

Norman Broadbent plc
("Norman Broadbent" "NBB" "the Company" or "the Group")
Interim Results

The Board (the "Board") of Norman Broadbent plc (AIM: NBB) - a leading London quoted Professional Services firm offering a diversified portfolio of integrated Leadership Acquisition & Advisory Services - is pleased to announce the Group's unaudited interim results for the six months ended 30 June 2020

Highlights

- Positive EBITDA of £11,000
- NFI decline of just 5.7% despite the disruption arising from the Covid-19 pandemic
- Interim Management and Solutions saw positive NFI increases from H1 2019 of +48% and +22% respectively
- Net cash inflow from operations of £629,000
- Debtor days at end of H1 2020 was 48 days (Dec 2019 – 72 days)
- All external loans (excluding Bibby Working Capital Invoicing Discounting facility) fully repaid
- Actively seeking growth opportunities via key appointments, M&A initiatives, and partnerships/strategic 'tuck-ins'

Mike Brennan, Norman Broadbent Group CEO, said:

"I am pleased to report that the first six months of 2020 showed positive EBITDA, and, despite Covid-19, we saw only a minimal decline in NFI of 5.7%. This remarkable achievement is down to the dedication of my colleagues and our strategy of building an innovative, diversified, and agile Group. These factors, coupled with our willingness to take difficult decisions quickly and early on in the pandemic, meant we were well placed to respond to market challenges and uncertainties.

We have proven our strategy is working, and our leadership team has the bandwidth to build the Group further. With this in mind, and despite these challenging times, we are actively seeking growth opportunities in the form of key strategic appointments to the Group, M&A initiatives, and partnerships/strategic 'tuck-ins'.

I and the Board would like to thank our supportive shareholders and clients for continuing to place their trust in us. I must also pay tribute to my colleagues – I am justifiably proud of them and their performance. Our continued positive momentum during this most difficult of times is down to their hard work, dedication, and commitment."

Steve Smith, Norman Broadbent Group CFO/COO, added:

"With the Group posting positive EBITDA for H1 2020, and with revenues only marginally down, we have demonstrated Norman Broadbent's resilience and relevance. Culturally and operationally we are no longer a traditional, siloed, pure-play executive search business but something much broader, more progressive, and relevant in today's market. Increasingly our clients see us for what we now are – a problem-solving business partner offering bespoke solutions incorporating Consulting, Interim, Research & Insight, and high-quality fully retained Search Solutions."

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014.

For further information please contact:

Norman Broadbent plc

Mike Brennan/Steve Smith

020 7484 0000

WH Ireland Limited

Adrian Hadden/Darshan Patel

020 7220 1666

About Norman Broadbent plc:

Norman Broadbent plc (AIM: NBB) is a leading Professional Services firm focusing on Talent Acquisition & Advisory Services. Since its formation nearly 40 years ago, The Norman Broadbent Group has developed a portfolio of complementary services centered on Executive Search Solutions, Senior Interim Management, Research & Insight, and Leadership Consulting & Assessment. Unusually, Norman Broadbent is one of the few businesses of its type offering clients integrated Search and Interim Management Solutions. This innovative approach gives clients immediate access to business-critical executive-level Talent, meeting both short and longer-term needs.

CEO Review:

In the six months to 30 June 2020, the Group reported positive EBITDA of £11,000 (2019: £111k) on turnover of £4,430,000 (2019: £5,260,000). We are pleased with this result which has been achieved during a period of significant disruption due to the Covid-19 pandemic.

The Group has changed from a predominantly single service traditional executive search business to a more balanced service/revenue business providing clients with an integrated range of relevant, complementary, progressive, and sophisticated offerings. This not only helps us serve our clients better, but also enables us to differentiate ourselves in what is becoming an increasingly transactional and commoditised traditional executive search market.

Our aim is to continue strategically scaling all business units. As we continue to grow, we will maintain our focus on innovation, client-service, enhancing our established brand, the growth of high-quality recurring revenues, and continued profitability. Despite the pandemic, we have not been deflected from pursuing our long-term strategy. This has seen us transition the Group to a business which is structured around specific industry and functional hubs and away from individual teams focussing on their own siloed service line. This strong client focus benefits our customers and, in turn, the company as evidenced by the record levels of internal referrals of work. By making this change we are no longer a traditional, siloed, pure-play executive search business but something much broader, more progressive, more integrated, and relevant in today's market. Increasingly our clients see us for what we now are – a problem-solving business partner offering bespoke solutions incorporating Consulting, Interim, Research & Insight, and high-quality fully retained Search Solutions.

