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JAMES HALSTEAD PLC

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JAMES HALSTEAD PLC

("James Halstead", the "Group" or the "Company")

PRELIMINARY ANNOUNCEMENT OF AUDITED RESULTS

FOR THE YEAR ENDED 30 JUNE 2023

James Halstead plc, the AIM listed manufacturer and international distributor of commercial flooring, announces its results for the year ended 30 June 2023:

Financial highlights

- Revenue at £303.6 million (2022: £291.9 million) – up 4%
- Profit before tax of £52.1 million (2022: £52.1 million) – a small increase
- Profit after tax of £42.4 million (2022: £40.3 million) – up 5.1%
- Earnings per 5p ordinary share of 10.2p (2022: 9.7p) – up 5.2%
- Final dividend per ordinary share proposed of 5.75p (2022: 5.50p) – up 4.5%
- Cash of £63.2 million (2022: £52.1 million)

Mr Mark Halstead, Chief Executive, commenting on the results, said:

"Against a challenging backdrop, I am pleased to announce a very respectable performance across the Group and another record sales performance. Good demand across a number of our key markets has continued to drive the positive top line. Consequently, we are also pleased to report a record level of profit and record EPS, creating even more value for our shareholders.

We continue to invest in driving process improvement and developing our product offering, with a view to also improve output efficiency. It is this approach and our tested business model which position us resiliently in the inflationary environment that has been seen across global markets.

We ended the year with a robust balance sheet and in a position to propose a record dividend to our shareholders. Whilst inflationary issues and spending constraints remain, I and the Board remain confident in the Group's progress going forward and look ahead to the future with confidence".

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CHAIRMAN'S STATEMENT

Results

Revenue for the year at £303.6m (2022: £291.9m) is 4% ahead of the comparative year largely driven by increased demand across a number of our key markets. This is a record level of sales.

The reported profit before tax for the year of £52.1m (2022: £52.1m) is a fraction over the comparative. Nevertheless, profit after tax is £42.4m (2022: £40.3m) – an increase of 5.1%. A record level of profit. Furthermore, earnings per share are at 10.2p (2022: 9.7p) which is an increase of 5.2% and a record level of EPS.

The financial year was one of contrast, with the earlier months having encountered escalating energy costs, severe difficulties as a result of the lack of timely availability of international shipping and increased transportation costs. However, the latter months of the year were much more positive with the easing of energy costs and a great improvement in shipping and transportation costs. In addition, our export sales in many markets developed as demand increased. The breadth of projects stretches from The Media Centre for the Paris 2024 Olympics, Castlerock Farm in British Columbia to The Centre for Autism Research (CFAR) at the King Faisal Specialist Hospital & Research Centre in Riyadh.

Sales growth has on the whole, proved positive with the UK, the Americas, Australia, New Zealand, and Malaysia all reporting increased demand, although Central Europe sales were lower than last year. As the year progressed, gross margins improved for the reasons already noted helped by the price increases and also by a swing in the mix of sales to pure commercial ranges as opposed to light commercial/heavy domestic. The core focus of our flooring ranges in healthcare, education, and retail infrastructure, rather than private residential, remains a key benefit to our business model. Nevertheless, in Germany we have seen recent successes in new residential apartment buildings such as Quartier Möllner Straße in Rostock (Mecklenburg-Vorpommern) and York-Quartier in Münster (North Rhine-Westphalia).

The Company and our strategy

James Halstead is a group of companies involved in the manufacture and supply of flooring for commercial and domestic purposes, based in Bury, UK. James Halstead plc has been listed on the London Stock Exchange for 75 years. The Group was established in 1914 and continues to operate out of the original premises in Bury. In its factories in Bury and Teesside it manufactures resilient flooring for distribution in the UK and worldwide.

The Company's strategy is to constantly develop its brand identity and its reputation for quality, product innovation, durability, and availability, thereby enhancing and maintaining goodwill with the aim of achieving repeat business. Our focus is to work with stockists who in turn distribute those bulk deliveries whilst promoting and representing the products to the end users and specifiers who will purchase the stock from those stockists.

This approach is designed to increase and secure revenue streams and drive profitability and cash flow which enables the continuation of dividends, in turn creating shareholder value. In the normal course of business one key element of the Company ethos is having dedicated sales personnel to present our product to our customers' clientele.

