

RNS Trading Statement

## Pre-Close Trading Update

### JOHN LEWIS OF HUNGERFORD PLC

Released 07:00:06 21 September 2020

RNS Number : 4990Z  
John Lewis Of Hungerford PLC  
21 September 2020

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#### John Lewis of Hungerford plc

(the "Company")

#### Pre-Close Trading Update

John Lewis of Hungerford Plc (AIM: JLH), the specialist manufacturer and retailer of kitchens, bedrooms and freestanding furniture, announces the following unaudited pre-close trading update for the financial year ended 30 June 2020 and confirms that it intends to announce final results for the year ended 30 June 2020 by the end of October 2020.

As reported within our Finance and Operations Update on 30 June 2020, the timing of the initial lockdown period of 12 weeks, restricted the Company's ability to trade during its seasonal peak in the final quarter and this has had a significant impact on the final results for the year ended 30 June 2020. Therefore, profitability for the year ending 30 June 2020 will be materially impacted by the reduced gross margin from the substantially reduced despatched orders during our final quarter, combined with ongoing operating costs during the core period of disruption, due to the COVID-19 pandemic. Loss before tax is expected to be in the range of £850k to £900k (subject to audit) - (30 June 2019: loss of £229k).

Sales for the year ended 30 June 2020 were £5,552k (30 June 2019: £8,305k), with the year being split into three distinct phases:

- The six months period from July 2019 to December 2019 was reported in our Interim Results on 30 March 2020 with sales down 9% year on year. This period reflected how fragile consumer confidence had been due to the uncertainty surrounding Brexit and the December General Election.
- The period from 1 January 2020 to 23 March 2020 saw a sharp rebound in consumer confidence following the decisive General Election result with Brexit also out of focus for a period. The orders taken in this period were 10% higher than the prior year, and by 23 March, immediately prior to lockdown, our pipeline of quoted business was more than double the prior year.
- During the lockdown from 23 March 2020 to 30 June 2020, all showrooms were closed and the factory was shut down for approximately four weeks. Towards the end of the period, showrooms re-opened on an 'appointment only' basis. We achieved some significant individual sales throughout the lockdown period, with a small team of our designers remaining operational to work with customers during this period. We successfully transacted 'Virtual-Only' sales with no direct face to face interaction with the customers. This is a new approach for the Company and is an encouraging development, which could lead to achieving future sales, which are beyond the immediate reach of our existing showroom estate. Despite the complete closure of the estate for the majority of this period, we still achieved committed orders at a rate of around 30% of their prior year levels.

The Board has previously announced steps which have been taken to rationalise its cost base from the beginning of the new financial year. Combined with cash flow management actions taken to protect the business during this significant period of trading disruption and economic uncertainty, including a reduction in our discretionary spend, a reduction in Directors' remuneration for an agreed 3 month period and rent deferral agreements with our landlords have been concluded. We continue to work hard to ensure the resilience of the Company.

We were grateful for the support from the Government through the retail business rates holiday, the local business grants and the Job Retention Scheme, having furloughed between 30-70% of the team during the core lockdown period. These actions helped the business to reduce monthly cash operating costs throughout lockdown. As reported on 30 June 2020, we also entered into a new financing agreement to secure additional liquidity needed by the business during this period. On 18 September 2020, the Company had cash resources of £1,034k (30 March 2020: £350k).

The trading into the new financial year from 1 July 2020 to date has seen all activities, including showrooms, manufacturing and installation, resume full operations. We continue to trade 'by appointment' only. We have seen accelerated online trading since the end of the lockdown, reflecting a combination of pent-up demand and our customers being more comfortable to engage via online video calls, that have now become normalised. We continue to complete some 'virtual-only' transactions, appreciating the cautiousness of some of our customers, hesitant to visit our showrooms. Quoted business has been sustained for some months now at record levels, with a head start on the new financial year due to some deferred sales, which we were unable to fulfil during the lockdown period. Similarly, order intake in showrooms following their re-opening has been markedly above prior year comparatives, reflecting latent demand and also a notable underlying trend of consumers spending more on their homes. The year on year growth for our despatched sales and forward order book, against which a full deposit has been taken, currently stands at +23% for the first three months of the current financial year at £2.7m.

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