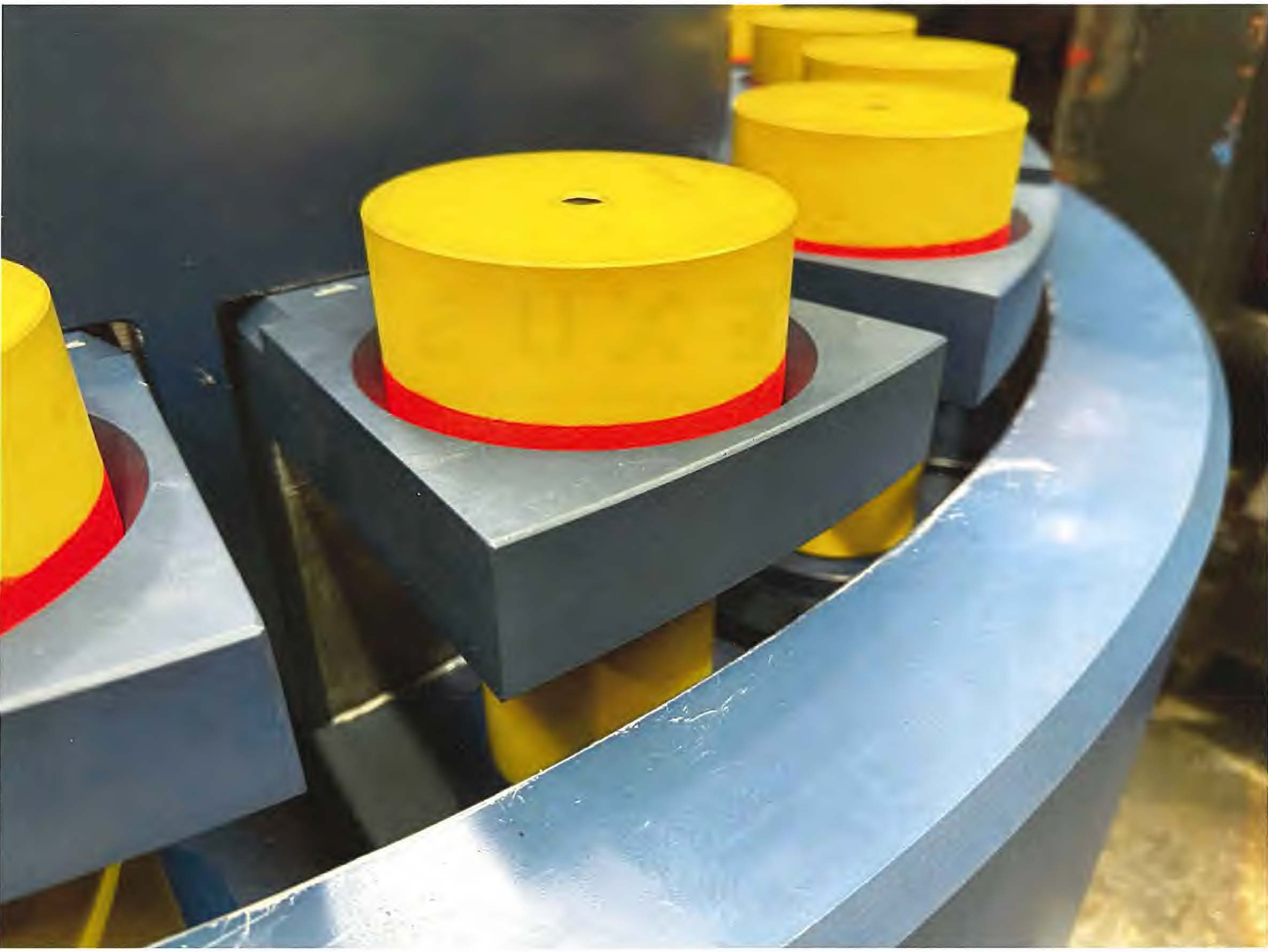
PLEXUS

safer performance | leak-proof | reduced costs

INTERIM RESULTS

31 DECEMBER 2022

Detail of Plexus MR Connector
Preparing for a Plug and Abandonment Campaign



Plexus Holdings plc

27th March 2023

PLEXUS HOLDINGS PLC
INTERIM RESULTS FOR THE 6 MONTHS TO 31 DECEMBER 2022

Plexus Holdings plc, the AIM quoted oil and gas engineering services business and owner of the proprietary POS-GRIP® method of wellhead engineering, announces its interim results for the six months to 31 December 2022 ("H1 FY23").