Summarised Financial Results:

The table below summarises the results for the Group.

	Six months to 30 June 2020 £000's	Six months to 30 June 2019 £000's	Year ended 31 Dec 2019 £000's
Continuing operations			
Revenue	4,430	5,260	11,486
Cost of sale	(1,109)	(1,738)	(3,879)
Gross profit / Net Fee Income	3,321	3,522	7,607
Operating expenses	(3,310)	(3,411)	(7,357)
EBITDA	11	111	250
Net finance cost, depreciation and amortisation	(63)	(95)	(166)
Profit / (Loss) before tax	(52)	16	84
Income tax	-	-	-
Profit / (Loss) after tax	(52)	16	84

Financial Position

Equity shareholders' funds were £1,322,000 as at 30 June 2020 (£1,365,000 at 31 December 2019), with net current liabilities of £254,000 (net current liabilities £219,000 at 31 December 2019). Cash and cash equivalents at 30 June 2020 amounted to £399,000 (£432,000 at 31 December 2019, £258,000 at 30 June 2019).

Net cash inflow from operations was £629,000 driven primarily by improved trade debt collections with debtor days improving to 48 days (72 days – December 2019) (Net cash outflow from operations was £182,000 at 31 December 2019) and net cash outflow from financing activities amounted to £621,000 driven entirely by pay down of debt. (£21,000 inflow at 31 December 2019).

Outlook

These positive results - generated during a difficult period – evidence our relevance, resilience, and progression, and we look forward to updating the market on FY2020 trading as early as possible in 2021. I would like to thank my colleagues for their hard work, innovation and commitment, our clients for placing their continued trust in us, and of course our supportive shareholders.

Michael J. Brennan

Group Chief Executive Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six-month period ended 30 June 2020

	Note	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)	Year ended 31 December 2019 (audited)
		£000	£000	£000
Continuing operations				
Revenue		4,430	5,260	11,486
Cost of Sales		(1,109)	(1,738)	(3,879)
Gross profit / Net Fee Income		3,321	3,522	7,607
Operating expenses		(3,310)	(3,411)	(7,357)
EBITDA		11	111	250
Net finance cost, depreciation and amortisation		(63)	(95)	(166)
Profit / (Loss) on ordinary activities before income tax		(52)	16	84
Income tax expense		-	-	-
Profit / (Loss) for the period		(52)	16	84
Other comprehensive income		-	-	-
Total comprehensive Profit / (Loss)		(52)	16	84
Profit / (Loss) attributable to:				
Owners of the Company		(174)	13	22
Non-controlling interests		122	3	62
Profit / (Loss) for the period		(52)	16	84
Total comprehensive profit / (loss) attributable to:				
Owners of the Company		(174)	13	(763)
Non-controlling interests		122	3	22
Total comprehensive profit / (loss) for the period		(52)	16	(741)
Profit / (Loss) per share	4			
- Basic		(0.32p)	0.02p	0.04p
- Diluted		(0.32p)	0.02p	0.04p
Adjusted profit/ (loss) per share				
- Basic		(0.31p)	0.04p	0.06p
- Diluted		(0.31p)	0.04p	0.06p

