

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

Norman Broadbent plc (AIM: NBB), a leading London quoted Executive Search and Interim Management firm offering a diversified portfolio of integrated Leadership Acquisition & Advisory Services, is pleased to announce its unaudited interim results for the six months ended 30 June 2022 ("H1 2022").

Highlights

- Revenue up 28% to £3.96m (H1 2021: £3.10m)
- Net Fee Income ("NFI") up 20% to £3.30m (H1 2021: £2.75m) driven mainly by growth in Executive Search
- Positive EBITDA of £55k with considerable forward momentum
- Days Sales Outstanding ("DSO") reduced to 45 days at 30 June 2022 (31 December 2021: 66 days)
- 50% growth in the number of fee earners since the start of 2022 with four further key hires made already in H2 2022
- Established on a number of Preferred Supplier Lists ("PSLs") with substantial international blue-chip clients
- Expansion into Scotland with the hiring of seasoned executive search and interim management professionals and the upcoming opening of a new office in Aberdeen

Kevin Davidson, Norman Broadbent plc CEO, said: *"I am delighted with H1 2022's performance and our forward momentum, generating EBITDA whilst also growing headcount significantly with very high calibre individuals in key markets. Despite the challenging economic back-drop, I remain confident in the shape and position the business is now in to deliver sustainable and accelerated growth in both NFI and EBITDA in H2 2022 and beyond."*

For further information, please contact:

Norman Broadbent plc 020 7484 0000

Peter Searle, Chairman

Kevin Davidson, CEO

Steve Smith, CFO/COO

Shore Capital (Nominated Adviser and Broker) 020 7408 4090

Tom Griffiths / Tom Knibbs (Corporate Advisory)

Henry Willcocks (Corporate Broking)

CEO's Statement

NBB has delivered considerable growth in headcount, capability and capacity in H1 2022 whilst also generating positive EBITDA of £55,000 and a significant reduction in DSO to 45 days as at 30 June 2022. With NFI up 20% over H1 2021, and new hires establishing themselves quickly, the Company is carrying some very positive momentum into H2 2022. Continuing to build on this, the business has already secured an additional four fee earners to start in H2 2022 with more in the pipeline. The £400,000 Convertible Loan Note secured in May 2022 via two of the Company's significant shareholders was to support this rapid headcount growth and the Company is delighted that to date all new appointments have delivered revenue earlier than forecast.

The hires already secured for H2 2022 will bolster and expand the Company's position in Retail & Consumer, Finance, HR and Legal across executive search and senior interim management. The Company is also continuing to focus on growth across its other core sectors and functions, including Industrial, Retail & Consumer, Financial Services, Digital & Tech, Financial Officers and Change & Transformation. It is also expanding its Research & Insights team proportionately and has brought in a seasoned Marketing leader to better drive brand penetration and elevation across all markets. A new contemporary website will be launched within the coming weeks, including an exciting brand refresh.

In H1 2022, NBB placed leaders across the UK and Europe, the US and the Middle East and has also secured mandates in Africa and AsiaPac early in H2 2022. The Company has established itself on a number of PSLs with substantial blue-chip clients operating internationally, specifically in the Natural Resources and burgeoning Energy sectors. NBB has a considerable track record across these value chains from nuclear and conventional hydrocarbon through the energy transition to renewables of all descriptions, including wind,

solar, carbon capture and storage and the emerging hydrogen economy. Working with asset owners, developers, constructors, equipment and service providers, technology innovators and investors, the Company is well placed to capitalise on the continued and forecast buoyancy of these sectors.

NBB's growing Retail & Consumer practice is also well positioned with particular strength and brand recognition across procurement and supply chain leadership where there is considerable focus across the industry and supporting investment. The Company has also secured a position on a number of significant PSLs in this sector and is leveraging its deep functional expertise to support a broad range of executive search and interim leadership requirements across the market.

Outlook

The previously announced regional growth in Scotland is progressing well with a team leader appointed and an established team of seven seasoned executive search and interim management professionals hired. The team will be moving shortly into well-located offices in Aberdeen which have been secured on excellent terms. A physical Edinburgh office is expected to be established by the end of Q1 2023. Adding to the Company's existing locations in London and Knutsford, these will provide excellent national coverage in major decision making and HQ hubs.