Over many years our strategy has also included a policy of continual investment in both process improvement and in product development to improve output efficiency and our product offering.

Sustainability, social responsibility and the environment

We have in recent weeks published our 18th sustainability report that details our actions and ambitions in the areas of the environment, sustainability, and social responsibility. Climate change has led to a greater focus on carbon dioxide levels but climate change it is not, in our view, a matter of trying to highlight any one single measure such as carbon emissions or net zero targets. As a manufacturer in the UK there are basic levels of environmental legislation that far exceed the standards of many countries. However, we look to go far beyond that. Further information on the actions that we have taken are included further down in this report.

Dividend

Our cash balances stand at £63.2 million (2022: £52.1 million) with one of the major reasons for the increase being decreased stock. The finished goods inventory at the year-end is £77.1 million (2022: £101.9 million) which is about 24.3% lower than the prior year comparative.

Also, of note regarding the cash flow for the year is taxation paid of £11.9 million (2022: £9.9 million), fixed asset additions of £2.9 million (2022: £3.2 million) and equity dividends paid of £32.3 million (2022: £32.3 million).

The interim dividend of 2.25p (2022: 2.25p) was paid in June 2023. The Board, having regard to the cash balances and profitability, is proposing a final dividend of 5.75p (2022: 5.50p) which will mean a total dividend for the year of 8.0p (2022: 7.75p) an increase of 3.23%. This is a record level of dividend.

Acknowledgements
Once again, I would like to thank our colleagues for their continued efforts in achieving this year's result.

Our thanks also to the UK Contract Flooring Association for their members' accolades with Polyflor being awarded the 2023 Manufacturer of the Year, as well as the best use of flooring in a charitable initiative with the community interest company House of Books and Friends, Manchester.

Outlook

Trading from the year-end to date, overall, has been positive. Flooring has been supplied to diverse end customers from Medica Sur, which is recognised as the best hospital in Mexico, the Giant Flagship Store, Düsseldorf (one of the world's largest manufacturers of high-end bicycles) and the new headquarters of Deloitte in Milan (a NZEB – "Nearly Zero Energy Building"), helped by our flooring rated with both LEED "Platinum" status and WELL "Gold" certified. While both four-letter acronyms have similar requirements and standards, the two certifications are very different. WELL Certification focuses on people's health and wellness, while LEED is a certification that focuses on environmental impact and sustainability.

In the UK demand has been slightly less buoyant. Our UK business is far more focused on commercial flooring and repair, renewal, and refurbishment and consequently less exposed to consumer spending. Nevertheless, there are budgetary constraints on renewal spending. Indeed, the Chairman's report of September 2016 noted UK government spending restrictions on refurbishment in the education sector and this continues to be case.

We welcome the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and note that we already trade with 10 of the 11 countries that now have a free trade agreement with the UK.

Overall overseas turnover is 60-65% of total turnover and growing. With greater availability of global shipping, a strong balance sheet and a proven business model, we are confident in the prospects of the year ahead and progress across the Group.

Anthony Wild
Chairman

CHIEF EXECUTIVE'S REVIEW

Our business is, in essence, really simple. We create a floorcovering fit for purpose, we manufacture in volume and efficiently, we present the product to wholesalers, architects and end-users then sell the product, collect payment, make a profit, and repeat the process.

It has been a record year for sales for the Group, but the year had its challenges, disappointments and successes and overall must be considered as satisfactory. We have supplied flooring from the Van der Valk Hotel in Sneek, Netherlands to the Hospital de Bosa in Bogota, Colombia whilst supplying innumerable small projects in schools, offices, cafes, care homes, ships, and hospitals across the world. Our own distribution teams and those of our very many stockists are despatching constantly, and it is our delivery, availability and quality that keeps this show on the road. Our sales tomorrow are the orders we receive today as we are not in the "make to order" sector. Our sales are what we have in the warehouse.

