

RNS Half-year/Interim Report

Half-year Report

JOHN LEWIS OF HUNGERFORD PLC

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John Lewis Of Hungerford PLC
18 March 2021

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18 March 2021

John Lewis of Hungerford plc

(the "Company")

Half-year Report

John Lewis of Hungerford Plc (AIM: JLH), the specialist manufacturer and retailer of kitchens, bedrooms and freestanding furniture, is pleased to announce its unaudited interim results for the six months ended 31 December 2020.

Overview

Sales for the six months to 31 December 2020 were £3,326k (2019: £3,345k) and the loss before tax for the period was £213k (2019: loss before tax £398k). The improved position is due in part to the structural costs savings made last year and a portion can be attributed to government support received during the pandemic.

During the first six months of the financial year, our four London showrooms have been pushing forward at pace and have contributed almost half of the income, with customers keen to complete their building works and home refurbishments, which had already been delayed for many months. Our other seven showrooms are experiencing reduced availability of trades people, which is impacting the speed of recovery outside London, although customers continue to place deposits to secure production slots, with marginally more uncertainty around installation timing.

A significant step change for the business with regards to its digital footprint has contributed greatly to the year-to-date trading pattern. The investment in digital campaigns across all of our social media, together with our improved website, has led to record levels of customer engagement and progress into orders. The launch of our CRM system has provided improved data on our marketing programme and ensured we are focused on spend that enhances our brand positioning.

Another key change in our operating model during our first six months is the launch in earnest of our new finance offering in conjunction with Hitachi Capital UK. This has allowed more customers to work with our team and provided the Company with the opportunity to reach new customers.

Current Trading and Outlook

Our despatched sales and forward orders (which we consider to be the best measure of current trading) for the first 35 weeks of trading of the current financial year stood at £6.2 million (2020: £5.7 million). Future orders against which a first stage deposit has been taken stood at £2.1 million (2020: £0.7 million), of which £1.5 million is currently scheduled for completion by the 30 June 2021 year end (2020: £0.5 million). Therefore, the total of all despatched sales and forward orders is £8.3 million, which is 30% ahead of the corresponding period in the previous year, which was prior to the first lockdown beginning on 23 March 2020. Quotation activity within the business continues to be substantially up on the previous year which reflects a sustained consumer interest in home improvements.

The Government's road map out of lockdown currently states that our showrooms can re-open on 12 April 2021. The Board are cautiously optimistic for an improved performance over recent years, however, we remain beholden to the prevailing market conditions and we are prepared for further disruption from the pandemic, together with building delays arising from the succession of lockdowns - all of which could impact our results in the current year. The work done to move the business online in the event of extensions to local lockdowns, however, should support customers to continue their buying journey with our design team and minimise any substantive impact on our order book. The lockdown since the new year into 2021 has seen sustained high levels of interest in the home improvement sector and our forward order book demonstrates a strong level of conversion into orders.

Given the current levels of uncertainty, the Board has considered a number of scenarios in modelling the financial outcome for the current financial year. Our central scenario assumes no further delays to the proposed Government Roadmap and that we see the showrooms re-open fully on the currently scheduled date of 12 April 2021. Our central scenario reflects the strength of current trading and projects a profitable second half of the year. Under this scenario we also expect to enter the new financial year to June 2022 with an order book which will be higher than in recent years.

Kiran Noonan
Chief Executive Officer and Acting Chairman
18 March 2021

Enquiries:

John Lewis of Hungerford plc

01235 774300

Kiran Noonan - Chief Executive Officer and Acting Chairman

Allenby Capital Limited (Nominated Adviser and Broker)

020 3328 5656

David Worlidge/Nick Naylor

INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 December 2020

	<i>Unaudited 6 months ended</i>		<i>Audited</i>
	<i>31 December</i>	<i>31 December</i>	<i>Year ended</i>
	<i>2020</i>	<i>2019</i>	<i>30 June</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Revenue	3,326	3,345	5,553
Cost of sales	(1,807)	(1,768)	(3,004)
Gross profit	1,519	1,577	2,549
Selling and distribution costs	(146)	(266)	(413)
Administration expenses:			
Other	(1,469)	(1,631)	(3,081)
Other operating income	-	-	210
Total	(1,469)	(1,631)	(2,871)
(Loss) from operations	(96)	(320)	(735)
Finance expenses	(117)	(78)	(151)
(Loss) before tax	(213)	(398)	(886)
Taxation	-	-	95
(Loss) after taxation	(213)	(398)	(791)
<u>(Loss) per share</u>			
Basic	(0.11)p	(0.21)p	(0.42)p
Fully diluted	(0.11)p	(0.21)p	(0.42)p

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 December 2020

	<i>Unaudited 6 months ended</i>		<i>Audited</i>
	<i>31 December</i>	<i>31 December</i>	<i>Year ended</i>
	<i>2020</i>	<i>2019</i>	<i>30 June</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(Loss) for the period	(213)	(398)	(791)
Revaluation of freehold land and buildings	-	-	692

Deferred tax on revaluation of freehold land and buildings	-	-	(132)
Total Comprehensive Income	(213)	(398)	(230)

