

21 September 2022

Warpaint London PLC

("Warpaint", the "Company" or the "Group")

Interim Results for the six months ended 30 June 2022

Record first half sales and significantly improved gross margin

Warpaint London plc (AIM: W7L), the specialist supplier of colour cosmetics and owner of the W7 and Technic brands is pleased to announce its unaudited interim results for the six months ended 30 June 2022.

Financial Highlights

- Strong growth in sales during the period to reach a record first half level for the Group, reflecting the focus on growing sales of the Group's branded products
- Group sales increased by 37% to £25.2 million in H1 2022 (H1 2021: £18.4 million)
 - UK revenue increased by 17% to £10.4 million (H1 2021: £8.9 million)
 - International revenue increased by 55% to £14.8 million (H1 2021: £9.5 million)
- Gross profit margin increased to 39.0% (H1 2021: 34.5%), despite continued supply side price inflation and higher than historic freight costs
- Adjusted EBITDA of £4.4* million (H1 2021: £2.1* million)
- Adjusted profit from operations of £4.8** million (H1 2021: £1.6** million)
- Statutory profit from operations of £3.5 million (H1 2021: £0.3 million)
- Cash of £4.3 million as at 30 June 2022 (30 June 2021: £6.7 million)
- The board has declared an increased interim dividend of 2.6p per share (2021 interim dividend 2.5p per share)
- Consistent with previous years, the Group's financial performance is expected to be second half weighted

* Adjusted for foreign exchange movements, share based payments and exceptional items.

** Adjusted for exceptional costs of which there were £0.1 million in the period (H1 2021: £0.005 million), £1.1 million of amortisation of intangible assets (H1 2021: £1.2 million) and share based payments of £0.1 million (H1 2021: £0.1 million). Adjusted numbers are close to the underlying cash flow performance of the business which is regularly monitored and measured by management.

Operational Highlights

- Successful launch in Boots of 45 W7 products in an initial 80 stores in February 2022
- Six new accounts opened in the US, including CVS, where a significant Christmas 2022 order has also been received
- Online sales continue to accelerate in the UK and the US, with an increase of 44% in e-commerce sales in H1 2022 compared to H1 2021

Post-Period End Highlights

- Continued positive business momentum post period end, with unaudited Group sales for the eight months to 31 August 2022 of £37.5 million (8 months to 31 August 2021: £27.1 million)
- Revenue and adjusted PBT guidance for the full year increased on 8 September 2022, reflecting this continued strong trading momentum across the business. Adjusted profit before tax (adjusted for exceptional costs, amortisation of intangible assets and share based payments) is expected to be in excess of £9 million, on anticipated sales of at least £61 million, for the year ending 31 December 2022
- The Group's expansion strategy continues with planned launches in H2 2022 and 2023 with new major retailers and the expansion of the range of products stocked with certain existing customers, particularly in the UK and the US
- Launch of an initial range of 96 W7 products in 280 H-E-B stores, a Texas, US, based supermarket group, from October 2022
- Launch of a range of 60 W7 cosmetic products in 190 CVS stores, in the US, from January 2023
- To provide some assistance with increased living costs and to recognise exceptional efforts in a record period for the Group, all of the Group's 122 employees (which excludes the board members) are being awarded a payment of £1,000 over and above their normal remuneration in October 2022

Commenting, Sam Bazini Chief Executive, said:

"I am pleased that following the return of the Group to growth in 2021 this trend has continued in the first half of 2022. We have grown sales in the UK, continental Europe and elsewhere internationally in the period, all at an improved margin, despite supply side inflationary and other cost pressures.

"We have been, and continue to be, successful in both adding new retailers to our list of customers and expanding the number of products and outlets served with our existing major customers. I am confident that this can continue and we are working in partnership with a number of our larger existing retailers, both in the UK and internationally, to grow sales further. We are also in active discussions with additional major retailers.

"We are well capitalised with a healthy balance sheet and have significant opportunities for further growth, both already planned with customers and additional ones in discussion. I am confident that the Group will continue to perform well for the remainder of the year and beyond."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018

Investor Webinar

Warpaint's management will be hosting an online presentation and Q&A session at 5.30 p.m. BST today, Wednesday 21 September 2022. This session is open to all existing and prospective shareholders. Those who wish to attend should register via the link below and they will be provided with access details:

https://us02web.zoom.us/webinar/register/WN_B6FTpxwySlicNsb9e3l5Ww

Participants will have the opportunity to submit questions during the session, but questions are welcomed in advance and may be submitted to: warpaint@investor-focus.co.uk.