Sustainability and environmental consideration have been a key part of buying decisions for many end users for very many years and increasingly part of listed company accounts. I echo the Chairman's comment to look at the audited sustainability report that is in its 18th annual version. We are proud of our record in this area and the annual accounts will have fuller details including the ubiquitous SECR (streamlined energy and carbon reporting) and the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 statements which are often referred to as the very similar "TCFD" (task force on climate related change financial disclosures). The ESG element of our business is a part of the presentation to end users and their purchase decision process whether it is Wendy's Restaurants, Ontario or the new Louis Vuitton's headquarters just steps away from La Samaritaine in Paris.

Environment and sustainability are as much about marginal gains with each 1% adding to the amassed improvements to offset the effects of anthropogenic climate change. Sustainable manufacturing has, to us, always been important and we look to minimise use of scarce resources, recycle, and recover materials, and leave as small a footprint by our manufacturing as possible.

Perhaps one point I would make on the subject of social responsibility is that we are deeply involved in many trade bodies across Europe and in our markets globally. Rather than hire consultants to represent us we feel that trade bodies act not only as a representative body for the industry/market that they characterise, putting forward the collective view and position of its members, but probably more importantly the members set and raise standards to promote and improve best practices, whilst highlighting common areas of concern. The results over time are that end users and consumers gain confidence in the product. In addition, a trade body can give the 'industry voice'. Trade associations speak on behalf of their members with the 'industry voice', especially when communicating with related industries (suppliers, customers and end-users), governments, agencies, regulators and on occasion the media.

Objectflor / Karndean and James Halstead France, our European operations

It was a difficult year for our Central European business (based in Cologne) with sales down 7.9% in the year. Sales in Germany are more exposed to the retail and domestic market than any other subsidiary. The French market saw a 12.6% increase in sales where the effects from the Ukraine crisis were lower due to greater government intervention in the cost of living crisis. We moved to a new warehouse in France during the year, reduced our costs, whilst also improving our service to customers.

Inflation, uncertainty from the conflict in Ukraine, and some destocking by customers all played a part in a clearly challenging economic environment. Given interest rates and construction costs, many new build projects were put on hold or cancelled. The housing market in Germany has been poor. Even though demand for accommodation is large the supply has fallen significantly. A 32% fall in residential housing construction in Germany has driven negative sentiment which is reported to be at levels last seen after the global financial crisis.

In France, the sales were raised by particular successes in increasing loose lay tile products (albeit these tend to be at lower margin than many other ranges), a 29% increase in own label collections to distributors and growing success in the healthcare sector. Healthcare was targeted in France last year by the introduction of dedicated sales representation to this end user segment and the success against economic conditions was clearly the result of taking increased market share in this area.

Margins remained suppressed during the year, driven by the overhang of cost surcharges and price increases in the stock value. There have been improvements in the latter half of the year as stock is replenished and sea freight surcharges have reduced.

Stocks within Objectflor have been reduced by 25.2% which resulted from a combination of reduction from last year’s strategic increases and also a reaction to the lower sales in the year. The management team have placed focus on costs to mitigate the drop off in sales and profitability. Just one example was that Objectflor withdrew from major exhibitions along with many other flooring manufacturers which did the same, reflecting the negative sentiment of the industry against market conditions. The headcount was reduced as staff leaving were not replaced on sales-facing roles.

The business remains very profitable and the re-launch of the Expona Domestic luxury vinyl tile collection in January 2023 was very successful. The business supplied new flooring to the Ford factory in Cologne.

Polyflor APAC – encompassing Australia, New Zealand and Asia

Our APAC region is made up of four distinct areas including Australia, New Zealand, North Asia and Southeast Asia. To give a better strategic focus in the region a new reporting structure has been established to oversee the region as a whole. These changes are aimed at enhancing collaboration, aligning strategies, and ensuring efficient decision making across the region creating a stronger network, promoting regional initiatives, and leveraging resources effectively.

One immediate example of this is the implementation of a new ERP system. Our Malaysian business was the first to move over to this software during 2022, led by the Australian team who then supported New Zealand in their switch at the start of 2023. Australia successfully went live on the same system on 1 July 2023 and whilst all separate reporting entities, now have a common system where shared resources can be utilised.

Sales in the region were affected by international shipping delays that depleted stock holdings and the cost of shipping affected margins.

Looking individually at each of these regions, we have seen Australia grow gross sales by a further 3.8% to a record level, an excellent achievement. The increase this year has been driven largely through price increases with volumes 4.5% down in the year.

