30 November 2021

HORNBY ANNOUNCES INTERIM RESULTS

Hornby Plc ("Hornby"), the international hobby products Group, today announces its unaudited interim results for the six months ended 30 September 2021.

Interim Results Highlights

- Group revenue of £21.8 million (2020: £21.1 million) an increase of 3% on prior year
- Operating Group loss before tax* of £0.3 million (2020: profit of £0.2 million)
- Statutory loss before taxation for the period of £0.7 million (2020: profit of £17,000)
- Net cash £0.2 million (2020: Net cash £4.0 million)

* Stated before exceptional items.

Lyndon Davies, Hornby Chief Executive, commented:

“Revenues have marginally increased in the first half, despite being held back by supply disruption. Container shipping costs have soared, requiring us to raise our selling prices in August to cover this. Shipping times from our overseas factories have nearly doubled to circa 70 days, whereas pre-covid this was around 35-40 days. We have now taken the pain for those lost sales.

Demand for our products is higher than ever, therefore it is disappointing to have experienced the supply chain problems which seem to be easing but remain volatile. We are heading into our key Christmas trading period and right now it is hard to tell what the outcome will be for the full year results. However, we are as well placed as we can be with our order book 35% higher than it was a year ago.”

-ends-

30 November 2021

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Hornby Plc ("Hornby" or "the Group")

INTERIM REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

CEO Statement

This has been a challenging time with COVID-19's economic fallout impacting our supply chain costs. For the first six months of our financial year we have an operating loss of £0.3 million on a marginally higher turnover of £21.8 million. To mitigate the higher costs as we move forward, we increased our prices in August 2021.

I shall cover the following points:

Brexit

Impact on early part of this financial year

Supply Chain
The challenges we have faced

Routes to Market
How they have changed and continue to change

Product Designs
Our business cycle

Outlook

Brexit

We continued to experience delays/difficulties in shipments to the EU during the first quarter of our financial year. This then stabilised as the systems and processes improved, I am sure there will be challenges ahead, but nothing like we experienced in the first months of this year.

Supply Chain

Hornby is reliant on factories outside of the UK for the production of the majority of its products.

Recent supply chain disruption has been well reported and like others we have been impacted by delays in shipments of finished products to our UK and USA warehouses.

- Empty container supplies are now better, but unstable, so affecting shipment plans.
- Delays of processing containers.
  - Insufficient time for loading due to container availability
  - Delays in containers returning to dock
  - Extra cost for containers being kept in holding area with vessel changes/delays
  - Delayed documents
- Our suppliers have faced several issues
  - Labour shortage
  - Power cuts, factories getting maximum of only 70-80% of normal during the last few months, although this appears to be improving
  - Material price increases
  - Material lead times
- We are working with all suppliers to plan the best schedules from now until CNY (1st February).
- We have received 119 containers in this period with an additional shipping cost of £10,000-£12,000 each.

Routes To Market
We will be adding to our regular statements percentages of sales by brand sold through the different routes to market.

Half Year Sales		2019 H1		2020 H1		2021 H1	
Brand	Channel	% UK Sales	% Global Sales	% UK Sales	% Global Sales	% UK Sales	% Global Sales
Hornby	Direct To Consumer	12%	11%	17%	15%	15%	14%
	UK Non Direct Sales	88%	77%	83%	73%	85%	77%
	UK Total	**100%**	**88%**	**100%**	**88%**	**100%**	**92%**
	International Sales		12%		12%		8%
	Hornby Total		**100%**		**100%**		**100%**
Scalextric	Direct To Consumer	15%	8%	16%	10%	17%	11%
	UK Non Direct Sales	85%	47%	84%	54%	83%	54%
	UK Total	**100%**	**55%**	**100%**	**64%**	**100%**	**65%**
	International Sales		45%		36%		35%
	Scalextric Total		**100%**		**100%**		**100%**
Airfix	Direct To Consumer	13%	9%	20%	15%	20%	15%
	UK Non Direct Sales	87%	60%	80%	63%	80%	61%
	UK Total	**100%**	**69%**	**100%**	**78%**	**100%**	**76%**
	International Sales		31%		22%		24%
	Airfix Total		**100%**		**100%**		**100%**
Corgi	Direct To Consumer	35%	31%	29%	24%	35%	32%
	UK Non Direct Sales	65%	57%	71%	59%	65%	58%
	UK Total	**100%**	**88%**	**100%**	**83%**	**100%**	**89%**
	International Sales		12%		17%		11%
	Corgi Total		**100%**		**100%**		**100%**
Humbrol	Direct To Consumer	8%	6%	28%	20%	16%	12%
	UK Non Direct Sales	92%	67%	72%	53%	84%	61%
	UK Total	**100%**	**73%**	**100%**	**74%**	**100%**	**72%**
	International Sales		27%		26%		28%
	Humbrol Total		**100%**		**100%**		**100%**
Other	Direct To Consumer	71%	15%	67%	10%	78%	7%
	UK Non Direct Sales	29%	6%	33%	5%	22%	2%
	UK Total	**100%**	**21%**	**100%**	**15%**	**100%**	**9%**
	International Sales		79%		85%		91%
	Other Total		**100%**		**100%**		**100%**