Financial Results

- Sales revenue £709k (2021: £734k)
- Continuing operations EBITDA loss (£1,098k) (2021: £1,061k loss)
- Continuing operations operating loss (£2,018k) (2021: £1,908k loss)
- Continuing operations loss before tax (£2,073k) (2021: £1,953k)
- Basic loss per share from continuing activities (2.06p) (2021: 1.94p loss)
- Cash of £1.14m (2021: £3.38m), £nil in financial assets (2021: £4.7m)
- Bank Lombard facility repaid in full during the year (2021: £3.29m drawn down)
- Total assets of £17.3m (2021: £26.3m)
- Total liabilities of £3.7m (2021: £5.3m)

Operational overview

- September 2022 – shortlisted in the 'Environmental Sustainability Innovation' and 'Significant Contribution to the Industry' categories of the Offshore Network's OWI Global Awards.
- October 2022 - raised £1.55m through the issue of Convertible Loan Notes to Ben van Bilderbeek, CEO of Plexus, and Jeff Thrall, Non-executive Director of Plexus; with the proceeds to be used for working capital purposes as the Company seeks to capitalise on the increasing pipeline of opportunities within Plexus' target markets – as announced on 20 October 2022.
- Post period end, March 2023 – agreed sale of Leasehold Interest along with associated leasehold liabilities of Burnside House, a building surplus to requirements in Aberdeen for a consideration of £1.05 million in cash.
- Post period end, March 2023 – secured a £5m+ contract for the rental of proprietary POS-GRIP "HG®" wellhead equipment and sealing technology for a specialised subsea project application (the "Special Project") to be deployed over the next 12 months.
- Multiple reports support the fact that the world runs on oil and gas and will continue to do so for decades. Transocean's CEO recently stated that "...it is clear that we have finally emerged from eight exceptionally challenging years and are now in the early stages of what we believe will be a multi-year upcycle".

Trading Update and Outlook

Despite challenging market conditions, the Company's activity levels in the financial year to 30 June 2023 ("FY23") have so far been broadly in line with managements' expectations at the start of FY23. On 6 March 2023, the Company was pleased to announce that Plexus had secured a £5m+ order for its proprietary POS-GRIP HG wellhead equipment and sealing technology for a special subsea project application, and the Company has a growing pipeline of opportunities and potential orders which it continues to pursue with customers.

As a consequence of the timing of certain revenues, in particular approximately £2.5m of revenue related to the Special Project which, as a rental rather than a sold contract, will now be recognised as deferred revenue in FY23 and sales revenue in the year ending 30 June 2024 ("FY24"), the Board expects that revenues in the second half of FY23 will be only slightly higher than revenue in H1 FY23. Whilst this will result in the Company generating revenues for FY23 materially lower than market expectations, the Board is confident that revenues in FY24 will be significantly higher than FY23 as a result of recognising the full value of the Special Project, ongoing discussions with customers regarding rental exploration wellhead projects (for which inventory is manufactured and ready to deploy at short notice), and an increased pipeline of near-term opportunities on which to capitalise.

Chief Executive Ben van Bilderbeek said: "While the first half of this financial year continued to be challenging with low sales revenue and trading losses, I am encouraged by a number of positive internal and external indicators and developments. Most importantly, we announced earlier this month a major £5m+ order for our HG wellhead equipment and sealing technology for a specialised subsea project. This is the largest contract Plexus has won and is a true validation of the technical advantages our POS-GRIP technology can offer to the industry. I believe that this order, which underpins visibility for the next financial year, together with the increasing level of opportunities we are pursuing, is a turning point, and we will be making every effort to bring these to fruition.

"At the industry level, in a recent statement relating to the release of its Global Methane Tracker report published February 2023, the IEA said that there was "no excuse" for the oil and gas ('O&G') industry's failure to cut methane emissions last year, adding that the technologies are "available and are cheaper than ever to implement". As the CEO of a company that has committed to delivering leak free wellhead equipment solutions to O&G companies for over 20 years, I also believe that there is indeed 'no excuse', and agree with IEA executive director Faith Birol who recently urged policymakers to double down the energy industry pressure to clean up its methane pollution, mainly from leakage and distribution, adding that tackling methane "...is one of the most important, if not the most important thing, that can be done to tackle near-term global warming".

"For these reasons it has therefore never been more important to ensure that equipment used by O&G companies works smarter, harder and delivers leak proof integrity whenever and wherever possible, including wellhead annular seals. This need is particularly apparent as the industry experiences a new lease of life resulting from the emergence from Covid-19, the impact of the war in Ukraine demonstrating the need for countries to secure reliable energy supplies, and the unfolding of the natural gas led transition towards alternative and renewable energy strategies over the coming decades.

"As evidence of the industry's revival, GlobalData Energy expects 494 O&G projects in Europe to commence operations during the period 2023-2027, of which 147 would be upstream. Further, according to a recent Rystad Energy report, the O&G sector is set for its highest growth in a decade with $214 billion of new project investments lined up, including in the North Sea where from 2022-2023 spending in the UK and Norway will jump 30% and 22%, to $7 billion and $21.4 billion respectively. This increasing level of activity will be a "boon" for the offshore services market and Plexus is working hard to secure a share of this opportunity.