Despite price increases, margins are down on last year with the sales growth for the period coming from more commercial flooring than domestic, adversely affecting the product mix in terms of margin. Stocks, including goods in transit, are 13% down on the previous years.

New Zealand saw another solid year. Sales were ahead by 20% but the ongoing high freight and product cost affected margins. During the early part of the year, we experienced significant shipping delays which gradually eased from January 2023 onwards. Stock levels were reduced 17%. There remains traffic congestion locally holding up shipments. There were some one-off costs in the year, such as the ERP implementation noted above, but overall profitability remained level despite this.

Our Malaysian business which services the Southeast Asia region has gone from strength to strength increasing sales by 78%. We are starting to see the benefits of our investment in salespeople across the region as more projects are secured, although Malaysia remains the biggest market. Sales into Singapore were boosted by obtaining SGBC (Singapore Green Building Council) certification which helped sales of Polyflor products into the government sector.

All sales to date in this region are from products manufactured in our UK factories, however, now we have established ourselves in the market, we will look to introduce a small range of luxury vinyl tile products during the next financial year, sourced regionally. Interest has been positive.

Unfortunately, our North Asia sales continue to underperform. Extended Covid shutdowns in China, lack of projects, surplus capacity from competing Chinese factories and delays in manufacturing and shipping our product have all contributed. None of the countries covered by this area showed any growth. Following a review of the North-Asia region at the end of the year, a change in management has occurred and with all travel restrictions now over, our APAC management will take a more strategic view of the whole region and focus resources to best achieve growth. There will not be an immediate turn around given the nature of the business, but we believe it will succeed.

Polyflor and Riverside Flooring, based in UK

Undoubtedly, it was overall a commendable year at our UK manufacturing sites. These businesses supply not only the UK, where turnover was 4.2% ahead of last year, but also our overseas subsidiaries and direct export customers. Profits were also ahead of the prior year despite the challenges of increased input cost, massive energy cost increases and industrial action by part of the workforce in Radcliffe.

Riverside output and sales increased with a near 14% increase in turnover. In the UK the increase was 10%, sales to our own overseas subsidiaries were down 10% but sales to the rest of the world increased by 36%.

Export demand was restricted for the early part of the year by availability of timely shipping though this was greatly improved by the year end. It was also the case that the “bottlenecks” of international transport delayed and restricted supplies to our overseas subsidiaries; local stock helped to minimise the effects on sales but opportunities for greater sales were lost.

Significant product launches in the year were undertaken. Camaro (our light commercial heavy domestic luxury tile range) in September 2022 was relaunched with new designs and tiles. The market reception was extremely positive. Expona Commercial (our project focused luxury vinyl tile) was relaunched in July 2022 was extremely well received. The marketing support for these launches in terms of sampling, product presenters, and display materials was impressive, and costly, but will stand the ranges in good stead over the next 2-3 years before we again refresh designs. The Aztech Soccer Arena in Guernsey was just one project that Expona commercial was used in.

Raw material costs and availability were difficult in the early months of the year but improved and from January 2023, when combined with sales price increases, led to improved margins. Energy cost increases were a severe problem in the first half of the year and though this eased in the second half, the costs are still very high when compared to prior year comparatives. In this we are not alone but in the global marketplace, outside Europe, energy costs have not been so severe. Inflationary pressures affected all costs. Wages, services, and costs across all areas were challenging. Cost control was a constant focus for the Group.

Our stock levels were drastically reduced as concerns over energy abated, indeed the industrial action on part of our plant helped reduce stock levels more rapidly than we might otherwise has chosen. The stock reduction was generally very good for cash generation but as a result we have struggled to supply certain product ranges and have been out of stock in some lines.

Unfulfilled demand to a manufacturer is far from desirable. Shift patterns and overtime in part helped alleviate some of the difficulties but on several key ranges stock levels remained persistently low. The export departments ended the year with outstanding orders that were unfulfilled by production and, whilst the second half of the year saw much greater ability to get exports to the end markets, our manufacturing capability lagged. Against the economic environment, the balance between prudence and increasing manufacturing headcount was assessed and prudence prevailed.