Direct To Consumer	Hornby Retail/Concession/Internet/Direct Premiums
UK Non Direct Sales	Independents/National

Product Designs

The engine of the company that designs our product continues to improve. Designs and product range visions across all of our brands are at the most advanced stage that they have been, since I started at Hornby. The importance of this should not be underestimated as we begin a process of migrating production to different countries.

Outlook

Demand for our products is higher than ever, therefore it is disappointing to have experienced the supply chain problems which seem to be easing but remain volatile. We are heading into our key Christmas trading period and right now it is hard to tell what the outcome will be for the full year results. However, we are as well placed as we can be with our order book 35% higher than it was a year ago.

I will provide a more comprehensive analysis of the year and our KPIs in our final results announcement next year.

Financial review

Performance
Group revenue for the six months to September 2021 of £21.8 million was 3% higher than the prior year (2020: £21.1 million). The gross margin for the period was 46% (2020: 47%), a slight reduction reflecting the increase cost of moving goods in and out of the UK.

Underlying overheads increased year-on-year from £9.5 million to £10.3 million, or by 9%, reflecting an increase in investment in high calibre staff, Brexit related cost increases and increased focus on direct selling routes.

The operating loss before exceptional costs (including IFRS 16) for the six months to September 2021 was £0.3 million compared to a profit of £0.2 million for the same period last year. This due to the shortage of supply of containers and freight drivers.

Exceptional costs during the first half year were £0.2 million (2020: £0.1 million) and these comprised of one off costs relating to the writing off of share of profits of associate upon acquiring the remaining 51% of LCD on 30 July 2021 plus some restructuring costs.

Group loss before tax was £0.7 million (2020: profit of £0.02 million). The basic loss per share was 0.45p (2020: profit per share of 0.14p).

Segmental analysis
Third party revenue for the UK business decreased by 4% in the period and generated a loss before taxation of £0.5 million compared to £0.2 million profit last year. Revenue for the first half of 2021 has decreased slightly compared with the same period last year due to the issues with getting goods out of China and into the UK.

The International segment revenue increased by 25% in the period and generated an underlying loss of £0.2 million (2020: £0.2 million loss). The increase in revenue is a result of developing a product range suitable for the relevant markets and employing good people in these markets.

Balance sheet
Group inventories increased during the period by 16% from £15.1 million at March 2021 to £17.6 million at September 2021, due to a seasonal build-up of stocks in the lead-up to the busy Christmas trading period and the acquisition of stock from LCD (see note 5).

Trade & other receivables and trade & other payables are higher than the start of the year due to seasonality of the business. Trade receivables are higher than prior year due to August and September sales being higher in 2021 than 2020.

Investment in new tooling, new computer software and other capital expenditure was £2.3 million (2020: £3.1 million) reflecting the reduction in new website spend since the website was completed in early 2021.

Capital structure
There was a decrease in net cash compared to 31 March 2021. The September period end net cash balance stood at £1.2 million, from £4.7 million of net cash at the end of the last financial year. This is due to spending on stocks and tooling ahead of Christmas trading and the acquisition of the remaining 51% of LCD (see Note 5), as budgeted.