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	As at 30 June 2020 (unaudited) £000	As at 30 June 2019 (unaudited) £000	As at 31 December 2019 (audited) £000
Non-current assets				
Intangible assets		1,363	1,363	1,363
Property, plant and equipment		77	127	87
Trade and other receivables		65	153	65
Deferred tax		69	69	69
Total non-current assets		<u>1,574</u>	<u>1,712</u>	<u>1,584</u>
Current assets				
Trade and other receivables		1,602	2,732	2,948
Cash and cash equivalents		399	258	432
Total current assets		<u>2,001</u>	<u>2,990</u>	<u>3,380</u>
Total assets		<u>3,575</u>	<u>4,702</u>	<u>4,964</u>
Current Liabilities				
Trade and other payables		(1,710)	(1,959)	(2,315)
Provisions	5	(95)	(240)	(215)
Loan Note		1	(233)	(119)
Bank overdraft and interest-bearing loans		(449)	(976)	(950)
Total current liabilities		<u>(2,253)</u>	<u>(3,408)</u>	<u>(3,599)</u>
Net current assets / (liabilities)		<u>(254)</u>	<u>(418)</u>	<u>(219)</u>
Total liabilities		<u>(2,253)</u>	<u>(3,408)</u>	<u>(3,599)</u>
Total assets less total liabilities		<u>1,322</u>	<u>1,294</u>	<u>1,365</u>
Equity				
Issued share capital		6,266	6,266	6,266
Share premium account		13,706	13,706	13,706
Retained earnings		(18,797)	(18,644)	(18,632)
Equity attributable to owners of the Company		<u>1,175</u>	<u>1,328</u>	<u>1,340</u>
Non-controlling interests		147	(34)	(25)
Total equity		<u>1,322</u>	<u>1,294</u>	<u>1,365</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six-month period ended 30 June 2020

Attributable to owners of the Company

CONSOLIDATED GROUP

	Share Capital	Share Premium	Retained Earnings	Total Equity	Non-controlling interests	Total Equity
	£000	£000	£000	£000	£000	£000
Balance at 1 January 2019	6,266	13,706	(18,667)	1,305	(37)	1,268
Profit for the period	-	-	13	13	3	16
Adjustment for discontinued operation	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	13	13	3	16
Transactions with owners of the Company, recognised directly in equity:						
Issue of ordinary shares	-	-	-	-	-	-
Credit to equity for share based payments	-	-	10	10	-	10
Total transactions with owners of the Company, recognised directly in equity	-	-	-	-	-	-
Balance at 30 June 2019	6,266	13,706	(18,644)	1,328	(34)	1,294
Balance at 1 July 2019	6,266	13,706	(18,644)	1,328	(34)	1,294
Loss for the period	-	-	9	9	59	68
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	9	9	59	68
Transactions with owners of the Company recognised directly in equity:						
Issue of ordinary shares	-	-	-	-	-	-
Credit to equity for share based payments	-	-	3	3	-	3
Total transactions with owners of the Company, recognised directly in equity	-	-	3	3	-	3
Changes in ownership interest in subsidiaries	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-
Balance at 31 December 2019	6,266	13,706	(18,632)	1,340	25	1,365
Balance at 1 January 2020	6,266	13,706	(18,632)	1,340	25	1,365
Profit / (Loss) for the period	-	-	(172)	(172)	122	(50)
Total other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(172)	(172)	122	(48)
Transactions with owners of the Company, recognised directly in equity:						
Credit to equity for share based payments	-	-	7	7	-	7
Balance at 30 June 2020	6,266	13,706	(18,797)	1,175	147	1,315

CONSOLIDATED STATEMENT OF CASH FLOW
For the six-month period ended 30 June 2020

	Notes	Six months ended 30 June 2020 (unaudited) £000	Six months ended 30 June 2019 (unaudited) £000	Year ended 31 December 2019 (audited) £000
Net cash generated / (used) in operating activities	(i)	629	(528)	(182)
Cash flows from investing activities and servicing of finance				
Net finance cost		(16)	(39)	(61)
Payments to acquire tangible fixed assets		(27)	(20)	(30)
Net cash used in investing activities		(43)	(59)	(91)
Cash flows from financing activities				
Repayment of borrowings		(120)	(39)	(153)
Net cash inflows from equity placing		-	-	-
Increase / (decrease) in invoice discounting		(501)	200	174
Net cash from financing activities		(621)	161	21
Net (decrease)/increase in cash and cash equivalents		(35)	(426)	(252)
Net cash and cash equivalents at beginning of period		432	684	684
Effects of exchange rate changes on cash balances held in foreign currencies		-	-	-
Net cash and cash equivalents at end of period		397	258	432
Analysis of net funds				
Cash and cash equivalents		399	258	432
Borrowings due within one year		(448)	(1,209)	(1,069)
Net funds		(49)	(951)	(637)
Note (i)				
Reconciliation of operating profit to net cash from operating activities				
		Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)	Year ended 31 December 2019 (audited)
Operating profit / (loss) from continued operations		(36)	55	145
Depreciation/ impairment of property, plant and equipment		37	46	93
Share based payment charge		7	10	13
(Increase)/decrease in trade and other receivables		1346	(573)	(703)
Increase/(decrease) in trade and other payables		(605)	(66)	290
Increase/(decrease) in Provisions		(120)	-	(25)
Net cash generated / (used) in operating activities		629	(528)	(182)

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2019, prepared under International Financial Reporting Standards (IFRS), have been filed with the Registrar of Companies. The auditor's report on those statements was unqualified.