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Warpaint London plc

Warpaint sells branded cosmetics under the lead brand names of W7 and Technic. W7 is sold in the UK primarily to retailers and internationally to local distributors or retail chains. The Technic brand is sold in the UK and continental Europe with a significant focus on the gifting market, principally for high street retailers and supermarkets. In addition, Warpaint supplies own brand white label cosmetics produced for several major high street retailers. The Group also sells cosmetics using its other brand names of Man's stuff, Body Collection, Very Vegan, and Chit Chat.

CHIEF EXECUTIVE'S REVIEW

In the first half of 2022, the Group achieved a record level of sales, reflecting the success of the Group's strategy of focusing on growing sales of its branded product. This was achieved at a much improved gross margin, despite a number of continuing operational challenges being faced, particularly with regard to supply side price inflation, and freight availability and cost.

Our strategy of producing a wide range of high quality cosmetics at an affordable price remains our key focus, growing sales through our existing customers' outlets and winning new customers with significant sales footprints, both in the UK and internationally, together with continuing to grow our online sales. The global cosmetics market is increasingly seeing customers transferring to more value orientated brands, such as those produced by the Group, and I believe we are very well placed with our high quality focused offering to capture further market share. The Group is also in active discussions with new major retailers globally and with certain existing customers, particularly in the UK and the US, regarding expanding of the range of the Group's products stocked.

Following the rationalisation of our brand portfolio in 2020, removing from sale those small number of brands that were sub-scale and did not have a compelling market position, the Group has concentrated on its core W7, Technic, Body Collection, Man'sstuff and Chit Chat brands during the period, with profitable close-out opportunities being taken where appropriate. In H1 2022 sales of the Group's branded product accounted for 88% of revenue (H1 2021: 87%) with the remainder being close-out and a modest level of white label cosmetics for certain major high street retailers.

W7

The Group's lead brand remains W7, with sales in H1 2022 increasing by 38%, accounting for 57% of total Group revenue (H1 2021: 57%). In the UK, W7 revenues were up 5% in H1 2022 compared to H1 2021, and the strongest growth was seen in continental Europe, with sales increasing by 124% compared to H1 2021.

W7 sales in the UK represented 34% of W7 sales in the period, down from 45% in H1 2021, as stronger growth was experienced in regions outside of the UK. However, W7 sales in the UK continued to grow, assisted by increased sales into Tesco, together with a growth in sales from the Group's other larger customers in the UK. W7 sales in the UK also received a further boost with Boots starting to stock a range of approximately 45 W7 products in an initial 80 stores from February 2022. Sales to date from Boots have been encouraging and we anticipate growth in the presence with Boots in due course.

Technic

In the five years since the Company's acquisition of Retra Holdings Limited ("Retra") and its Technic, Body Collection and other brands in November 2017, the focus has been on growing the sales of all year-round cosmetics in addition to its strong and established Christmas gifting proposition. It was therefore pleasing to see sales of Technic and the other Retra brands, including Body Collection, grow by 37% in H1 2022.

In H1 2022, UK revenues from the Retra brands were up 42% on H1 2021, with strong growth also seen in continental Europe, with sales up 36%. Sales of the Retra brands in the US and the rest of the world remain small in the context of the Group as a whole, representing under 2% of Group revenues. Overall sales of the Retra brands were 31% of total Group revenue (H1 2021: 30%).

The Retra business also produces and sells own brand white label cosmetics for several major high street retailers, including Asda in the UK. These sales grew by 51% in H1 2022, but remain a small proportion of overall Group sales, being 1% of Group revenue (H1 2021: 1%).

Close-out

Close-out sales continue not to be a core focus for the Group, although advantage is taken of profitable close-out opportunities as they become available. The close-out division was a similar proportion of Group sales in the first half of 2022, compared to H1 2021, representing 11% of the overall revenue of the Group (H1 2021 12%). Whilst not a core focus, this side of the business continues to provide a significant and profitable source of intelligence in the colour cosmetics market and access to new market trends.