As the Company continues to re-establish its position as the pre-eminent force in executive search and senior interim management across the UK and internationally, the Board continues to monitor carefully the evolving macro-economic climate. The Board believes that the Company is currently very well positioned in stable and growing markets, notably across Industrials and, in particular, Energy, Power, Chemicals, Transport & Infrastructure, including Civil Aviation. All of these sectors continue to attract significant capital investment whilst also experiencing extreme imbalances in the supply of, and demand for, senior leadership talent. The Company is also effectively leveraging its functional expertise across these markets, particularly in Digital & Tech, Finance and Change & Transformation.

NBB is looking to the future with confidence. There are clearly macro-economic headwinds which we are monitoring carefully, but with a heavy bias towards growing and counter-cyclical sectors, a refreshed culture, an absolute focus on quality and the ongoing attraction of exceptionally talented and dedicated colleagues, the Board is confident that the Company can continue to grow whilst also delivering positive EBITDA.

Kevin Davidson
Chief Executive
 16 August 2022

Summarised Financial Results:

The table below summarises the financial results for the Group:

| | Six months to 30 June 2022 £000's (unaudited) | Six months to 30 June 2021 £000's (unaudited) | Year ended 31 Dec 2021 £000's (audited) |
|--|--|---|---|
| Revenue | 3,936 | 3,095 | 6,549 |
| Cost of sales | (640) | (348) | (690) |
| Gross profit (Net Fee Income) | 3,296 | 2,747 | 5,859 |
| Operating expenses | (3,241) | (2,741) | (5,854) |
| Adjusted EBITDA (pre-restructuring costs) | 55 | 6 | 5 |
| Restructuring costs | - | - | (308) |
| EBITDA | 55 | 6 | (303) |
| Depreciation and amortisation | (104) | (143) | (229) |
| Group Operating Loss before tax | (49) | (137) | (532) |
| Net finance cost | (23) | (6) | (41) |
| Loss before tax | (72) | (143) | (573) |
| Income tax expense | - | - | (69) |
| Loss after tax | (72) | (143) | (642) |

Financial Position

Equity shareholders' funds were £764,000 as at 30 June 2022 (£836,000 as at 31 December 2021, £963,000 as at 30 June 2021), with net current liabilities of £646,000 (net current liabilities £505,000 at 31 December 2021, £672,000 at 30 June 2021). Cash and cash equivalents at 30 June 2022 amounted to £64,000 (£459,000 at 31 December 2021, £83,000 at 30 June 2021).

Net cash outflow from operations was £495,000 (Net cash inflow from operations was £446,000 at 31 December 2021) and net cash outflow from financing activities amounted to £173,000. (£607,000 inflow at 31 December 2021).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June 2022

| | Note | Six months ended 30 June 2022 (unaudited) | Six months ended 30 June 2021 (unaudited) | Year ended 31 December 2021 (audited) |
|--|------|--|--|--|
| | | £000 | £000 | £000 |
| Revenue | 2 | 3,936 | 3,095 | 6,549 |
| Cost of Sales | | (640) | (348) | (690) |
| Gross profit (Net Fee Income) | | 3,296 | 2,747 | 5,859 |
| Operating expenses | | (3,345) | (2,884) | (6,391) |
| Operating loss from continued operations | | (49) | (137) | (532) |
| Net finance cost | | (23) | (6) | (41) |
| Loss on ordinary activities before income tax | | (72) | (143) | (573) |
| Income tax expense | | - | - | (69) |
| Total comprehensive loss for the period | | (72) | (143) | (642) |
| Loss per share | 3 | | | |
| - Basic | | (0.12p) | (0.26p) | (1.14p) |
| - Diluted | | (0.12p) | (0.26p) | (1.14p) |
| Adjusted loss per share | | | | |
| - Basic | | (0.12p) | (0.26p) | (1.14p) |
| - Diluted | | (0.12p) | (0.26p) | (1.14p) |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2022