The interim financial information for the six months ended 30 June 2020, has been prepared in accordance with the AIM Rules for Companies. The Group has not elected to apply IAS 34 'Interim Financial Reporting'. The principal accounting policies used in preparing the interim results are those the Group expects to apply in its financial statements for the year ending 31 December 2020 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2019. The interim financial statements have not been audited.

1.2 Basis of consolidation and business combinations

Group financial statements consolidate those of the Company and of the following subsidiary undertakings:

Principal Group investments:

	Country of incorporation or registration and operation	Principal activities	Description and proportion of shares held by the Company
Norman Broadbent Executive Search Ltd	England and Wales	Executive Search	100 per cent ordinary shares
Norman Broadbent Overseas Ltd	England and Wales	Executive Search	100 per cent ordinary shares
Norman Broadbent Leadership Consulting Ltd	England and Wales	Assessment, coaching and Talent Mgmt.	100 per cent ordinary shares
Norman Broadbent Solutions Ltd	England and Wales	Mezzanine Level Search	100 per cent ordinary shares
Norman Broadbent Interim Management Ltd	England and Wales	Interim Management	75 per cent ordinary shares
Norman Broadbent (Ireland) Ltd *	Republic of Ireland	Dormant	100 per cent ordinary shares
Bancomm Ltd	England and Wales	Dormant	100 per cent ordinary shares

* 100 per cent of the issued share capital of this company is owned by Norman Broadbent Overseas Ltd.

2. COPIES OF THE UNAUDITED INTERIM REPORT

Copies of this report are available on request from the Company's registered office at Millbank Tower, 21-24 Millbank, London SW1P 4QP and are also available on the Company's website at www.normanbroadbent.com.

3. SEGMENTAL ANALYSIS

Management has determined the operating segments based on the reports reviewed regularly by the Board for use in deciding how to allocate resources and in assessing performance. The Board considers Group operations from both a class of business and geographic perspective.

Each class of business derives its revenues from the supply of a particular recruitment related service, from retained executive search through to executive assessment and coaching. Business segment results are reviewed primarily to operating profit level, which includes employee costs, marketing, office and accommodation costs and appropriate recharges for management time.

Group revenues are primarily driven from UK operations, however when revenue is derived from overseas business the results are presented to the Board by geographic region to identify potential areas for growth or those posing potential risks to the Group.

i) Class of Business:

The analysis by class of business of the Group's turnover and profit before taxation is set out below:

Six months ended 30 June 2020	BUSINESS SEGMENTS					Total £000
	NBES £000	NBLC £000	NBS £000	NBIM £000	Un allocate d £000	
Revenue	833	89	1,096	2,412	-	4,430
Cost of sales	(9)	(14)	-	(1,086)	-	(1,109)
Gross profit / Net Fee Income	824	75	1,096	1,326	-	3,321
Operating expenses	(1,132)	(284)	(1,111)	(836)	43	(3,320)
Other operating income	-	-	-	-	-	-
Finance costs	(2)	-	(4)	(3)	(7)	(16)
Depreciation and amort.	(35)	-	(1)	(1)	-	(37)
Profit/(Loss) before tax	(345)	(209)	(20)	486	36	(52)

Six months ended 30 June 2019	BUSINESS SEGMENTS					Total £000
	NBES £000	NBLC £000	NBS £000	NBIM £000	Un allocate d £000	
Revenue	1,617	130	901	2,611	-	5,259
Cost of sales	(5)	(22)	-	(1,711)	-	(1,738)
Gross profit / Net Fee Income	1,612	108	901	900	-	3,521
Operating expenses	(1,631)	(136)	(640)	(879)	(134)	(3,420)
Other operating income	-	-	-	-	-	-
Finance costs	(8)	(3)	(2)	(7)	(20)	(39)
Depreciation and amort.	(44)	-	(1)	(1)	-	(46)
Profit/(Loss) before tax	(71)	(30)	258	13	(154)	16