Going concern
The Group has in place a £12.0 million Asset Based Lending (ABL) facility with PNC Credit Limited through to June 2023. The PNC Covenants are customary operational covenants applied on a monthly basis. In addition, the Group has a committed £9.0 million loan facility with Phoenix Asset Management Partners Limited (the Group's largest shareholder) if it should be required which is a three-year rolling facility. The Group also now carries a Covid Business Interruption Loan (CBIL) liability as a result of the acquisition of LCD Enterprises Limited on 30 July 2021.

The Group has prepared trading and cash flow forecasts for a period of three years, which have been reviewed and approved by the Board. On the basis of these forecasts, and after a detailed review of trading, financial position and cash flow models (taking COVID-19 and China power issues into account), the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2021

	Notes	**Six months to 30 September 2021 (unaudited)**	Six months to 30 September 2020 (unaudited)	Year to 31 March 2021 (audited)
		£'000	£'000	£'000
REVENUE	4	**21,845**	21,138	48,549
Cost of Sales		**(11,720)**	(11,276)	(26,795)
GROSS PROFIT		**10,125**	9,862	21,754
Distribution costs		**(3,137)**	(3,133)	(6,798)
Selling and marketing costs		**(4,151)**	(3,682)	(7,804)
Administrative expenses		**(2,999)**	(2,657)	(6,133)
Other operating expenses		**(160)**	(151)	(241)
OPERATING (LOSS)/PROFIT BEFORE EXCEPTIONAL	4	**(322)**	239	778
Exceptional Items	5	**(241)**	(76)	(211)
OPERATING (LOSS)/PROFIT		**(563)**	163	567
Finance income		**10**	2	3
Finance costs		**(172)**	(162)	(334)
Net finance costs		**(162)**	(160)	(331)
Share of profit of investments accounted for using the equity method		**(20)**	14	109
(LOSS)/PROFIT BEFORE TAXATION		**(745)**	17	345
Taxation	11	**-**	38	1,018
(LOSS)/PROFIT FOR THE PERIOD AFTER TAXATION		**(745)**	55	1,363
OTHER COMPREHENSIVE INCOME/(LOSS) *(Items that may be classified subsequently to profit and loss)*				
Cash flow hedges, net of tax		**582**	(193)	(597)
Currency translation differences		**102**	(111)	(187)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**684**	(304)	(784)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(61)**	(249)	579
(LOSS)/PROFIT PER ORDINARY SHARE				
Basic		**(0.45)p**	0.14p	0.82p
Diluted		**(0.45)p**	0.14p	0.80p

All of the activities of the Group are continuing. The notes form an integral part of this condensed consolidated half-yearly financial information.

BALANCE SHEET
As at 30 September 2021

	Notes	**Six months to 30 September 2021 (unaudited) £'000**	Six months to 30 September 2020 (unaudited) £'000	Year to 31 March 2021 (audited) £'000
ASSETS				
NON-CURRENT ASSETS				
Goodwill	7	**4,562**	4,565	4,561
Intangible assets	7	**3,211**	3,032	3,017
Property, Plant and equipment	7	**9,602**	5,894	6,680
Right of Use Lease Asset	8	**2,724**	2,432	2,690
Investments		**-**	1,744	1,839
Deferred income tax assets		**2,956**	2,030	2,956
		23,055	19,697	21,743
CURRENT ASSETS				
Inventories		**17,563**	16,891	15,152
Trade and other receivables		**9,060**	6,968	7,247
Derivative financial instruments	12	**270**	97	32
Cash and cash equivalents		**1,174**	3,998	4,685
		28,067	27,954	27,116
LIABILITIES				
CURRENT LIABILITIES				
Borrowings	11	**(741)**	-	**-**
Derivative financial instruments	12	**(32)**	(174)	(513)
Trade and other payables		**(8,576)**	(8,048)	(7,131)
Lease Liabilities	9	**(437)**	(363)	(365)
		(9,786)	(8,585)	(8,009)
NET CURRENT ASSETS		**18,281**	19,369	19,107
NON-CURRENT LIABILITIES				
Borrowings	11	**(192)**	-	**-**
Lease Liabilities	9	**(2,427)**	(2,160)	(2,443)
Deferred tax liabilities		**(384)**	(150)	(150)
		(3,003)	(2,310)	(2,593)
NET ASSETS		**38,333**	36,756	38,257
SHAREHOLDERS' EQUITY				
Share capital	10	**1,669**	1,669	1,669
Share premium		**52,857**	52,857	52,857
Capital redemption reserve		**55**	55	55
Translation reserve		**(1,887)**	(1,913)	(1,989)
Hedging reserve		**238**	(77)	(481)
Other reserves		**1,688**	1,688	1,688
Retained earnings		**(16,287)**	(17,523)	(15,542)
		38,333	36,756	38,257