| | Note | As at 30 June 2022 (unaudited) £000 | As at 30 June 2021 (unaudited) £000 | As at 31 December 2021 (audited) £000 |
|---|------|---|---|---|
| Non-current assets | | | | |
| Intangible assets | | 1,363 | 1,363 | 1,363 |
| Property, plant and equipment | | 472 | 179 | 526 |
| Trade and other receivables | | - | 254 | - |
| Deferred tax | | - | 69 | - |
| Total non-current assets | | 1,835 | 1,865 | 1,889 |
| Current assets | | | | |
| Trade and other receivables | | 1,998 | 1,200 | 1,915 |
| Cash and cash equivalents | | 64 | 83 | 459 |
| Total current assets | | 2,062 | 1,283 | 2,374 |
| Total assets | | 3,897 | 3,148 | 4,263 |
| Current Liabilities | | | | |
| Trade and other payables | | 1,260 | 1,369 | 1,727 |
| Bank Loans and Loan Note | 4 | 445 | 20 | - |
| Bank overdraft and interest bearing loans | 4 | 811 | 461 | 952 |
| Lease liabilities | | 192 | 105 | 200 |

| | | | | |
|--|---|-----------------|--------------|--------------|
| Total current liabilities | | <u>2,708</u> | <u>1,955</u> | <u>2,879</u> |
| Non Current Liabilities | | | | |
| Lease liabilities | | 242 | - | 298 |
| Bank Loan | 4 | 183 | 230 | 250 |
| Total Non Current Liabilities | | <u>425</u> | <u>230</u> | <u>548</u> |
| Net current liabilities | | (646) | (672) | (505) |
| Total liabilities | | <u>3,133</u> | <u>2,185</u> | <u>3,427</u> |
| Total assets less total liabilities | | <u>764</u> | <u>963</u> | <u>836</u> |
| Equity | | | | |
| Issued share capital | | 6,334 | 6,279 | 6,334 |
| Share premium account | | 14,080 | 13,763 | 14,080 |
| Retained earnings | | (19,650) | (19,079) | (19,578) |
| Total equity | | <u>764</u> | <u>963</u> | <u>836</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2022

Attributable to owners of the Company

CONSOLIDATED GROUP

| | Share Capital | Share Premium | Retained Earnings | Total Equity |
|---|---------------|---------------|-------------------|--------------|
| | £000 | £000 | £000 | £000 |
| Balance at 1 January 2021 | 6,279 | 13,763 | (18,936) | 1,106 |
| Loss for the period | - | - | (143) | (143) |
| Total comprehensive loss for the period | - | - | (143) | (143) |
| Balance at 30 June 2021 | 6,279 | 13,763 | (19,079) | 963 |
| Balance at 1 July 2021 | 6,279 | 13,763 | (19,079) | 963 |
| Loss for the period | - | - | (499) | (499) |
| Total other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | - | (499) | (499) |
| Transactions with owners of the Company recognised directly in equity: | | | | |
| Issue of ordinary shares | 55 | 317 | - | 372 |
| Credit to equity for share based payments | - | - | - | - |
| Total transactions with owners of the Company, recognised directly in equity | 55 | 317 | - | 372 |
| Changes in ownership interest in subsidiaries | - | - | - | - |
| Total transactions with owners of the Company | 55 | 317 | (499) | (127) |
| Balance at 31 December 2021 | 6,334 | 14,080 | (19,578) | 836 |
| Balance at 1 January 2022 | 6,334 | 14,080 | (19,578) | 836 |
| Loss for the period | - | - | (72) | (72) |
| Total other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | - | (72) | (72) |
| Transactions with owners of the Company, recognised directly in equity: | | | | |
| Credit to equity for share based payments | - | - | - | - |
| Balance at 30 June 2022 | 6,334 | 14,080 | (19,650) | 764 |