"I am encouraged by the increased activity within the oil services sector, particularly exploration and production drilling, and this, combined with the raised awareness of the industry's impact on climate change, strengthens the investment case for Plexus. This is because Plexus has a suite of disruptive technologies focused on eliminating wellhead leaks at the well site due to the integrity that is delivered by its HG® metal to metal annular seals. We believe that our technology driven ability to prevent leaks rather than just 'detecting and repairing' leaks must be the optimal way forward for the industry, and one which cannot logically be ignored.

"While we continue to focus on what had become our core offering, namely generating revenue from the sale of production wellheads, we are particularly excited to return to the niche exploration drilling from Jack-up rigs market and have been working hard on expanding our new wellhead rental inventory that enables us to pursue tenders and order opportunities. We are making good progress with the building and testing of our newly designed Exact-15 wellhead, in anticipation of securing inaugural rental orders, and I hope to report further progress on this over the coming months.

"It should not be forgotten that our proprietary POS-GRIP friction grip method of engineering has many advantages in the field including enhanced safety, time savings, and reduced operational expenditure ("OPEX") costs relating to leak repairs and down time. The provision of special solutions has also been one of our strengths for some time, and we were therefore delighted to secure earlier this month a major rental equipment order with a value of more than £5m for our POS-GRIP "HG®" wellhead equipment and sealing technology for a specialised project application in a subsea environment, which is to be deployed over the next 12 months. Although the full value of the contract will be recognised as sales revenues in the financial year ending 30 June 2024, there will be approximately £2.5m of milestone payments to be received and accounted for as deferred revenue in the current financial year. Importantly, this contract will help to demonstrate key elements and functionality of a full "Python®" Subsea Wellhead, including leak proof metal to metal HG seals. Our Python wellhead was developed within a Joint Industry Project supported by a number of major operators, and was designed to achieve a new best in class and safest standard for subsea wellheads. This contract, I believe, will further develop the potential for the rental of such specialised wellhead systems.

"Our licensee partnership with SLB (previously Schlumberger) is also progressing well, with the test marketing of SLB's new low-cost surface production wellhead design that incorporates POS-GRIP and HG seal technology expected to commence early in the next financial year ending 30 June 2024.

"Furthermore, our diversification strategy is gaining traction as we continue to develop new applications and Plexus Products for our technology; wherever metal-to-metal annulus sealing is required, POS-GRIP can deliver a true, leak-proof solution, and importantly one that can last for the 'field life' of a well, thereby avoiding expensive remedial and maintenance costs.

"One growing target area is Plug & Abandonment ('P&A') – the decommissioning of retiring O&G assets, which can have complex long-term financial and environmental impacts. While Rystad Energy estimates the cumulative costs involved in this sector may reach $42 billion by 2024, in the UK Continental Shelf ('UKCS') alone it suggests that the ratio of decommissioning expenditure to OPEX by O&G companies operating in the North Sea will increase from the current level of c.10% to 25-30% in the next two decades.

"With this background, we were delighted to announce in June last year a significant new development in the P&A space, winning an order for equipment and services from subsea engineering specialist Oceaneering International (NYSE: OII). Feedback has been encouraging, and we anticipate expanding our presence in the P&A market both in the North Sea and internationally. In addition, we continue to provide equipment and services such as tieback tools and handling equipment to partner companies undertaking P&A project work and hope to see an increase in this category of work as well.

"In October 2022, we raised £1.55m through the issue of convertible loan notes, which I supported along with our Chairman, Jeff Thrall. Additionally, post period end, we agreed to sell the Leasehold Interest in Plexus' Burnside House property in Aberdeen along with associated leasehold liabilities to a private company owned by certain members of my family, for £1.05 million in cash. The cash from these transactions will be used to strengthen Plexus' working capital position, enabling us to take advantage of the many opportunities that we are pursuing, as well as enabling capital expenditure commitments such as those required to build up our exploration wellhead rental inventory. I hope my support demonstrates my ongoing confidence and belief in the potential of Plexus and our POS-GRIP technology.

"For 2023 and beyond, we have a clear growth strategy focused on leveraging the unique features of POS-GRIP into value creation for our shareholders. This centres around the pursuit of sales opportunities in sectors where we believe we can provide superior technical solutions and responsive service times, including the rental of exploration wellheads from Jack-up rigs; sale of production wellheads where superior POS-GRIP HG annular seals can be proven to provide leak free performance; innovative Plexus Products solutions for special projects and decommissioning and P&A, and working closely with our licencee SLB where feedback on our licenced technology continues to be positive. While the O&G industry narrative is clearly complex, challenging and at times fast changing, as a small, nimble operator with a plethora of valuable IP, know-how and applications for its core technology, I believe Plexus is well placed to take advantage of the opportunities in our markets, and help others succeed in a sustainable ESG and Net Zero compliant manner."