BALANCE SHEET**AS AT 31 DECEMBER 2020**

	<i>Unaudited</i>		<i>Audited</i>
	<i>As at</i>		<i>As at</i>
	<i>31 December</i>	<i>31 December</i>	<i>30 June</i>
	<i>2020</i>	<i>2019</i>	<i>2020</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Non-Current Assets			
Intangible assets	140	166	157
Tangible assets	4,030	4,491	4,235
Trade and other receivables	43	43	43
	<u>4,213</u>	<u>4,700</u>	<u>4,435</u>
Current assets			
Inventories	174	144	153
Trade and other receivables	570	374	543
Cash and cash equivalents	507	(114)	559
	<u>1,251</u>	<u>404</u>	<u>1,254</u>
Current liabilities	<u>(2,571)</u>	<u>(1,606)</u>	<u>(2,450)</u>
Net current liabilities	<u>(1,320)</u>	<u>(1,202)</u>	<u>(1,196)</u>
Total assets less current liabilities	2,894	3,498	3,239
Non-current liabilities			
Borrowings	(1,147)	(437)	(1,156)
Lease Liabilities	(1,309)	(1,835)	(1,432)
Provisions for liabilities and charges	(56)	(112)	(56)
	<u>381</u>	<u>1,114</u>	<u>595</u>
Net Assets	<u>381</u>	<u>1,114</u>	<u>595</u>
Equity			
Share capital	187	187	187
Other reserves	1	1	1
Share premium account	1,188	1,188	1,188
Revaluation Reserve	561	692	561
Retained Earnings	(1,556)	(954)	(1,342)
	<u>381</u>	<u>1,114</u>	<u>595</u>
Total Equity	<u>381</u>	<u>1,114</u>	<u>595</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Other Reserves</i>	<i>Revaluation Reserves</i>	<i>Retained Earnings</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>At 30 June 2019 (Audited)</i>	187	1,188	1	-	(556)	820
<i>Restated</i>						
Loss for the period	-	-	-	-	(398)	(398)
Revaluation of freeholds	-	-	-	692	-	692
<i>At 31 December 2019 (Unaudited)</i>	187	1,188	1	692	(954)	1,114
Loss for the period	-	-	-	-	(525)	(525)
Share based payments	-	-	-	-	5	5
Deferred tax on Revaluation of	-	-	-	(132)	-	(132)

freeholds						
<i>At 30 June 2020 (Audited)</i>	187	1,188	1	560	(1,474)	594
Loss for the period	-	-	-	-	(213)	(213)
<i>At 31 December 2020 (Unaudited)</i>	187	1,188	1	560	(1,687)	381

**STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2020**

	<i>Unaudited 6 months ended</i>		<i>Audited</i>
	<i>31 December</i>	<i>31 December</i>	<i>Year ended</i>
	<i>2020</i>	<i>2019</i>	<i>30 June</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(Loss) from operations	(96)	(320)	(641)
Depreciation, impairment and amortisation	239	288	566
Share based payments	-	-	5
(Increase) in inventories	(21)	(0)	(9)
(Increase) / Decrease in receivables	(28)	363	157
(Decrease) in payables	(22)	(505)	(96)
Increase / (Decrease) in Customer Deposits	254	(80)	212
Loss / (Profit) on disposal of property plant and equipment	1	(1)	(1)
Increase in provisions	-	7	12
Tax (credit) / charge on operations	-	-	(95)
Net cash from operating activities	328	(248)	111
Cash flows from financing activities	(361)	(140)	188
Cash flows from investing activities	(19)	(13)	(27)
Net (decrease) / increase in cash and cash equivalents	(52)	(401)	272
Net cash and cash equivalents at the start of the period	559	287	287
Net cash and cash equivalents at the end of the period	507	(114)	559

NOTES:

1. These interim financial statements have been prepared on the basis of accounting policies adopted by the Company and set out in the annual report and accounts for the period ended 30 June 2020. All accounting policies are expected to remain unchanged for the year ending 30 June 2021. As permitted, these interim financial statements have been prepared in accordance with the AIM Rules and not in accordance with IAS 34 "Interim financial reporting". The principal risks and uncertainties facing the Company are disclosed in the Company's financial statements for the period ended 30 June 2020, available from www.john-lewis.co.uk.

2. Basic and fully diluted loss per ordinary share is calculated as follows:

	6 months	6 months	Year
	ended	ended	ended
	31 December	31 December	30 June
	2020	2019	2020
Profit / (loss) attributable to ordinary shareholders (£'000)	(213)	(398)	(791)

Weighted average number of shares in issue	186,745,519	186,745,519	186,745,519
Shares used to calculate diluted earnings per share	186,745,519	186,745,519	186,745,519
Basic loss per ordinary share (pence)	(0.11)p	(0.21)p	(0.42)p
Diluted loss per ordinary share (pence)	(0.11)p	(0.21)p	(0.42)p

At 31 December 2020 the basic and diluted loss per share is the same, as the vesting of share option awards would reduce the loss per share and is, therefore, anti-dilutive.

3. Copies of the 2020 interim accounts will be available to shareholders on the Company's website www.john-lewis.co.uk.

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