CONSOLIDATED STATEMENT OF CASH FLOW
For the six month period ended 30 June 2022

| | Note | Six months ended 30 June 2022 (unaudited) £000 | Six months ended 30 June 2021 (unaudited) £000 | Year ended 31 December 2021 (audited) £000 |
|---|------|--|--|--|
| Net cash used in operating activities | (i) | (495) | (34) | (446) |
| Cash flows from investing activities and servicing of finance | | | | |
| Net finance cost | | (23) | (6) | (14) |
| Payments to acquire tangible fixed assets | | (50) | (21) | (55) |
| Net cash used in investing activities | | (73) | (27) | (69) |
| Cash flows from financing activities | | | | |
| Repayment of borrowings | | (22) | - | - |
| Proceeds from issue of capital | | - | - | 372 |
| Increase / (decrease) in invoice discounting | | (141) | (116) | 375 |
| New Loans received | | 400 | - | - |
| Payment of finance lease liabilities | | (64) | (107) | (140) |
| Net cash from financing activities | | 173 | (223) | 607 |
| Net (decrease)/ increase in cash and cash equivalents | | (395) | (284) | 92 |
| Net cash and cash equivalents at beginning of period | | 459 | 367 | 367 |
| Effects of exchange rate changes on cash balances held in foreign currencies | | - | - | - |
| Net cash and cash equivalents at end of period | | 64 | 83 | 459 |
| Analysis of net funds | | | | |
| Cash and cash equivalents | | 64 | 83 | 459 |
| Borrowings due within one year | | (1,256) | (461) | (952) |
| Borrowings due within more than one year | | (183) | (250) | (250) |
| Net debt | | (1,375) | (628) | (743) |
| Note (i) | | | | |
| Reconciliation of operating profit to net cash from operating activities | | Six months ended 30 June 2022 (unaudited) | Six months ended 30 June 2021 (unaudited) | Year ended 31 December 2021 (audited) |
| Operating loss from continued operations | | (49) | (137) | (532) |
| Depreciation/amortisation of property, plant and equipment | | 104 | 143 | 227 |
| Fixed Asset Write Off | | - | - | - |
| (Increase)/decrease in trade and other receivables | | (83) | 238 | (223) |
| Increase/(decrease) in trade and other payables | | (467) | (278) | 82 |
| Net cash used in operating activities | | (495) | (34) | (446) |

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 2021, 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 2022, 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 2022 and are unchanged from those disclosed in the Group's Annual Report for the year ended 31 December 2021. 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 | Dormant | 100 per cent ordinary shares |
| Norman Broadbent Leadership Consulting Ltd | England and Wales | Dormant | 100 per cent ordinary shares |
| Norman Broadbent Solutions Ltd | England and Wales | Dormant | 100 per cent ordinary shares |
| Norman Broadbent Interim Management Ltd | England and Wales | Dormant | 100 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. SEGMENTAL ANALYSIS

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) Revenue and gross profit by geography:

| | Revenue £'000 | | | Gross Profit £'000 | | |
|-------------------|--------------------------|--------------------------|-----------------------|--------------------------|--------------------------|-----------------------|
| | Six Months Ended | | Year Ended | Six Months Ended | | Year Ended |
| | 30 June 2022 (unaudited) | 30 June 2021 (unaudited) | 31 Dec 2021 (audited) | 30 June 2022 (unaudited) | 30 June 2021 (unaudited) | 31 Dec 2021 (audited) |
| United Kingdom | 3,159 | 2,627 | 5,717 | 2,519 | 2,279 | 5,027 |
| Rest of the World | 777 | 468 | 832 | 777 | 468 | 832 |
| Total | 3,936 | 3,095 | 6,549 | 3,296 | 2,747 | 5,859 |

3. LOSS PER ORDINARY SHARE

i) Basic loss 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 2022 (unaudited) | Six months ended 30 June 2021 (unaudited) | Year ended 31 December 2021 (audited) |
|--|--|--|--|
| Loss attributable to shareholders (£) | (72,000) | (143,000) | (642,000) |
| Weighted average number of ordinary shares | 60,740,575 | 55,218,903 | 56,487,344 |

ii) **Diluted loss 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 2022 (unaudited) | Six months ended 30 June 2021 (unaudited) | Year ended 31 December 2020 (audited) |
|---|--|--|--|
| Loss attributable to shareholders (£) | (72,000) | (143,000) | (642,000) |
| Weighted average no. of ordinary shares | 60,740,757 | 55,218,903 | 56,847,344 |
| Weighted average number of ordinary shares for diluted earnings per share | 60,740,757 | 55,218,903 | 56,847,344 |