The notes form an integral part of this condensed consolidated half-yearly financial information.

STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2021

	Share capital (unaudited) £'000	Share premium (unaudited) £'000	Capital redemption reserve (unaudited) £'000	Translation reserve (unaudited) £'000	Hedging reserve (unaudited) £'000	Other reserves (unaudited) £'000	Retained earnings (unaudited) £'000	Total equity (unaudited) £'000
Balance at 1 April 2021	**1,669**	**52,857**	**55**	**(1,989)**	**(481)**	**1,688**	**(15,542)**	**38,257**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(745)**	**(745)**
Other comprehensive income for the period	**-**	**-**	**-**	**102**	**719**	**-**	**-**	**821**
Total comprehensive income/(expense) for the period	**-**	**-**	**-**	**102**	**719**	**-**	**(745)**	**76**
Balance at 30 September 2021	**1,669**	**52,857**	**55**	**(1,887)**	**238**	**1,688**	**(16,287)**	**38,333**
Balance at 1 April 2020	1,669	52,857	55	(1,802)	116	1,688	(17,578)	37,005
Profit for the period	-	-	-	-	-	-	55	55
Other comprehensive (expense)/income for the period	-	-	-	(111)	(193)	-	-	(304)
Total comprehensive (expense)/income for the period	-	-	-	(111)	(193)	-	55	(249)
Balance at 30 September 2020	1,669	52,857	55	(1,913)	(77)	1,688	(17,523)	36,756

The notes form an integral part of this condensed consolidated half-yearly financial information.

STATEMENT OF CASH FLOWS
for the six months ended 30 September 2021

	Six months to 30 September 2021 (unaudited) £'000	Six months to 30 September 2020 (unaudited) £'000	Year to 31 March 2021 (audited) £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (utilised in)/generated from operations	**(413)**	1,767	4,372
Interest paid	**(89)**	(176)	(75)
Interest element of lease payments	**(83)**	(77)	(165)
Tax received	**-**	-	90
Net cash (utilised in)/generated from operating activities	**(585)**	1,514	4,222
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiary net of cash acquired	**(1,015)**	**-**	-
Purchase of property, plant and equipment	**(1,865)**	(2,581)	(4,249)
Purchase of intangible assets	**(451)**	(532)	(726)
Interest received	**10**	1	3
Net cash utilised in investing activities	**(3,321)**	(3,112)	(4,972)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of loan	**(8)**		
Proceeds from ABL facility	**691**	-	-
Payment of lease liability	**(299)**	(304)	(462)
Net cash generated/(used in) from financing activities	**384**	(304)	(462)
Net decrease in cash and cash equivalents	**(3,522)**	(1,902)	(1,212)
Cash, cash equivalents and bank overdrafts at beginning of period	**4,685**	5,921	5,921
Effect of exchange rate movements	**11**	(21)	(24)
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT END OF PERIOD	**1,174**	3,998	4,685
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS CONSIST OF:			
Cash and cash equivalents	**1,174**	3,998	4,685
CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS AT END OF PERIOD	**1,174**	3,998	4,685

The notes form an integral part of this condensed consolidated half-yearly financial information.