Polyflor Nordic comprising Polyflor Norway based in Oslo and Polyflor Sweden based in Gothenburg

After a strong performance in the previous financial period, we saw a flat year for our Nordic markets with combined sales marginally down by 1.8% in the year. An increase in costs saw the region fall back in terms of profitability, but our investment in extra sales personnel across the region, this year more concentrated on Sweden, should return us to further growth next year.

Our Norwegian business had some key project success in hospital projects and introduced a new high-end commercial carpet from Germany.

Whilst the sales have remained flat overall, the mix has improved with an increase in UK manufactured product which benefits the Group as a whole. Growth remains the focus in both markets.

As with other markets, overall stocks have been reduced in the region (by approximately 10%), but with the greater cooperation between the countries, a more balanced approach should lead to improved delivery times and lower freight costs as we progress.

Polyflor Canada, based in Toronto

Our Canadian business saw a record year for sales and a significant increase in net profit against a generally sluggish economy. It was another strong performance with sales ahead of last year by 30%. We have seen growth in both LVT volumes (+24%) and UK manufactured product (10%). The Canadian sales of product supplied by our Teesside plant increased by 30%.

The business supplied flooring to the Huawei Offices in Vancouver and to the Toronto Dominion Bank, the latter being in Expona commercial luxury vinyl tile (newly re-launched by Polyflor UK).

As we noted last year, Covid-19 resulted in restricted travel so with a greater ability to visit distributors and specifiers we have seen an uplift in trading. There has also been an improvement in the logistic bottlenecks that hampered previous years helping to ensure product was available for projects. It was clear that increased interest rates and input costs have noticeably affected customer confidence and building projects were keenly contested.

Stocks have been reduced by 8.3%, despite the decision to purchase more LVT direct rather than relying on the UK stock holdings and this strategy will continue as we see continued growth from our LVT ranges. We continue to invest in growth in the region with further recruitment in sales personnel planned for the coming year.

Rest of the World

Our products are sold in many markets across the globe and the preceding sections cover some of the key markets where we have a local presence and warehousing. These markets have been long established for the sales of our flooring and there has also been significant growth in several other markets when compared to last year. Our products are available and sold across the globe and we continue to make strides in our export markets. Whilst our European neighbours have remained subdued with more of an impact from the Ukraine crisis affecting energy inflation and spending power than other countries, we have seen good sales growth in the USA (+36%), Latin America (+31%), the Middle East (+38) and the Mediterranean (+20%).

We are actively looking to increase our presence in both the Middle East and Latin America by increasing the number of salespeople on the ground.

In India we continue to control costs. This remains a market where freight costs remain problematical, and our focus is now mainly on pharmaceutical and healthcare sectors. There were projects such as the Serum Institute and the Hazrat Shahjalal International Airport in Dhaka Bangladesh.

Sustainability, social responsibility and the environment

As highlighted in the Chairman's Statement, we recently published our 18th sustainability report for the Company. In this we detail the actions and ambitions that we have taken to addressing environment impact, sustainability and social responsibility. I would like to note just a few of the many areas of focus covered by our independently audited sustainability report:

Water usage

Water is a natural resource that must be protected. Manufacturing can result in a high use of water but at Polyflor we collect rainwater and store it for use in cooling during the manufacturing process (and have done so for over 50 years). This stored water is returned to storage after use and largely avoids the use of mains water supply, just 4% of the water that we use comes from the mains supply. We have expanded collection of rainwater from our factories guttering to underground storage and this will enable us to further reduce mains water usage. We have added filtration so that we can use the collected water for other uses on site such as jet washing.

Waste

I have noted over the years our Recofloor after sale vinyl take back scheme. However, waste comes in other forms notably packaging. At Polyflor we minimise waste to landfill and have an onsite waste collection, segregation and re-purposing team with a dedicated part of the site. Cardboard, wood and metals are separated for recycling and waste liquids sent for treatment to extract for alternative uses.