E-commerce

In addition to growing sales through the W7 and Technic brands' own bespoke e-commerce sites, the Group has continued to focus on growing sales of our brands in the UK and the US on Amazon, and in China through official W7 brand stores owned by the Group on Taobao Mall (Tmall), the most visited B2C online retail platform in China and Xiaohongshu (Red), one of China's foremost social media, fashion and luxury shopping platforms. Online sales grew in all regions in H1 2022 to reach £0.63 million (H1 2021: £0.44 million), an increase of 44%, at a similar operating margin to other Group sales. Online sales for the eight months to 31 August increased further, up by 59% to £0.90 million compared to the same period in 2021 (eight months to 31 August 2021 £0.57 million).

Customers & Geographies

The largest markets for sales of our Group brands are in the UK, continental Europe and Australia, with a growing presence in the US. In H1 2022 our top ten customers represented 66% of revenues (H1 2021: 55%). Group sales are now made in 46 countries.

UK

Group sales in the UK were up by 17% in H1 2022, with growth in sales of both our lead brand W7, up 5%, and the Retra brands, which increased by 42%.

The top ten UK Group customers accounted for 80% of UK sales in H1 2022 (H1 2021: 74%).

Europe

Prior to the onset of the Covid-19 pandemic, continental Europe was for some time an area of excellent growth for the Group. Following significantly reduced demand caused by country

wide lockdowns in 2020, the gradual opening up, but with some continuing lockdowns, boosted Group sales in Europe in H1 2021 by 28% compared to the same period in 2020. In H1 2022 we have seen further recovery, together with additional growth, particularly through increased sales to certain existing customers as the number of these customers stores served by the Group was expanded.

In H1 2022 continental European sales increased by 84%, making this the largest sales region for the Group, accounting for 48% of Group sales in H1 2022.

Sales for the Group's brands into Europe are mainly to France, Denmark, Spain and Sweden and during the period strong growth was seen particularly in sales to customers headquartered in Scandinavia.

US

Sales in the US in H1 2022 in US\$ terms were at the same level as H1 2021 at US\$1.7 million. In the US 88% of sales in H1 2022 (H1 2021 79%) were from the sale of the Group's brands. Additionally, we continue to focus on growing our US online sales via Amazon FBA.

The focus in the US is to increase the sales of the Group's brands as the emphasis on close-out in our business continues to reduce. Post period end we are pleased to have secured agreements to launch an initial range of 96 W7 products in 280 H-E-B stores, a Texas based supermarket group, from October 2022; and to launch a range of 60 W7 cosmetic products in 190 CVS stores, in the US, from January 2023.

Rest of the World

Sales in the rest of the world for the Group in the period reduced by 21%, primarily as a result of the timing of sales orders in Australia, which is a key country for Warpaint in the rest of the world region. The rest of the world region accounted for 6% of Group sales in H1 2022 (H1 2021: 10%) and the focus continues to be on Australia, China and other countries where profitable sales in appropriate volumes can be made.

Dividend

In accordance with the Group's policy to continue to pay appropriate dividends, the board is pleased to declare an increased interim dividend of 2.6p per share (2021 interim dividend 2.5p per share) which will be paid on 25 November 2022 to shareholders on the register at 11 November 2022. The shares will go ex-dividend on 10 November 2022.

People – Cost of Living Bonus

The board recognises that we are living in difficult times, with inflationary pressures causing significant increases in the cost of living. To provide some assistance with these increased living costs and to recognise the exceptional efforts in a record period for the Group, all of the Group's 122 employees (which excludes the board members) are being awarded a payment of £1,000 over and above their normal remuneration in October 2022.

Summary and Outlook

The Group has had a strong first half of 2022, with a record level of first half sales delivered. That these sales have been achieved at a significantly improved gross margin, despite supply side inflationary pressures is particularly pleasing. To date the Group has been largely able to mitigate supply side inflation with price rises where appropriate and we remain confident that margins can be maintained going forward.

We have seen good growth in the UK, significant expansion in continental Europe and have secured a number of relationships with significant retailers in the US. Warpaint is a global business with the capacity, expertise and strategy, coupled with balance sheet strength, to drive future growth from both our existing and new customers.

As in previous years, the Group's sales are expected to remain second half weighted, reflecting Christmas seasonal sales. As of 30 June 2022, the Group had an order book of £12.9 million (30 June 2021: £9.9 million), which will be delivered during H2 2022. This includes a significant increase in Christmas orders, in particular for Asda in the UK and for retailers in the US.