NOTE TO THE CASH FLOW STATEMENT
for the six months ended 30 September 2021

Cash flows from operating activities

	Six months to 30 September 2021 (unaudited) £'000	Six months to 30 September 2020 (unaudited) £'000	Year to 31 March 2021 (audited) £'000
(Loss)/profit before taxation	**(745)**	55	345
Interest payable	**89**	176	169
Interest paid on Lease liabilities	**83**	77	165
Interest receivable	**(10)**	(1)	(3)
Share of profit of associate	**240**	(14)	(109)
Amortisation of intangible assets	**268**	324	533
Depreciation	**1,008**	870	1,721
Depreciation on Right of Use Asset	**239**	252	528
Share-based payments – non cash	**-**	-	673
(Increase)/decrease in inventories	**(261)**	(2,778)	(1,223)
(Increase)/decrease in trade and other receivables	**(1,549)**	3,208	(764)
Increase/(decrease) in trade and other payables	**225**	(402)	2,372
CASH (UTILISED IN)/GENERATED FROM OPERATIONS	**(413)**	1,767	4,371

NOTES TO CONDENSED CONSOLIDATED HALF-YEARLY FINANCIAL REPORT

1. GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in the UK. The address of the registered office is Enterprise Road, Westwood Industrial Estate, Margate, CT9 4JX. The Group is principally engaged in the development, design, sourcing and distribution of hobby and interactive home entertainment products.

The Company has its primary listing on the Alternative Investment Market and is registered in England No. 01547390.

This condensed consolidated half-yearly financial information was approved for issue on 29 November 2021.

This condensed consolidated half-yearly financial information does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006 and is unaudited. Statutory accounts for the year ended 31 March 2021 were approved by the Board of Directors on 9 June 2021 and delivered to the Registrar of Companies. The Report of the Auditors on those accounts was unqualified and did not contain any statement under Section 498 of the Companies Act 2006.

Forward Looking Statements

Certain statements in this half-yearly report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

2. BASIS OF PREPARATION

The financial statements are presented in sterling, which is the Parent's functional currency and the Group's presentation currency. The figures shown in the financial statements are rounded to the nearest thousand pounds.

This condensed consolidated half-yearly financial information for the half-year ended 30 September 2021 has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The half-yearly condensed consolidated financial report should be read in conjunction with the annual financial statements for the year ended 31 March 2021 which have been prepared in accordance with UK-adopted international accounting standards. The consolidated Group financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 March 2021, as described in those annual financial statements with the exception of tax which is accrued using the tax rate that would be applicable to expected total annual earnings.

Judgements and Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated half-yearly financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2021.

Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated half-yearly financial report does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 March 2021.

There have been no changes in the risk management policies since year end.

The Group's financial instruments, measured at fair value, are all classed as level 2 in the fair value hierarchy, which is unchanged from 31 March 2021. Further details of the Group's financial instruments are set out within note 11 of this half-yearly report as required by IFRS 13.

4. SEGMENT INFORMATION AND EXCEPTIONAL ITEMS

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of the Company that makes strategic decisions.

Operating profit of each reporting segment includes revenue and expenses directly attributable to or able to be allocated on a reasonable basis. Segment assets and liabilities are those operating assets and liabilities directly attributable to or that can be allocated on a reasonable basis.

Management has determined the operating segments based on the reports reviewed by the Board (chief operating decision-maker) that are used to make strategic decisions.

The Board considers the business from a geographic perspective. Geographically, management considers the performance in the UK, USA, Spain, Italy and rest of Europe. Although these segments do not meet the quantitative thresholds required by IFRS 8, management has concluded that these segments should be reported, as it is closely monitored by the chief operating decision-maker.

	UK	USA	Spain	Italy	Rest of Europe	Intra Group	**Total Reportable Segments**
	£'000	£'000	£'000	£'000	£'000	£'000	**£'000**
Six months ended 30 September 2021 (unaudited)							
Revenue - External	15,185	1,680	888	1,275	2,817	-	**21,845**
Inter-segment revenue	1,466	-	-	-	-	(1,466)	-
Operating (Loss)/Profit	(505)	(311)	37	31	185	-	**(563)**
Finance income - external	10	-	-	-	-	-	**10**
Finance income - other segments	237	-	-	-	-	(237)	-
Finance costs - external	(161)	(7)	(1)	(1)	(2)	-	**(172)**
Finance costs - other segments	(87)	-	(106)	(8)	(36)	237	-
Share of profit of investments accounted for using the equity method	(20)	-	-	-	-	-	**(20)**
(Loss)/Profit before taxation	**(526)**	**(318)**	**(70)**	**22**	**147**	-	**(745)**
Taxation	-	-	-	-	-	-	-
Profit/(Loss) after taxation	**(526)**	**(318)**	**(70)**	**22**	**147**	**-**	**(745)**