Chairman's Statement

Business Progress and Operating Review

Just over a year on from Russia's invasion of Ukraine that triggered the global energy crisis, energy supply chains remain potentially vulnerable, and countries are scrambling to secure long term supply relationships, particularly for LNG. In response, worldwide activity in the O&G sector is increasing, with Wood Mackenzie suggesting demand for oil will increase by 2.3m barrels per day in 2023. Indeed, longer term, BP warned in its annual energy outlook published in January that if the world is to avoid more shortages, price swings, and economic and social disruptions as existing production sources decline, upstream O&G investments will be needed for another 30 years. Most relevantly for Plexus, Spencer Dale, chief economist at BP said investment in new wells would therefore be needed until 2050 to ensure the supply of fossil fuels matches demand, to enable an orderly transition away from hydrocarbons.

As part of this story, counting the cost of carbon across every vertical is essential, particularly in the case of natural gas, where its main constituent methane is now recognised as being many times worse for the environment and global warming than CO2. In fact, Yasjka Meijer, a scientist with the European Space Agency, has estimated that if just "3% to 4% of natural gas produced at O&G wells leaks into the atmosphere, power produced by natural gas plants is on par with coal plants in terms of the overall climate impact". This underlines the importance of minimising methane emissions, and the value of leak proof annular wellhead seals which Plexus offers its customers.

Such considerations also have implications for UK energy policy in relation to backing domestically produced gas versus imports. Rystad Energy suggests that "LNG production and transport generates 10x the amount of carbon emissions compared with pipeline gas", yet LNG imports to the UK from the USA are up nearly 150% from 2021 to October 2022 to 9.7bcm. This may have been essential shorter term, but longer term it is more detrimental to the environment and no better measure can be found to encourage increased investment in local UK gas production.

A sustainable solution therefore must be to invest in and build more local production in the North Sea, which has some of the strictest environmental regulations in the world, making UK hydrocarbons cleaner than those from other parts of the world. Despite the windfall tax, the North Sea Transition Authority has begun the process of awarding over 100 new O&G licenses, and Plexus hopes that this will help underpin opportunities in what has always been its key market.

Such new drilling activity prospects is where Plexus' return to the exploration rental wellhead from Jack-up rigs market can excel; offering proven "through the BOP" technology in an agile and responsive manner to exploration companies, combined with marketing support from SLB is a compelling proposition. In anticipation of such increased activity and with the proceeds from the October 2022 £1.55m raise via the issue of convertible loan notes, and the post period end sale of a surplus property in Aberdeen for £1.05m, Plexus has been building its new wellhead rental inventory, and hopes to begin to win rental contracts over the coming months.

Fittingly, post period end, Plexus had won a significant £5m+ contract for the rental of our proprietary POS-GRIP "HG®" wellhead equipment and sealing technology, and while lead times can be lengthy for such specialised projects, we believe that more of these opportunities will present themselves over time. This major contract will utilise our leak proof metal to metal seals in a subsea environment and will demonstrate key elements of a full Python Subsea Wellhead, which will help our efforts to break into this growing market, where Wood Mackenzie said in its 2022 global deepwater report that deepwater "....is the fastest growing oil and gas theme".

Furthermore, our partnership with SLB continues to strengthen ahead of the launch of its own low-cost surface production wellhead that utilises our POS-GRIP technology to offer leak-free performance for the lifetime of a well. Alongside this, we are progressing Plexus' diversification strategy by expanding into the fast-growing decommissioning space and developing our growing range of Plexus products.

Key functions that support our operations are Human Resources, Quality Health and Safety, Information Technology and Engineering through the generation of Intellectual Property (IP').

The Company maintains its Competency Management System through an internally developed system 'Competency@Plexus' ('C@P'). This is monitored and accredited by OPITO, the training and qualifications standards board. The annual monitoring audit was successfully conducted in July 2022, where full accreditation was maintained with no findings raised by the auditor. Since outright approval was achieved, and as the system is robust and well-established, OPITO has advised that a reduced site audit frequency of every 15 - 24 months will be applied going forward.

Health and Safety remains at the centre of what we do, and Plexus remains fully committed to continually improving safety standards, and the safety culture across the business and its people. This is reflected in the business being once again lost time injury ('LTI') free this year. Plexus passed its seventh anniversary of this milestone in September 2022.

Plexus has undertaken a recertification audit with API for API Q1/ISO 9001 in September 2022 and an annual audit with LRQA for ISO 45001 in December 2022. No major findings were raised in either audit, resulting in the issue of new certification. Therefore, Plexus continues to comply with the requirements of API Q1/ISO 9001 and ISO 45001 standards retaining API 6A and 17D Licences. These accreditations demonstrate Plexus' capability and determination to operate to the highest standards, and this will assist in gaining new work.