I anticipate updating further on our progress later in the year and with significant opportunities for further growth, both already secured and in discussion, I am confident that the Group will continue to perform well for the remainder of the year and beyond.

Sam Bazini
Chief Executive Officer
21 September 2022

CHIEF FINANCIAL OFFICER'S REVIEW

The first half of 2022 has seen the Group achieve results significantly ahead of the first half of 2021, with improved sales, gross margin and profit before tax. The Group continues its strategy of building the W7 and Technic brands in the UK and internationally, and we remain focused on margin, being debt free, and generating cash.

Headline results, shown below, represent the performance comparisons between the consolidated statements of income for the half years ended 30 June 2022 and 30 June 2021.

Revenue

Total revenue increased by 37% from £18.4 million in H1 2021 to £25.2 million in H1 2022.

Company branded sales were £22.1 million in the first half of the year (H1 2021: £16.1 million). Our W7 brand had sales in the first half of the year of £14.5 million (H1 2021: £10.5 million). Our Technic brand contributed sales of £7.6 million in the first half of the year (H1 2021: £5.5 million).

Our Retra subsidiary business had sales of retailer own brand white label cosmetics of £0.3 million in the first half of the year (H1 2021: £0.2 million). The white label business is traditionally cost competitive and Retra chooses which projects to undertake based on commercial viability, in particular margin.

The close-out business had sales in the first half of the year of £2.8 million (H1 2021: £2.1 million), nevertheless the Group, in line with its strategy, is reducing its focus on close-out opportunities.

In the UK sales increased by 17% to £10.4 million (H1 2021: £8.9 million). Internationally, revenue increased 55% from £9.5 million in H1 2021, to £14.8 million in H1 2022. In Europe Group sales increased by 84% to £12.1 million (H1 2021: £6.5 million). In the rest of the world Group sales decreased by 21% to £1.4 million (H1 2021: £1.7 million). In the US Group sales increased by 7% to £1.3 million (H1 2021: £1.2 million).

E-commerce sales continued to grow in the first half of the year and now represent 2.5% or £0.6 million of group revenue (2021: 2.4% / £0.4 million).

Product Gross Margin

Gross margin was 39.0% for the half year compared to 34.5% in H1 2021.

Our management teams across the Group were swift to recognise and navigate cost headwinds that started in 2021. New product development, sourcing, and an inflationary price increase to customers at the start of the year, have all helped achieve a significant gross margin improvement in the first half of 2022.

We remain focused on improving gross margin where possible in all our businesses and are making good use of our Hong Kong buying office to ensure this happens. To counter currency pressure, we continue to move production to new factories of equal quality to retain or improve margin and have a natural hedge from our US dollar revenue which is growing.

At 31 December 2021 options were in place for the purchase of US\$27 million at US\$1.3849/£, this has helped to protect our margin in the turbulent foreign exchange markets. Since the start of this year, we have purchased more options to help protect our gross margin in 2022.

As we enter the second half of the year the US dollar has strengthened, at the same time container freight rates priced in dollars have fallen by half compared to rates in 2021. The currency options we have for the rest of the year, the falling container rates, new product development, sourcing, and growing sales in the USA, will all help to protect our margin from the strengthening dollar.

In the USA our strategy to exit sales of locally sourced close-out brands and to focus on the sale of our Group brands was completed in 2021. This has helped improve the gross margin in the USA to be more in line with the rest of the Group and this has improved further in the first half of the year.

Operating Expenses

Total operating expenses before exceptional items, amortisation costs, depreciation, foreign exchange movements and share based payments, grew more slowly than sales, increasing by 27.3% to £5.4 million in the first half of the year (H1 2021: £4.3 million). Operating costs as a percentage of sales reduced from 23% to 21%.

The overall increase of £1.1 million year on year was necessary to support the growth of the business and was made up of increases in wages and salaries, office costs, the spend on PR and marketing as e-commerce sales continue to grow, travel costs, professional fees and the cost of a larger sales team based in the US.

Warpaint remains a business with most operating expenses relatively fixed and evenly spread across the whole year. We continue to monitor and examine significant costs to ensure they are controlled and strive to reduce them. In addition, the increased scale of the business has given the Group increased buying power.