5. EXCEPTIONAL ITEMS

	Six months to 30 September 2021 (unaudited)	Six months to 30 September 2020 (unaudited)	Year to 31 March 2021 (audited)
	£'000	£'000	£'000
Exceptional items comprise:			
Restructuring costs	**(21)**	(1)	(136)
Refinancing	**-**	-	-
Relocation	-	(75)	(75)
Legal costs	**-**	-	-
Write off of share of profit of minority holdings	**(220)**	-	-
	(241)	(76)	(211)

The exceptional items totalling £241,000 (2020: £76,000) include restructuring costs related to redundancy costs and £220,000 write off upon acquiring the remaining 51% of LCD Enterprises Limited and changing from equity accounting for a minority holding to full subsidiary.

6. BUSINESS COMBINATIONS

On 30 July 2021 the Company acquired the remaining 51 per cent. of the issued share capital of LCD Enterprises Limited ("LCD") which it did not already hold from Lyndon Davies, CEO of the Company, and his wife Catherine Davies, who together owned this remaining stake.

LCD owns the Oxford Diecast Group, which supplies diecast model vehicles and railway products to the collector, gift and hobby markets in the UK, Hong Kong and North America

Summary of the Acquisition

On 8 December 2017 the Company completed the acquisition of 49 per cent. of the issued ordinary share capital of LCD, for a consideration of £1.6 million payable in cash pursuant to the LCD SPA.

The Company acquired the remaining 51% per cent. of the issued share capital of LCD, for a total cash consideration of £1.3 million.

A provisional purchase price allocation exercise has been completed which identified £0.3 million of acquired intangible assets relating to the Oxford Diecast brand.

The provisional fair value of the assets acquired at completion and the consideration payable:

	Book cost £'000	**Fair Vaue Adj £'000**	**Fair value £'000**
Intangible assets	-	330	330
Property, plant and equipment	2,064	180	2,244
Inventories	2,200	-	2,200
Trade and other receivables	299	-	299
Cash and cash equivalents	285	-	285
Trade and other payables	(2,015)	(180)	(2,195)
Deferred tax liability	-	(63)	(63)
Income tax	(263)	-	(263)
Net assets	2,570	267	2,837
Cash consideration			(2,900)
Goodwill			63

Acquisition related costs
Acquisition related costs of £nil are included in operating expenses in the income statement.

Revenue and profit contribution
The acquired business contributed revenues of £552,000 and net profit of £69,000 to the Group for the period 1 August to 30 September 2021. If the acquisition had completed 1st April 2021 the contribution would have been revenue of £1,343,000 and net profit of £73,000

7. TANGIBLE AND INTANGIBLE ASSETS AND GOODWILL

The additions comprise new product tooling (£1,775,000), property, plant and equipment (£90,000) and intangible assets – computer software (£121,000). Acquired from LCD is £2,064,000 of tooling and property, plant and equipment and £330,000 of intangibles at fair value.

The Group has again performed impairment reviews as at 30 September 2021 and consider the carrying value of the assets held to be recoverable. The discount rates and key assumptions used within the updated models at 30 September 2021 have remained constant with the impairment reviews conducted in March 2021.

Tangible and intangible assets and goodwill (unaudited)	**Six months ended 30 September 2021**	Six months ended 30 September 2020
	£'000	£'000
Opening net book amount 1 April 2021 and 1 April 2020	**14,258**	11,553
Exchange adjustment	**12**	19
Additions	**1,986**	3,113
Acquired from LCD	**2,394**	-
Depreciation, amortisation and impairment	**(1,275)**	(1,194)
Closing net book amount 30 September 2021 and 30 September 2020	**17,375**	13,491

	2021	2020
CAPITAL COMMITMENTS	**(unaudited)**	(unaudited)
	£'000	£'000
At 30 September commitments were:		
Contracted for but not provided for	**1,889**	2,163

The commitments relate to the acquisition of tooling as part of property, plant and equipment.