Training for the skill shortage

Fifteen years ago, we created the Polyflor Training Academy based on the Radcliffe site to add to the skills set of our end users (the contract floor layers). The academy delivers 1–4-day training courses for a nominal charge with basic skills training to advanced level training. Last year we ran 27 courses in Radcliffe for 275 participants. In addition, the training academy offers product training to our own employees and undertakes off site training. This facility has been replicated in our European business with the Objectflor Campus. The Campus held 17 courses in the last year with around 500 delegates and a further 12 related industry courses with around 400 delegates. Smaller events have taken place in Australia, New Zealand and Canada. We see this as a key part of our social responsibility to bridge the skills gap even though these delegates are not directly our customers. Our stockists should, over time, benefit and do take confidence from these commitments.

Environmental product declarations (EPD)

With many green labels and accreditations across the globe the proliferation can be confusing for end consumers. The abundance of "green washing" is known to many. The Centre for European Standards (CEN) created a European standard (EN) with the aim of a worldwide standard for environmental performance. The EPDs that Polyflor has attained are independently verified and are environmentally assessed based on global warming potential, ozone depletion potential as well as five other environmental impact indicators. The benefit is that EPDs support the environmental goals of stakeholders from design stage to use whether in new build construction or retrofit.

ESG is not supposed to be "boiler plate" nor "tick box" and each element of our place in our locality, in our wider community and our industry is important. Each facet is so much more important to the future and needs to be much broader than one measure or targeting "net zero" at some future point. Environmental sustainability is not the responsibility of one person or committee but the work of the whole team across the Group looking at the different facets and focusing on the components that should each combine for a more cohesive strategy.

In conclusion

Given the circumstances we can only be pleased with the results for the year. The hard work, dedication and experience of our subsidiary directors and management has been a key factor in this achievement.

The recent years since "Brexit" (January 2020) have seen our businesses rise to the many challenges since that time and it is perhaps worth a glance at our performance since the 2020 yearend. DOur sales since then are 27% higher (+49% in the UK, +10% in Europe, + 22% in Australasia and +42% in the rest of the world); our profit before tax some 19% higher. Notwithstanding these figures our progress in global markets has been hampered by many factors however these are now behind us and though we have inflationary issues and in many markets spending constraints I and our teams feel confident of the Group's progress in the global markets. We look ahead with confidence across the business.

Mark Halstead
Chief Executive

Audited Consolidated Income Statement
for the year ended 30 June 2023

	Year ended 30.06.23 £'000	Year ended 30.06.22 £'000
Revenue	**303,562**	291,860
Cost of sales	**(188,099)**	(178,355)
Gross profit	**115,463**	113,505
Selling and distribution costs	**(53,338)**	(50,316)
Administration expenses	**(10,514)**	(10,931)
Operating profit	**51,611**	52,258
Finance income	**748**	42
Finance cost	**(260)**	(237)
Profit before income tax	**52,099**	52,063
Income tax expense	**(9,695)**	(11,735)
Profit for the year attributable to equity shareholders	**42,404**	40,328
Earnings per ordinary share of 5p:		
-basic	**10.2p**	9.7p
-diluted	**10.2p**	9.7p

All amounts relate to continuing operations.

Audited Consolidated Statement of Comprehensive Income
for the year ended 30 June 2023

	Year ended 30.06.23 £'000	Year ended 30.06.22 £'000
Profit for the year	**42,404**	40,328
Other comprehensive income net of tax:		
Items that will not be reclassified subsequently to the income statement:		
Remeasurement of the net defined benefit liability	**(7,237)**	7,090
	(7,237)	7,090
Items that could be reclassified subsequently to the income statement if specific conditions are met		
Foreign currency translation differences	**(1,818)**	926
Fair value movements on hedging instruments	**(135)**	(111)
	(1,953)	815
Other comprehensive income for the year	**(9,190)**	7,905
Total comprehensive income for the year	**33,214**	48,233
Attributable to equity holders of the company	**33,214**	48,233

Items in the statement above are disclosed net of tax.