Adjusted EBITDA

The board considers Adjusted EBITDA (adjusted for foreign exchange movements, share based payments and exceptional items) a key measure of the performance of the Group and one that is more closely aligned to the success of the business. Adjusted EBITDA for the half year to 30 June 2022 was £4.4 million (30 June 2021: £2.1 million).

Profit Before Tax

Group profit before tax for the half year to 30 June 2022 was £3.5 million (H1 2021: £0.2 million). The material changes in profitability between 30 June 2021 and 2022 were:

	Effect on Profit
• Gross margin on increase in sales in H1 2022	£3.4 million
• Increase in operating expenses (see above heading)	(£1.1) million
• FX gain in H1 2022 of £1.13 million (H1 2021: £0.16 million)	£1.0 million

Exceptional Items

Exceptional costs in H1 2022 included a £0.11 million provision for content use and associated legal fees (H1 2021 included £5,000 of legal costs).

The Group has recently agreed a settlement regarding a dispute with a third party relating to the historic use of content on the Group's social media platforms in the period from 2018 through to early 2021. The total settlement including associated legal costs is expected to total £480,000, of which £370,000 was provided for in the year to 31 December 2021. The payment and the restriction of content use will not affect the ongoing operations of the Group's businesses.

Earnings Per Share

The statutory interim basic and diluted earnings per share were 3.54p and 3.53p respectively in H1 2022 (H1 2021: 0.18p and 0.18p).

The adjusted interim basic and diluted earnings per share before exceptional items and amortisation costs were 5.07p and 5.05p respectively in H1 2022 (H1 2021: 1.75p and 1.75p).

LTIP, EMI & CSOP Share Options

On 25 May 2021 CSOP share options were granted over a total of 400,000 ordinary shares of 25p each in the Company under the Warpaint London PLC Company Share Option Plan and the Warpaint London plc Enterprise Management Incentive Scheme. The options provide the right to acquire 400,000 ordinary shares at an exercise price of 122.0p per ordinary share.

The LTIP, EMI & CSOP share options had an immaterial dilutive impact on earnings per share in the period. The share-based payment charge of the LTIP, EMI and CSOP share options for the half year to 30 June 2022 was £0.09 million (H1 2021: £0.07 million) and has been taken to the share option reserve.

Cash Flow and Cash Position

Net cash flow generated from operating activities was £(0.4) million compared to £2.8 million in H1 2021. The Group's cash balance decreased by £2.4 million to £4.3 million as at 30 June 2022 (30 June 2021: £6.7 million). The fall in cash year on year was due to the Group investing in inventory to insure we continue to meet customer delivery expectations whilst global distribution issues remain.

We expect capital expenditure requirements of the Group to remain low, however as part of our strategy to grow market share in the UK and US there will be occasions where investment in store furniture is required to secure that business. In H1 2022, £0.4 million (H1 2021: £0.1 million) was spent on store furniture, on new computer software and equipment, warehouse racking, and other general office fixtures and fittings and plant upgrades.

Balance Sheet

The Group's balance sheet remains in a very healthy position. Net assets totalled £39.0 million at 30 June 2022, with the majority made up of liquid assets of inventory, trade receivables and cash. Included in the balance sheet is £7.3 million of goodwill and £1.2 million of intangible fixed assets arising from acquisition accounting.

Goodwill represents the excess of consideration over the fair value of the Group's share of the net identifiable assets of the acquired business / cash generating units at the date of acquisition. The carrying value at 30 June 2022 of £7.3 million included Treasured Scents Limited (Close-out business) £0.5 million, Retra Holdings Limited £6.2 million and Marvin Leeds Marketing Services, Inc. £0.6 million. Management have performed a mid-year review at 30 June 2022 and have

concluded that no impairment is indicated for Treasured Scents Limited, Retra Holdings Limited or Marvin Leeds Marketing Services, Inc. as the recoverable amount exceeds the carrying value.

The balance sheet also includes £5.4 million of right-of-use assets, this is the inclusion of the Group leasehold properties, now recognised as right-of-use assets as directed by IFRS 16. An equivalent lease liability is included of £5.6 million at the balance sheet date.

Trade receivables are monitored by management to ensure collection is made to terms, to reduce the risk of bad debt and to control debtor days, which have improved on the prior half year. Trade receivables, excluding other receivables, at 30 June 2022 were £7.4 million (30 June 2021: £6.2 million). The provision for bad and doubtful debts carried forward is £0.12 million/1.6% of gross trade receivables (30 June 2021: £0.06 million/1.0%).