iii) **Adjusted loss per share**

Adjusted loss per share has also been calculated in addition to the basic and diluted loss per share and is based on losses 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 2022 | | | Six months ended 30 June 2021 | | | Year ended 31 December 2021 | | |
|-------------------------------|----------------------------------|-----------------------------|-------------------------------|----------------------------------|--------------------------------|-------------------------------|-----------------------------|-----------------------------|-------------------------------|
| | £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 after tax | (72) | (0.12) | (0.12) | (143) | (0.26) | (0.26) | (642) | (1.14) | (1.14) |
| Adjustment | | | | | | | | | |
| Share based payment charge | - | - | - | - | - | - | - | - | - |
| Adjusted earnings | (72) | (0.12) | (0.12) | (143) | (0.26) | (0.26) | (642) | (1.14) | (1.14) |

4. BORROWINGS

| | Six months ended 30 June 2022 (unaudited) £000 | Six months ended 30 June 2021 (unaudited) £000 | Year ended 31 December 2020 (audited) £000 |
|---|---|--|--|
| Convertible loan note (see note a below) | 400 | - | - |
| Invoice discounting facility (see note b below) | 811 | 461 | 952 |
| Bank Loans (see note c below) | 228 | 250 | 250 |
| Total | 1,439 | 711 | 1,202 |

(a) Convertible Loan Note

In May 2022 the Company received an additional investment of £400,000 by way of the issue and subscription of Convertible Loan Notes ("Loan Notes").

Under the terms of a Secured Convertible Loan Note Instrument, Downing Strategic Micro-Cap Investment Trust PLC and Moulton Goodies Limited, each agreed to subscribe for £200,000 of secured Loan Notes which were issued on 20th May 2022.

Principal key terms of the Loan Note

The investment comprised the subscription of 400,000 Loan Notes each having a nominal value of £1, being in aggregate £400,000, for a period of 2 years, which can be extended at the agreement of all parties.

The Company pays interest on the principal amount of the Loan Notes which has not been repaid or converted as follows:

1. For the period up to and including the first anniversary date (20th May 2023) at a rate of 10% per annum;
2. For the period from the first anniversary date to the date of maturity (20th May 2023 - 20th May 2024) at a rate of 12.5% per annum;
3. For any period beyond the maturity date at a rate of 30% per annum.

The Company can redeem the Loan Notes at any time, subject to a redemption fee of 2.5% in the first year and 10% thereafter. The Loan Notes are only convertible after the first anniversary date at the Loan Note holders' sole option, and a maximum of 50% of the principal amount of Loan Notes outstanding plus any compounded interest unpaid can be converted to equity at a conversion value of 7 pence per Ordinary Share.

Related Party Transaction

Downing Strategic Micro-Cap Investment Trust PLC and Moulton Goodies Limited are both substantial shareholders of the Company and therefore are classified as related parties under the AIM Rules for Companies. The directors of the Company having consulted with the Company's nominated adviser, considered that the terms of the Loan Notes were fair and reasonable insofar as the Company's shareholders are concerned.

(b) Invoice discounting facility

In February 2021, the Company opened a new invoice discounting facility with Metro Bank. The Company's previous facility was with Bibby Financial Services Limited. All Group invoices are raised through Norman Broadbent Executive Search Ltd from the start of 2021 and, as such, Metro Bank (SME Invoice Finance Ltd) holds an all asset debenture for Norman Broadbent plc and Norman Broadbent Executive Search Ltd. Funds are available to be drawn down at an advance rate of 88% against trade receivables of Norman Broadbent Executive Search Ltd that are aged less than 120 days with the facility capped at £1,500,000. Interest is charged on the draw down funds at a rate of 2.4% above the Metro Bank UK's base rate.

(c) Bank Loans

In November 2020, the Group received a CBILS loan of £250,000 for a term of 6 years. Repayment of capital and interest began in January 2022, and from that month the loan incurs interest at 4.75% above the Metro Bank UK's base rate. Metro Bank holds an all asset fixed and floating charge over Norman Broadbent Executive Search Ltd linked to this facility.

5. 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.