Plexus has been able to rely on robust IT and security systems, including its self-written ERP system, which are constantly under review for improvement.

We continue to develop our suite of IP both through patent protection, know-how, and ongoing research and development. Capitalised R&D salary costs for the 6 months ended 31 December 2022 was £256k.

Interim Results

Plexus' results for the six months to December 2022, and the activities carried out during this period, reflect the Group's ongoing investment in and support of its strategy to grow existing and new revenue streams organically and with licencing partners. Progress is being made as demonstrated by the announcement post period end of a £5m+ contract for the rental of POS-GRIP HG wellhead equipment and sealing technology for a specialised subsea project application.

Continuing operations revenue for the six-month period ended 31 December 2022 decreased to £709k, compared to the previous year's figure of £734k.

During the period, Plexus has looked to conserve Group cash whilst at the same time ensuring that its engineering capabilities and operational service to customers was not compromised, and controlling investment on capex, opex and non-essential R&D, and post period end secured additional cash resources through the issue of £1.55m of convertible loans, and £1.05m from the disposal of Burnside House, a building which had become surplus to requirements in Aberdeen.

Continuing activities administrative expenses have increased for the six months to December 2022 to £2.64m (2021: £2.51m). Personnel numbers, including non-executive board members are broadly in line with the prior year at 36 (2021: 35). The staff structure provides a mix of skills that balances ongoing and future organic operational opportunities, particularly in relation to the ongoing move back into the rental wellhead exploration market, and development and support for our IP-led strategy involving external partners and licensees, against the need to carefully manage the Group's costs and cash resources. The current staff level is designed to reflect the minimum required to maintain the operational infrastructure that has been developed to date, including maintaining the Group's Business Management System, and retaining all relevant and necessary accreditations, in addition to meeting operational requirements. Future growth in employee numbers is anticipated, driven as required by expansion in operational activities.

The Group has reported a loss of £2.07m in the period, which is broadly in line with the prior year. The loss comes after absorbing depreciation and amortisation costs of circa £0.8m. Included in the statement of comprehensive income is a charge of £122k to recognise the fair value of the derivative financial instrument embedded in the convertible loan.

The Group has not provided for a charge to UK Corporation Tax at the prevailing rate of 19%. This is consistent with the prior year.

Basic loss per share for continuing operations was 2.06p per share, which compares to a 1.94p loss per share for the same period last year.

The balance sheet continues to remain strong, with the current level of intangible and tangible property, plant and equipment asset values at £8.9m and £0.8m respectively illustrating the amount of cumulative investment that has been made in the business. Total asset values at the end of the period stood at £17.3m.

As at 31 December 2022, the Group had cash and cash equivalents of £1.1m and no bank borrowing.

Outlook

With the resurgence in demand for O&G, we believe that exploration and production activities should be carried out in as safe a manner as possible, and that leaks should be prevented rather than allowed to happen before they are located and repaired; these repairs are often only temporary fixes and, in many instances leaks are not identified at all. This is a message we are determined to continue promoting to the industry as we work to overcome established practices.

It is encouraging to see a range of statements over the past six months in relation to the ongoing need for O&G, and that there are certainly no 'quick fixes' in terms of switching off hydrocarbon dependence. ExxonMobil CEO Darren Woods has a pragmatic approach towards exploration and production, recognising that O&G will be necessary for years to come and that stopping exploration and production in Europe will lead to higher emissions when produced elsewhere: "So, asking us to stop investing or producing diesel and gas... just means that somebody else out there who is less efficient and more emissions-intensive making it to meet that demand. Again, the world does not benefit from that.". Clearly the answer is to produce and consume O&G as cleanly and as leak free as possible, and Plexus of course believes that this should include the wellhead and associated equipment.

However, it should be recognised that there are headwinds in Europe, and particularly in the UK. These take the form of very high profit windfall taxes, which are showing signs of compromising investment decisions by operators, and also ongoing pressure from the green lobby, which does not seem to recognise that it is better to produce more responsible cleaner O&G locally, rather than import long distance from parts of the world where standards may not be quite as high as in Europe, and where transport costs (financial and environmental) come into play. This is particularly the case with imported LNG versus locally produced 'pipeline gas'.

Despite all of the challenges over the past few years, the global wellhead equipment market is now beginning to thrive, and this can only be positive for Plexus. I was particularly encouraged to note that Research and Markets published a report in January 2023 estimating that the Global Wellhead Equipment Market will have a Compound Annual Growth Rate ("CAGR") of 9.3%, with a global market value estimated to almost double to $11.8bn by 2030. Further, the decommissioning sector is also reported as a growth market, and one where we are already having some success in relation to POS-GRIP based well P&A solutions. Polaris Market Research reported in 2022 that it calculated that the global offshore decommissioning market is expected to grow at a CAGR of 7.6% thereby almost doubling to $10.1 billion by 2030, and that by 2027, around 2,400 wells in the North Sea and West of Shetland are projected to be decommissioned.