8. RIGHT OF USE ASSETS

GROUP	Property	Motor Vehicles	Fixtures, Fittings and Equipment	Total
	£'000	£'000	£'000	£'000
COST				
At 1 April 2021	3,376	317	17	**3,710**
Additions at cost	69	13	1	**83**
Acquired from LCD	171	16	3	**190**
At 30 September 2021	**3,616**	**346**	**21**	**3,983**
ACCUMULATED DEPRECIATION				
At 1 April 2021	851	156	13	**1,020**
Charge	199	37	3	**239**
At 30 September 2021	1,050	193	16	**1,259**

Net book amount at 30 September 2021	**2,566**	**153**	**5**	**2,724**

9. RIGHT OF USE LEASE LIABILITIES

The movement in the right of use lease liability over the period was as follows:

	2021 **£'000**
As at 1 April 2021	**2,808**
New leases	92
Acquired leases	180
Interest payable	83
Repayment of lease liabilities	(299)
As at 30 September 2021	**2,8**64
Lease liability less than one year	437
Lease liability greater than one year and less than five years	736
Lease liability greater than five years	1,691
Total Liability	**2,864**

Maturity analysis of contracted undiscounted cashflows is as follows:

	30 September 2021 £'000
Lease liability less than one year	**585**
Lease liability greater than one year and less than five years	**1,199**
Lease liability greater than five years	**2,402**
Total Liability	**4,186**
Finance charges included above	**(1,316)**
	2,864

10. SHARE CAPITAL

At 31 March 2021 and 30 September 2021 the Group had 166,927,838 ordinary 1p shares in issue with nominal value £1,669,278 (2020: £1,669,278).

No employee share options were exercised during the first half to 30 September 2021 (2020: £nil). One employee share option scheme was in place between 1 April and 30 September 2021 and is detailed in Note 16.

11. BORROWINGS

	30 September 2021 (unaudited) £'000	30 September 2020 (unaudited) £'000	31 March 2021 (audited) £'000
SECURED BORROWING AT AMORTISED COST			
Asset Based Lending facility	**(691)**	-	-
Coronavirus Business Interruption Loan (CBIL)	**(242)**	-	-
	(933)	-	-

Total borrowings			
Amount due for settlement within 12 months	**(741)**	-	-
Amount due for settlement after 12 months	**(192)**	-	-
	(933)	-	-

At 30 September 2021 the Group has in place a £12.0 million Asset Based Lending (ABL) facility with PNC Credit Limited through to June 2023. The PNC Covenants are customary operational covenants applied on a monthly basis. The Group also has a CBIL loan with Barclays, acquired as part of the LCD acquisition. The CBIL payback commenced in August 2021 and finishes July 2026. In addition, the Group has a committed £9.0 million loan facility with Phoenix Asset Management Partners Limited (the Group's largest shareholder) if it should be required which is a three-year rolling facility.

In the period to 30 September 2021 loan repayments were £8,334 (2020: £nil).

12. FINANCIAL INSTRUMENTS

The following tables present the Group's assets and liabilities that are measured at fair value at 30 September 2021 and 31 March 2021. The table analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

There were no transfers or reclassifications between levels within the period. Level 2 hedging derivatives comprise forward foreign exchange contracts and an interest rate swap and have been fair valued using forward exchange rates that are quoted in an active market. The fair value of the following financial assets and liabilities approximate their carrying amount: Trade and other receivables, other current financial assets, cash and cash equivalents, trade and other payables and bank overdrafts and borrowings.

Fair values are determined by a process involving discussions between the Group finance team and the Audit Committee which occur at least once every 6 months in line with the Group's reporting dates.

	Level 1	**Level 2**	**Level 3**	**Total**
	£'000	£'000	£'000	£'000
Assets				
Derivatives used for hedging	**-**	**270**	-	**270**
Total assets as at 30 September 2021	**-**	**270**	-	**270**
Liabilities				
Derivatives used for hedging	**-**	**(32)**	-	**(32)**
Total liabilities at 30 September 2021	**-**	**(32)**	**-**	**(32)**

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets				
Derivatives used for hedging	**-**	32	-	32
Total assets at 31 March 2021	**-**	32	**-**	32
Liabilities				
Derivatives used for hedging	**-**	(513)	-	(513)
Total liabilities at 31 March 2021	**-**	(513)	-	(513)

13. TAXATION

The Group has elected not to recognise a deferred tax movement on the half year profit at this time and there is no tax credit associated with this in the profit and loss. The Group has significant brought forward trading losses which can be utilised.

14. EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share attributable to equity holders of the Company arises from continuing operations as follows:

	30 September 2021 (unaudited)	30 September 2020 (unaudited)	31 March 2021 (audited)
Earnings/(loss) per share from continuing operations attributable to the equity of the Company			
- basic	**(0.45)p**	**0.14p**	0.82p
- diluted	**(0.45)p**	**0.14p**	0.80p

15. DIVIDENDS

No interim dividend has been declared for the interim period ended 30 September 2021 (2020: £nil).

16. CONTINGENT LIABILITIES

The Company and its subsidiary undertakings are, from time to time, parties to legal proceedings and claims, which arise in the ordinary course of business. The directors do not anticipate that the outcome of these proceedings and claims, either individually or in aggregate, will have a material adverse effect upon the Group's financial position.

17. PERFORMANCE SHARE PLANS AWARDS

At 30 September 2021, outstanding awards to Directors under the PSP were as follows:

Director	Award date	Vesting date	Market price at award date	At 1 April 2021	Awarded during the year	**As at 30 September 2021**
Lyndon Davies	Nov 2020	June 2022	54p	2,670,846	-	**2,670,846**
Kirstie Gould	Nov 2020	June 2022	54p	2,670,846	-	**2,670,846**

18. RELATED-PARTY TRANSACTIONS

Key management compensation amounted to £507,000 for the six months to 30 September 2021 (2020: £457,000). Key management include directors and senior management. For the period to 30 September 2021:

	30 September 2020 (unaudited)	**30 September 2020 (unaudited)**	31 March 2021 (audited)
	£'000	**£'000**	£'000
Salaries and other short-term benefits	**488**	**439**	853
Share-based payments	**-**	**-**	673
Other pension costs	**19**	**18**	36
	507	**457**	1,562

Hornby Hobbies Limited purchased £104,771 of inventory and tooling from Oxford Diecast Limited, a company which is wholly owned by LCD Enterprises Limited, a Company in which L Davies owns a controlling 51% share in the period ended 30 July 2021. Hornby PLC purchased the remaining 51% of LCD Enterprises Limited on 30 July 2021 as detailed in Note 5.

Phoenix Asset Management Partners who own the majority shareholding in Hornby PLC have also provided a funding facility to the Group. During the period non-utilisation fees of £45,123 were accrued and remain unpaid at 30 September 2021.

Hornby Hobbies Limited purchased services totalling £460,087 from Rawnet Limited which is 100% owned by Phoenix Asset Management, the controlling party of the Group. At 30 September 2021 £549,128 was owing to Rawnet Limited for services rendered.

There were no other contracts with the Company or any of its subsidiaries existing during or at the end of the financial year in which a Director of the Company or any of its subsidiaries was interested. There are no other related-party transactions.

19. RISKS AND UNCERTAINTIES

The Board has reviewed the principal risks and uncertainties and have concluded that the key risks continue to be UK market dependence, market conditions, exchange rates, supply chain, product compliance and liquidity and for the foreseeable future Brexit and COVID-19. The disclosures on pages 12 and 13 of the Group's Annual report for the year ended 31 March 2021 provide a description of each risk along with the associated impact and mitigating actions. The issues surrounding supply chain, liquidity, and market conditions are covered in more detail within the interim management report itself. The Board will continue to focus on risk mitigation plans to address these areas.

20. SEASONALITY

Sales are subject to seasonal fluctuations, with peak demand in the October - December quarter. For the six months ended 30 September 2021 sales represented 45 per cent of the annual sales for the year ended 31 March 2021 (2020: 56 per cent of the annual sales for the year ended 31 March 2020).

21. SUBSEQUENT EVENTS

No other significant events have occurred between the end of the reporting period and the date of signature of the Annual Report and Accounts.

By order of the Board

Lyndon Davies
Chief Executive
30 November 2021

Kirstie Gould
Chief Finance Officer