Inventories at 30 June 2022 were £21.9 million (30 June 2021: £16.7 million). The rise in inventory is a function of growth in the business and to ensure delivery disruption is avoided for our customers. One of the Group's unique selling propositions is that it can deliver a full range of colour cosmetics to our customers, in good time all year round. Having appropriate inventory levels is vital to providing that service. The provision for old and slow inventory was £0.4 million/1.9% at 30 June 2022 (30 June 2021: £0.7 million/4.2%). Across the Group we have worked hard in the last year to sell through older stock lines, allowing our provision for old and slow inventory to fall 2.3% in percentage terms. Our Group policy is to provide for 50% of the cost of perishable items that are over two years old. However, we remain comforted by the fact that many such items in the normal course of business are eventually sold through our close-out division without a loss to the Group.

Included within borrowings and lease liabilities is an invoice and stock finance facility used to help fund imports in our gifting business. At 30 June 2022 the outstanding balance on the invoice and stock finance facility was £1.4 million (30 June 2021: £nil).

Working capital increased by £4.9 million from 30 June 2021 to 30 June 2022. The main components were an increase in inventory of £5.3 million, an increase in trade and other receivables of £2.3 million, a decrease in cash of £2.4 million, a decrease in trade and other payables of £1.1 million, and an increase in the invoice and stock finance facility of £1.4 million.

Foreign Exchange

The Group imports most of its finished goods from China paid for in US dollars, which are purchased throughout the year at spot as needed, or by taking forward purchase foreign exchange options when rates are deemed favourable, and with consideration for the budget rate set by the board for the year. Similarly, foreign exchange options are taken to sell forward our expected Euro income in the year to ensure our sales margin is protected.

We started 2022 with options in place for the purchase of US\$27 million at US\$1.3849, and the sale of €3.9 million @ €1.1558 (1 January 2021: US\$18 million @ US\$1.3260/£, and €5.1 million @ €1.1077/£).

We have a natural hedge from sales to the US which are entirely in US dollars, in H1 2022 these sales were US\$1.7 million (H1 2021: US\$1.7 million).

Together with sourcing product from new factories where it makes commercial sense to do so, new product development, and by buying US dollars when rates are favourable, we are able to mitigate the effect of a strong US dollar against sterling.

Dividend

The board is pleased to have declared an increased interim dividend of 2.6p per share which will be paid on 25 November 2022 to shareholders on the register at 11 November 2022. The shares will go ex-dividend on 10 November 2022.

Neil Rodol
Chief Financial Officer
21 September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Unaudited 6 Months ended 30 June 2022 £'000	Unaudited 6 Months ended 30 June 2021 £'000	Audited Year ended 31 December 2021 £'000
Revenue		25,197	18,417	50,003
Cost of sales		(15,359)	(12,064)	(33,095)
Gross profit		9,838	6,353	16,908
Administrative expenses	3	(6,305)	(6,039)	(13,095)
Other operating income		-	-	2
Analysed as:				
Adjusted profit from operations ¹		4,791	1,588	6,972
Amortisation		(1,063)	(1,204)	(2,394)
Exceptional items	3	(109)	(5)	(586)
Share based payments		(86)	(65)	(177)
Profit from operations		3,533	314	3,815
Finance expenses	4	(79)	(148)	(90)
Profit before tax	3	3,454	166	3,725
Tax expense	5	(737)	(31)	(895)
Profit for the period attributable to equity holders of the parent company		2,717	135	2,830
Other comprehensive income (net of tax):				
Exchange gain on translation of foreign subsidiary		54	14	(4)
Total comprehensive income for the period attributable to equity holders of the parent company		2,771	149	2,826
Basic earnings per share (pence)	6	3.54	0.18	3.69
Diluted earnings per share (pence)	6	3.53	0.18	3.68

Note 1 – Adjusted profit from operations is calculated as earnings before interest, taxation, amortisation, impairment costs, share based payments and exceptional items