These are great opportunities for Plexus, and it should not be forgotten that beyond these markets there are numerous other areas and applications we believe can benefit from our proprietary technology, which include carbon capture and storage, natural gas storage, offshore wind, hydrogen and geothermal. These are all areas where very long-term sealing integrity would be an enormous advantage if not essential, especially where high temperature, high pressure and corrosive environments are concerned.

Against this positive industry backdrop, and with a growing inventory of rental wellhead equipment, a solid partner in SLB, a strengthened order book, new tender opportunities, an improved working capital position, and a shift in attitude towards the O&G sector, all signs point to Plexus as an opportunity that I believe should be attractive to investors as we advance into 2023 and beyond.

J Jeffrey Thrall
Non-Executive Chairman
24 March 2023

Plexus Holdings Plc
Unaudited Interim Consolidated Statement of Comprehensive Income
For the Six Months Ended 31 December 2022

	Six months to 31 December 2022 £'000	Six months to 31 December 2021 £'000	Year to 30 June 2022 £'000
Revenue	709	734	2,306
Cost of sales	(91)	(130)	(813)
Gross profit	618	604	1,493
Administrative expenses	(2,636)	(2,512)	(5,784)
Operating loss	**(2,018)**	**(1,908)**	**(4,291)**
Finance income	4	81	164
Finance costs	(40)	(159)	(640)
Other income	38	11	125
Remeasurement of financial instrument	(122)	-	-
Share in profit of associate	115	22	111
Non-recurring item			
Fair-value adjustment on asset held for sale (note 10)	(50)	-	(1,025)
Loss before taxation	**(2,073)**	**(1,953)**	**(5,556)**
Income tax credit (note 6)	-	-	(1,901)
Loss after taxation from continuing operations	**(2,073)**	**(1,953)**	**(7,457)**
Loss for period/year	(2,073)	(1,953)	**(7,457)**
Other comprehensive income	-	-	-
Total comprehensive income	**(2,073)**	**(1,953)**	**(7,457)**
Loss per share (note 7)			
Basic from continuing operations	**(2.06p)**	**(1.94p)**	**(7.42p)**
Diluted from continuing operations	**(2.06p)**	**(1.94p)**	**(7.42p)**
Basic from discontinued operations	-	-	-

Plexus Holdings PLC
Unaudited Interim Consolidated Statement of Financial Position
As at 31 December 2022

	31 December 2022 £'000	31 December 2021 £'000	30 June 2022 £'000
ASSETS			
Goodwill	767	767	767
Intangible assets	8,948	9,435	9,165
Property, plant and equipment (note 9)	779	2,798	821
Non-current financial asset	-	4,705	101
Investment in associate	838	743	723
Deferred tax asset	-	1,899	-
Right of use asset	876	1,093	941
Total non-current assets	12,208	21,440	12,518
Asset held for sale (note10)	1,050	-	1,100
Inventories	2,109	663	1,394
Trade and other receivables	805	852	971
Cash and cash equivalents	1,142	3,379	5,840
Total current assets	5,106	4,894	9,305
TOTAL ASSETS	17,314	26,334	21,823
EQUITY AND LIABILITIES			
Called up share capital (note 12)	1,054	1,054	1,054
Shares held in treasury	(2,500)	(2,500)	(2,500)
Share based payments reserve	674	674	674
Retained earnings	14,234	21,811	16,307
Total equity attributable to equity holders of the parent	13,462	21,039	15,535
Convertible loans	1,576	-	-
Lease liabilities	782	1,015	761
Total non-current liabilities	2,358	1,015	761
Trade and other payables	1,056	670	1,245
Bank Lombard facility	-	3,294	3,958
Derivative financial instrument	122	-	-
Lease liabilities	316	316	324
Total current liabilities	1,494	4,280	5,527
Total liabilities	3,852	5,295	6,288
TOTAL EQUITY AND LIABILITIES	17,314	26,334	21,823

Plexus Holdings Plc
Unaudited Interim Statement of Change in Equity
For the Six Months Ended 31 December 2022

	Called Up Share Capital	Shares Held in Treasury	Share Based Payments Reserve	Retained Earnings	Total
Balance as at 30 June 2021	**1,054**	**(2,500)**	**674**	**23,764**	**22,992**
Total comprehensive loss for the year	–	–	–	(7,457)	(7,457)
Balance as at 30 June 2022	**1,054**	**(2,500)**	**674**	**16,307**	**15,535**
Total comprehensive loss for the period	–	–	–	(2,073)	(2,073)
Balance as at 31 December 2022	**1,054**	**(2,500)**	**674**	**14,234**	**13,462**