Year ended 31 December 2019	BUSINESS SEGMENTS					Total £000
	NBES £000	NBLC £000	NBS £000	NBIM £000	Un allocate d £000	
Revenue	3,335	278	1,830	6,043	-	11,486
Cost of sales	(9)	(62)	-	(3,808)	-	(3,879)
Gross profit / Net Fee Income	3,326	216	1,830	2,235	-	7,607
Operating expenses	(3,502)	(286)	(1,618)	(1,971)	8	(7,369)
Other operating income	-	-	-	-	-	-
Finance costs	(89)	-	(2)	(2)	(20)	(93)
Depreciation and amort.	(15)	(6)	(6)	(14)	-	(61)
Profit/(Loss) before tax	(280)	(76)	204	248	(12)	84

ii) Revenue and gross profit by geography:

	Revenue £'000			Gross Profit £'000		
	Six Months Ended		Year Ended	Six Months Ended		Year Ended
	30 June 2020	30 June 2019	31 Dec 2019	30 June 2020	30 June 2019	31 Dec 2019
United Kingdom	3,958	4,902	10,804	2,849	3,165	6,925

Rest of the World	472	357	682	472	356	682
Total	4,430	5,259	11,486	3,321	3,521	7,607

4. EARNINGS PER ORDINARY SHARE

i) Basic earnings per share:

This is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)	Year ended 31 December 2019 (audited)
Profit / (loss) attributable to shareholders	(170,000)	13,000	22,000
Weighted average number of ordinary shares	53,885,570	53,885,570	53,885,570

ii) Diluted earnings per share:

This is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has issued share options which are potentially dilutive. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)	Year ended 31 December 2019 (audited)
Profit / (loss) attributable to shareholders	(170,000)	13,000	22,000
Weighted average no. of ordinary shares	53,885,570	53,885,570	53,885,570
- assumed conversion of share options	-	-	-
Weighted average number of ordinary shares for diluted earnings per share	53,885,570	53,885,570	53,885,570

iii) Adjusted earnings per share

Adjusted earnings per share has also been calculated in addition to the basic and diluted earnings per share and is based on earnings adjusted to eliminate charges for share based payments. It has been calculated to allow shareholders to gain a clearer understanding of the trading performance of the Group.

	Six months ended 30 June 2020			Six months ended 30 June 2019			Year ended 31 December 2019		
	£000	Basic pence per share	Diluted pence per share	£000	Basic pence per share	Diluted pence per share	£000	Basic pence per share	Diluted pence per share
Basic earnings (Loss)/Profit after tax	(174)	(0.32)	(0.32)	13	0.02	0.03	22	0.04	0.04
Adjustment Share based payment charge	7	0.01	0.01	10	0.02	0.02	13	0.02	0.02
Adjusted earnings	(167)	(0.31)	(0.31)	23	0.04	0.05	35	0.06	0.06

5. PROVISIONS

	Six months ended 30 June 2020 £000	Six months ended 30 June 2019 £000	Year ended 31 December 2019 £000
Balance at beginning of period	240	240	240
Provisions made during the period	(145)	-	-
Provisions utilised during the year	-	-	(25)
Balance at end of period	95	240	215
Non-Current	-	-	-
Current	95	240	215
	95	240	215

6. RELATED PARTY TRANSACTIONS

i) Purchase of services:

	Six months ended 30 June 2020 £000	Six months ended 30 June 2019 £000	Year ended 31 December 2019 £000
Brian Stephens & Company Limited	8	12	20
Total	8	12	20

Brian Stephens & Company Limited invoiced the Group for the directors' fees and corporate finance services of B Stephens (£8,000), B Stephens is a director of Brian Stephens & Company Limited.

All related party expenditure took place via "arms-length" transactions.

ii) Period-end payables arising from the purchases of services:

	Six months ended 30 June 2020 £000	Six months ended 30 June 2019 £000	Year ended 31 December 2019 £000
Brian Stephens & Company Limited	1	2	-
Total	1	2	-

The payables to related parties arise from purchase transactions and are due one month after date of purchase. The payables bear no interest.