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Unaudited</i> As at 30 June 2022	<i>Unaudited</i> As at 30 June 2021	<i>Audited</i> As at 31 December 2021
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Goodwill	7,274	7,274	7,274
Intangible assets	1,188	3,434	2,260
Property, plant and equipment	1,409	1,198	1,385
Right-of-use assets	5,382	3,205	3,073
Deferred tax assets	580	569	500
	15,833	15,680	14,492
Current assets			
Inventories	21,944	16,687	18,139
Trade and other receivables	10,203	7,898	10,322
Cash and cash equivalents	4,313	6,723	4,072
Derivative financial instruments	1,158	41	545
	37,618	31,349	33,078
Total assets	53,451	47,029	47,570
LIABILITIES			
Current liabilities			
Trade and other payables	6,100	7,244	6,293
Borrowings and lease liabilities	2,184	625	610
Corporation tax payable	999	413	1,050
Provisions	-	-	370
	9,283	8,282	8,323
Non-current liabilities			
Borrowings and lease liabilities	4,803	2,695	2,537
Deferred tax liabilities	355	771	557
	5,158	3,466	3,094
Total liabilities	14,441	11,748	11,417
NET ASSETS	39,010	35,281	36,153
EQUITY			
Share capital	19,188	19,187	19,188
Share premium	19,360	19,359	19,360
Merger reserve	(16,100)	(16,100)	(16,100)
Foreign exchange reserve	139	103	85
Share option reserve	1,896	1,698	1,810
Retained earnings	14,527	11,034	11,810
Total equity attributable to shareholders	39,010	35,281	36,153

CONSOLIDATED STATEMENT OF CASH FLOW

		<i>Unaudited</i> 6 Months ended 30 June 2022	<i>Unaudited</i> 6 Months ended 30 June 2021	<i>Audited</i> Year ended 31 December 2021
Notes		£'000	£'000	£'000
Profit before tax for the period		3,454	166	3,725
Adjusted by:				
Interest paid	4	79	148	90
Depreciation of property, plant and equipment	3	770	683	1,338
Amortisation of intangible assets	3	1,077	1,204	2,394
Net interest expense				
Share based payment		86	65	177
Movement in inventories		(3,805)	(2,274)	(3,726)
Movement in trade and other receivables		39	1,290	(1,135)
Movement in trade and other payables		(561)	2,174	3,542
Movement in derivative financial instruments		(613)	(401)	(905)
Other adjustments			-	(84)
Foreign exchange translation differences		54	15	(4)
Cash inflow generated from operations		580	3,070	5,412
Income tax paid		(990)	(310)	(325)
Cash flows from operating activities		(410)	2,760	5,087
Purchase of property, plant and equipment		(417)	(122)	(596)
Purchase of intangible assets		(6)	(3)	(3)
Cash flows used by investing activities		(423)	(125)	(599)
Proceeds from issued share capital		-	-	2
Principal elements of lease payments		(279)	(591)	(933)
Repayment of borrowings		-	(48)	(48)
Increase in stock and invoice finance facilities		1,432	-	-
Interest paid		(79)	(148)	(90)
Dividends		-	-	(4,222)
Cash flows used by financing activities		1074	(787)	(5,291)
Net change in cash and cash equivalents		241	1,848	(803)
Cash and cash equivalents at beginning of period		4,072	4,875	4,875
Cash and cash equivalents at end of period		4,313	6,723	4,072
Cash and cash equivalents consists of:				
Cash and cash equivalents		4,313	6,723	4,072
		4,313	6,723	4,072

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share Premium	Merger reserve	Foreign exchange reserve	Share option reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 January 2021	19,187	19,359	(16,100)	89	1,633	13,202	37,370
On translation of foreign subsidiary	-	-	-	14	-	-	14
Profit for the period	-	-	-	-	-	135	135
Total comprehensive income for the period	-	-	-	14	-	135	149
Transactions with owners							
Share based payments	-	-	-	-	65	-	65
Dividends paid	-	-	-	-	-	(2,303)	(2,303)
Total transactions with owners	-	-	-	-	65	(2,303)	(2,238)
As at 30 June 2021	19,187	19,359	(16,100)	103	1,698	11,034	35,281
As at 1 January 2021	19,187	19,359	(16,100)	89	1,633	13,202	37,370
Equity shares issued	1	1	-	-	-	-	2
On translation of foreign subsidiary	-	-	-	(4)	-	-	(4)
Profit for the year	-	-	-	-	-	2,830	2,830
Total comprehensive income for the year	1	1	-	(4)	-	2,830	2,828
Transactions with owners							
Share based payments	-	-	-	-	177	-	177
Dividends paid	-	-	-	-	-	(4,222)	(4,222)
Total transactions with owners	-	-	-	-	177	(4,222)	(4,045)
As at 31 December 2021	19,188	19,360	(16,100)	85	1,810	11,810	36,153
As at 1 January 2022	19,188	19,360	(16,100)	85	1,810	11,810	36,153
On translation of foreign subsidiary	-	-	-	54	-	-	54
Profit for the period	-	-	-	-	-	2,717	2,717
Total comprehensive income for the period	-	-	-	54	-	2,717	2,771
Transactions with owners							
Share based payments	-	-	-	-	86	-	86
Total transactions with owners	-	-	-	-	86	-	86
As at 30 June 2022	19,188	19,360	(16,100)	139	1,896	14,527	39,010