Plexus Holdings Plc
Unaudited Interim Statement of Cash Flows
For the Six months ended 31 December 2022

	Six months to 31 December 2022	Six months to 31 December 2021	Year to 30 June 2021
	£ 000's	£ 000's	£ 000's
Cash flows from operating activities			
Loss before taxation from continuing activities	(2,073)	(1,953)	(5,556)
Loss before tax	(2,073)	(1,953)	(5,556)
Adjustments for:			
Depreciation, amortisation and impairment charges	768	838	1,679
Gain on disposal of property, plant and equipment	-	(1)	(4)
Remeasurement of financial instrument	122		
Fair value adjustment of on financial assets	1	112	513
Fair value adjustment on asset held for sale	50	-	1,025
Share in profit of associate	(115)	(22)	(111)
Impairment of associate	-	-	109
Other income	(38)	(11)	(114)
Investment income	(4)	(81)	(164)
Interest expense	40	47	127
Changes in working capital:			
Increase in inventories	(715)	(88)	(819)
Decrease in trade and other receivables	166	199	80
(Decrease) / Increase in trade and other payables	(189)	27	602
Cash used in operating activities	(1,987)	(933)	(2,633)
Net income taxes received	-	-	(2)
Net cash used in operating activities	(1,987)	(933)	(2,635)
Cash flows from investing activities			
Funds divested / (invested) in financial instruments	100	(1,775)	2,428
Other income	38	11	114
Purchase of intangible assets	(256)	(252)	(447)
Interest and investment income received	4	81	164
Purchase of property, plant and equipment	(102)	(62)	(253)
Preparation costs for asset held for sale	-	-	(180)
Net proceeds from of sale of property, plant and equipment	-	2	3
Net cash (used) / generated from investing activities	(216)	(1,995)	1,829

Plexus Holdings Plc
Unaudited Interim Statement of Cash Flows (continued)
For the Six months ended 31 December 2022

Cash flows from financing activities			
(Repayment)/drawdown of banking facility	(3,958)	1,250	1,914
Repayments of lease liability	(87)	(87)	(347)
Convertible loan funding received	1,550	-	-
Interest paid	-	(31)	(96)
Net cash (outflow) / inflow from financing activities	(2,495)	1,132	1,471
Net decrease in cash and cash equivalents	(4,698)	(1,796)	665
Cash and cash equivalents at brought forward	5,840	5,175	5,175
Cash and cash equivalents carried forward	1,142	3,379	5,840

Notes to the Interim Report December 2022

1. This interim financial information does not constitute statutory accounts as defined in section 435 of the Companies Act 2006 and is unaudited.

   The comparative figures for the financial year ended 30 June 2022 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors, Crowe U.K. LLP, and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

   The interim financial information is compliant with IAS 34 – Interim Financial Reporting.

2. Except as described below the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2022 and which are also expected to apply for 30 June 2023.

   There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting. The Directors' have assessed the impact of these standards and do not expect any significant impact to the Group on their adoption. The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

3. This interim report was approved by the board of directors on 24 March 2023.

4. The directors do not recommend payment of an interim dividend in relation to this reporting period.

5. There were no other gains or losses to be recognised in the financial period other than those reflected in the Statement of Comprehensive Income.

6. No corporation tax provision has been provided for the six months ended 31 December 2022 (2021: nil). As a result, there is no effective rate of tax for the six months ended 31 December 2022 (2021: 0%).

7. Basic earnings per share are based on the weighted average of ordinary shares in issue during the half-year of 100,435,744 (2021: 100,435,744).

8. The Group derives revenue from the sale of its POS-GRIP friction-grip technology and associated products, and licence income derived from its various licensing agreements. These income streams are all derived from the utilisation of the technology which the Group believes is its only segment. Business activity is not subject to seasonal fluctuations.

9. The company accounts for convertible loans having regard to the specific terms of the instrument. The company considers the instrument to be made up of a host instrument that it is measured at amortised cost and a derivative forward contract that is recognised at fair value through the profit and loss account. The company has elected to account for the two elements separately rather than assign a fair value to the instrument as a whole. The redemption premium is recognised over the life of the instrument and an accelerated charge will be recognised if a conversion event occurs prior to the end of the term.