Audited Consolidated Balance Sheet
as at 30 June 2023

	As at 30.06.23 £'000	As at 30.06.22 £'000
Non-current assets		
Intangible assets	**3,232**	3,232
Property, plant and equipment	**35,887**	36,671
Right of use assets	**7,164**	5,634
Retirement benefit obligations	**-**	6,144
Deferred tax	**114**	234
	46,397	51,915
Current assets		
Inventories	**87,440**	112,279
Trade and other receivables	**46,979**	51,171
Derivative financial instruments	**773**	2,166
Current tax	**699**	-
Cash and cash equivalents	**63,222**	52,144
	199,113	217,760
Total assets	**245,510**	269,675
Current liabilities		
Trade and other payables	**60,738**	84,507
Derivative financial instruments	**213**	517
Current income tax liabilities	**422**	2,097
Lease liabilities	**2,696**	2,166
	64,069	89,287
Non-current liabilities		
Retirement benefit obligations	**1,460**	-
Other payables	**400**	453
Lease liabilities	**4,582**	3,548
Preference shares	**200**	200
Deferred tax	**585**	2,929
	7,227	7,130
Total liabilities	**71,296**	96,417
Net assets	**174,214**	173,258
Equity		
Equity share capital	**20,838**	20,837
Equity share capital (B shares)	**160**	160
	20,998	20,997
Share premium account	**13**	-
Currency translation reserve	**4,094**	5,912
Hedging reserve	**806**	941
Retained earnings	**148,303**	145,408
Total equity attributable to shareholders of the parent	**174,214**	173,258

Audited Consolidated Cash Flow Statement
for the year ended 30 June 2023

	Year ended 30.06.23 £'000	Year ended 30.06.22 £'000
Profit for the year attributable to equity shareholders	**42,404**	40,328
Income tax expense	**9,695**	11,735
Profit before income tax	**52,099**	52,063
Finance cost	**260**	237
Finance income	**(748)**	(42)
Operating profit	**51,611**	52,258
Depreciation of property, plant and equipment	**3,461**	3,794
Depreciation of right of use assets	**3,060**	3,139
Profit on sale of plant and equipment	**(84)**	(198)
Defined benefit pension scheme service cost	**178**	500
Defined benefit pension scheme employer contributions paid	**(1,942)**	(1,970)
Change in fair value of financial instruments	**(776)**	703
Share based payments expense	**26**	6
Decrease/(increase) in inventories	**22,966**	(50,272)
Decrease/(increase) in trade and other receivables	**3,031**	(7,451)
(Decrease)/increase in trade and other payables	**(20,365)**	15,905
Cash inflow from operations	**61,166**	16,414
Taxation paid	**(11,900)**	(9,879)
Cash inflow from operating activities	**49,266**	6,535
Interest received	**467**	42
Purchase of property, plant and equipment	**(2,854)**	(3,248)
Proceeds from disposal of property, plant and equipment	**134**	280
Cash outflow from investing activities	**(2,253)**	(2,926)
Interest paid	**(36)**	(20)
Lease interest paid	**(224)**	(143)
Lease capital paid	**(3,015)**	(3,233)
Equity dividends paid	**(32,298)**	(32,298)
Shares issued	**14**	823
Cash outflow from financing activities	**(35,559)**	(34,871)
Net increase/(decrease) in cash and cash equivalents	**11,454**	(31,262)
Effect of exchange differences on cash and cash equivalents	**(376)**	145
Cash and cash equivalents at start of year	**52,144**	83,261
Cash and cash equivalents at end of year	**63,222**	52,144

NOTES

1. The final dividend of 5.75p per ordinary share will be paid, subject to the approval of the shareholders, on 15 December 2023 to shareholders on the register as at 17 November 2023. The annual report and accounts will be posted to shareholders on 13 October 2023.

2. The financial information in this statement does not represent the statutory accounts of the Group. Statutory accounts for the year ended 30 June 2022 have been delivered to the Registrar of Companies, carrying an unqualified audit report and no statement under section 498 (2) or (3) of the Companies Act 2006.

3. Statutory accounts for the year ended 30 June 2023 have not yet been delivered to the Registrar of Companies. They will carry an unqualified audit report and no statement under section 498 (2) or (3) of the Companies Act 2006.

4. Earnings per ordinary share

	2023 **£'000**	2022 £'000
Profit for the year attributable to equity shareholders	**42,404**	40,328
Weighted average number of shares in issue	**416,752,764**	416,586,675
Dilution effect of outstanding share options	**21,390**	201,425
Diluted weighted average number of shares	**416,774,154**	416,788,100
Basic earnings per ordinary share	**10.2p**	9.7p
Diluted earnings per ordinary share	**10.2p**	9.7p

The earnings per 5p ordinary share are attributable to equity shareholders.