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated interim financial information for the 6 months to 30 June 2022 has been prepared in accordance with the measurement and recognition principles of UK adopted international accounting and accounting policies that are consistent with the Group's Annual report and Accounts for the year ended 31 December 2021 and that are expected to be applied in the Group's Annual Report and Accounts for the year ended 31 December 2022. They do not include all of the information required for the full financial statements and should be read in conjunction with the 2021 Annual Report and Accounts which were prepared in accordance with UK adopted international accounting standards.

The comparative financial information for the year ended 31 December 2021 in this interim report does not constitute statutory accounts for that period under section 435 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2021 have been reported on by the Group's auditors and delivered to the Registrar of Companies.

The auditors' report on the accounts for the year ended 31 December 2021 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

2. Changes in significant accounting policies

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 31 December 2021.

3. Profit from operations

Profit from operations is arrived at after charging/ (crediting):

	<i>Unaudited</i> 6 Months ended 30 June 2022	<i>Unaudited</i> 6 Months ended 30 June 2021	<i>Audited</i> Year ended 31 December 2021
	£'000	£'000	£'000
Depreciation of property, plant and equipment	393	344	648
Amortisation of right-of-use assets	377	339	690
Amortisation of intangible assets	1,077	1,204	2,394
Write down inventories at net realisable value	(90)	167	(5)
Exchange differences	(1,126)	(163)	(614)
Exceptional costs	109	5	586

4. Finance expenses

	<i>Unaudited</i> 6 Months ended 30 June 2022	<i>Unaudited</i> 6 Months ended 30 June 2021	<i>Audited</i> Year ended 31 December 2021
	£'000	£'000	£'000
Interest on loans	-	64	5
Lease liability interest	63	43	84
Other interest	16	41	1

Finance expenses	79	148	90
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5. Tax expenses

	<i>Unaudited</i> 6 Months ended 30 June 2022 £'000	<i>Unaudited</i> 6 Months ended 30 June 2021 £'000	<i>Audited</i> Year ended 31 December 2021 £'000
Current tax expense			
Current income tax charge	939	248	1,262
Adjustment in respect of previous periods	-	-	-
			1,262
Deferred tax expense			
Relating to original and reversal of temporary differences	(202)	(217)	(367)
Total tax in income statement	737	31	895

6. Earnings per share

Profit for the period used in the calculation of the basic and diluted earnings per share:

	<i>Unaudited</i> 6 Months ended 30 June 2022 £'000	<i>Unaudited</i> 6 Months ended 30 June 2021 £'000	<i>Audited</i> Year ended 31 December 2021 £'000
Profit after tax for the period	2,717	135	2,830

The weighted average number of shares for the purposes of diluted earnings per share reconciles to the weighted average number of shares used in the calculation of basic earnings per share as follows:

	<i>Unaudited</i> 6 Months ended 30 June 2022	<i>Unaudited</i> 6 Months ended 30 June 2021	<i>Audited</i> Year ended 31 December 2021
Weighted average number of shares			
Weighted number of ordinary shares for the purpose of basic earnings per share	76,751,187	76,749,999	76,751,187
Potentially dilutive shares awarded	278,693	251,863	62,699
Weighted number of ordinary shares for the purpose of diluted earnings per share	77,029,880	77,001,862	76,813,886
 Basic Earnings per share (pence)	 3.54	 0.18	 3.69
Diluted earnings per share (pence)	3.53	0.18	3.68