Notes to the Interim Report December 2022 *continued*

10. Property plant and equipment

	Buildings £000	Tenant Improvements £000	Equipment £000	Assets under construction £000	Motor vehicles £000	Total £000
Cost						
As at 30 June 2021	**3,740**	714	**5,561**	-	17	**10,032**
Additions	-	130	69	54	-	253
Transfers	-	-	54	(54)	-	-
Reclassified to assets held for sale	(3,055)	-	(3)	-	-	(3,058)
Disposals	-	-	(321)	-	-	(321)
As at 30 June 2022	**685**	**844**	**5,360**	-	**17**	**6,906**
Additions	-	10	7	85	-	102
Transfers	-	-	85	(85)	-	-
As at 31 December 2022	**685**	**854**	**5,452**	-	**17**	**7,008**
Depreciation						
As at 30 June 2021	**1,643**	**566**	**4,851**	-	**11**	**7,071**
Charge for the year	153	40	252	-	4	449
Reclassified to assets held for sale	(1,111)	-	(3)	-	-	(1,114)
On disposals	-	-	(321)	-	-	(321)
As at 30 June 2022	**685**	**606**	**4,779**	-	**15**	**6,085**
Charge for the year	-	36	106	-	2	144
On disposals	-	-	-	-	-	-
As at 31 December 2022	**685**	**642**	**4,885**	-	**17**	**6,229**
Net book value						
As at 31 December 2022	-	**212**	**567**	-	-	**779**
As at 30 June 2022	-	238	581	-	2	821

Notes to the Interim Report December 2022 *continued*

11. Asset held for sale

	2022
	£'000
Cost	3,058
Accumulated depreciation	(1,114)
Net book value	1,944
Preparation costs	172
Cost of sale	9
Fair value adjustment	(1,025)
Fair value at 30 June 2022	**1,100**
Fair value adjustment	(50)
Fair value at 31 December 2022	**1,050**

The asset held for sale relates to a property which was sold post period end on 28th February 2023.

The Group had agreed a sale in principle prior to the period end to a related party, with the building having been previously marketed for sale. In line with IFRS5 the asset was held for sale at the lower of its carrying value and fair value. A fair value adjustment to reduce the carrying value of the asset to its fair value has been recognised as shown above. The fair value was assessed by reference to an independent property agent.

12. Investments

	£'000
Investment in associate at 30 June 2021	**721**
Share of profit for the period	111
Impairment of investment	(109)
Investment in associate at 30 June 2022	**723**
Share of profit for the period	115
Investment in associate at 31 December 2022	**838**

On 14 December 2018 Plexus Ocean Systems Limited acquired a 49% interest in Kincardine Manufacturing Services Limited ('KMS') for a consideration of £735k plus associated legal fees. KMS is a precision engineering company which serves the oil and gas industry. This is viewed as a long-term strategic investment by Plexus. KMS is based at Sky House, Spurryhillock Industrial Estate, Stonehaven, Aberdeenshire AB39 2NH.

Following the investment Graham Stevens, Plexus' Finance Director was appointed to the board of KMS. The company remains under the control and influence of the 51% majority shareholders.

Notes to the Interim Report December 2022 *continued*

The summary financial information of KMS, extracted on a 100% basis from the draft accounts for the year to 31 December 2022 is as follows:

	2022 £'000
Assets	3,033
Liabilities	1,623
Revenue	4,813
Profit after tax	246

13. Share Capital

	Six months to 31 December 2022	Six months to 31 December 2021	Year to 30 June 2022
	£'000	£'000	£'000
Authorised:			
Equity: 110,000,000 (June 2022 & Dec 2021: 110,000,000) Ordinary shares of 1p each	**1,100**	1,100	1,100
Allotted, called up and fully paid:			
Equity: 105,386,239 (June 2022 & Dec 2021: 105,386,239)	**1,054**	1,054	1,054

14. Convertible loans

Non-current liabilities	£'000
Convertible loan notes issued	1,550
Redemption premium	26
	1,556
Current liabilities	£'000
Fair value of derivative instrument	122
	122

On 19th October 2022, the Company issued convertible loan notes to the value of £1,550,000 from OFM Investment Limited (an entity connected to the van Bilderbeek family), Ben van Bilderbeek and Jeff Thrall, and represents a related party transaction.

The loan notes are non-interest bearing and have a long stop maturity date on the second-year anniversary of the date of the instrument. On conversion, the holders of the loan notes will receive new ordinary shares at a 20% discount to the prevailing share price in addition a redemption premium is payable being 20% of the loan note value. The derivative instrument is remeasured at each balance date, with any fair value adjustment recognised in the Income Statement.

Notes to the Interim Report December 2022 *continued*

At the reporting date the financial instrument has been remeasured resulting in a charge of £122k in the statement of comprehensive income. Additionally, a charge of £26k has been included in finance costs relating to a redemption premium.

15. Subsequent Event

On 28th February 2023 the Group completed the sale of the Burnside Property, which at the reporting date is classified as an asset held for sale, for a consideration of £1.05m.

The property was sold to Burnside House Limited, a private company which has been established for the purpose of the Transaction and is owned by Ben van Bilderbeek, CEO of Plexus, and certain members of Mr van Bilderbeek's family, including his spouse, and thus represents a related party transaction.

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