

**HML HOLDINGS Plc  
("HML")**

**HALF YEAR RESULTS**

HML Holdings Plc (AIM: HMLH), the property management services group, today announces its interim results for the six months to 30 September 2019.

**Highlights for the six-month period:**

- Revenue up 14% to £15.5m (2018: £13.6m)
- Adjusted operating profit has reduced by 5% to £1.07m (2018: £1.12m)\*
- Cash generated from operations was £1.39m (2018: £1.56m)
- Adjusted earnings per share fell to 2.1p (2018: 2.2p)\*\*
- Units under management increased to 82,000 (2018: 76,000)

*\*before interest, share based payment charges, amortisation and tax (see note 4)*

*\*\*before interest, share based payment charges, amortisation and tax (see note 5)*

**Commenting on the results, Robert Plumb, Chief Executive Officer of HML Holdings Plc said:**

"We are pleased to report continuous growth for the group in challenging market conditions. Our ability to buy and successfully integrate acquisitions is improving, and while we are yet to see the full benefits flow through, we are confident that our strategy will deliver significant value to shareholders in the long-term."

**For further information:**

**HML Holdings Plc**

Robert Plumb, Chief Executive Officer  
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## **REVIEW OF BUSINESS**

We are pleased to report ongoing growth with revenues rising by 14% to £15.5m (2018: £13.6m). Acquisitions since 30 September 2018 contributed £0.9m or 7% of that revenue growth.

Reductions in a number of revenue lines that are more susceptible in this slower economic environment have however contributed to a £0.05m fall in earnings before interest, share based payments, amortisation and tax which are £1.07m for the six-month period (2018: £1.12m). While we have seen strong growth in some of our more resilient revenue lines, such as insurance which is up 15% on last year, others including pre-contract enquiries and surveying have not increased in line with the growth in our business generally.

HML has also experienced, as others in high employee cost sectors such as property services, a proportionately high increase in salary costs. This is contrary to the downward pressure typically associated with economic downturns. We have found that salary expectations in sectors with a comparatively high level of employment, like our own, have increased relative to the inflationary levels achievable in the fees for our services.

HML has however made significant progress both in further developing our back-office functions and our acquisitions integration methodology. While the value from these improvements is yet to truly flow to the bottom line our confidence in them has grown considerably. Our processes for transferring portfolios on to our systems have improved and shortened the time in which acquisitions remain on legacy systems. This brings forward the time when we are able to offer our ancillary services to our new clients.

The much-anticipated implementation of changes to the regulatory environment governing the property management and leasehold continue to be delayed. While this is understandable in our current political environment, it remains a frustration for those managing agents, like HML, which operate in the Residential Management Company market, who are striving for a greater professionalisation and standardisation of service standards. The polarisation of compliant and non-compliant agents in this competitive, but unregulated market, appears to have grown. The costs of conforming for those who adhere to professional standards are felt both in having to build the infrastructure to deliver a compliant service and in being at a competitive disadvantage when dealing with those who are prepared, for the sake of lower costs, to ignore their obligations as owners of communal properties.

There are several factors currently contributing to the growth of non-qualified players in the specialised area of block management. For example, the fall in property sales across the market has encouraged estate agents to enter, or re-enter, the property management market. This is something that has occurred in previous economic downturns and tends to reverse when transactional income is restored. We also anticipate that greater regulation of the property management sector in the future will prevent this happening.

The ongoing restlessness in our fragmented market continues to create opportunities for those experienced in and capable of making acquisitions in the sector. The benefits of economy of scale and the revenue growth opportunities inherent in HML's full-service infrastructure continue to become more evident as we selectively acquire attractive businesses. Equally, despite the current circumstances in our market, we remain confident in the resilience and future benefits of our strategy and business model and look forward to delivering continued shareholder value as we build the Group.

**Robert Plumb**  
**Chief Executive Officer**  
**25 November 2019**

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Six months ended 30 September 2019**

	Notes	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
<b>Continuing operations</b>				
<b>Revenue</b>		15,492	13,557	28,110
Direct operating expenses		(13,743)	(11,788)	(24,332)
Central operating overheads		(681)	(649)	(1,365)
Share based payment charge		(25)	(18)	(37)
Amortisation of intangible assets		(355)	(320)	(640)
Total central operating overheads		(1,061)	(987)	(2,042)
Operating expenses		(14,804)	(12,775)	(26,374)
<b>Profit from operations</b>		688	782	1,736
Finance costs		(54)	(26)	(50)
<b>Profit before taxation</b>	4	634	756	1,686
Income tax charge		(120)	(140)	(305)
<b>Profit for the period attributable to equity holders of the parent</b>		514	616	1,381
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>		514	616	1,381
<b>Earnings per share</b>				
Basic	5	1.1p	1.4p	3.0p
Diluted	5	1.1p	1.3p	3.0p
<b>Adjusted earnings per share</b>				
Basic	5	2.1p	2.2p	4.6p
Diluted	5	2.0p	2.1p	4.6p

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**COMPANY NUMBER: 5728008**  
**30 September 2019**

	Unaudited 30 September 2019 £'000	Unaudited 30 September 2018 £'000	Audited 31 March 2019 £'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Goodwill	12,330	10,510	11,384
Other intangible assets	8,279	7,748	8,373
Property, plant and equipment	6,437	1,060	1,030
	27,046	19,318	20,787
<b>Current Assets</b>			
Trade and other receivables	3,010	3,225	3,804
Cash at bank	-	516	235
	3,010	3,741	4,039
<b>TOTAL ASSETS</b>	<b>30,056</b>	<b>23,059</b>	<b>24,826</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	5,498	5,198	6,602
Bank overdraft and borrowings	1,092	529	529
Lease liabilities	1,239	-	-
Current tax liabilities	381	341	357
	8,210	6,068	7,488
<b>Non-Current Liabilities</b>			
Bank borrowing	414	943	1,268
Deferred tax	1,267	1,124	679
Lease liabilities	4,108	-	-
Non-current tax liabilities	120	140	-
	5,909	2,207	1,947
<b>TOTAL LIABILITIES</b>	<b>14,119</b>	<b>8,275</b>	<b>9,435</b>
<b>NET ASSETS</b>	<b>15,937</b>	<b>14,784</b>	<b>15,391</b>
<b>EQUITY</b>			
Share capital	688	686	687
Share premium	2,504	2,485	2,498
Other reserves	(87)	(88)	(87)
Merger reserve	(15)	(15)	(15)
Retained earnings	12,847	11,716	12,308
<b>TOTAL EQUITY</b>	<b>15,937</b>	<b>14,784</b>	<b>15,391</b>

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Six months ended 30 September 2019**

	Share capital £'000	Share premium £'000	Other reserve £'000	Merger reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018	682	2,450	(88)	(15)	11,082	14,111
Total comprehensive income for the period	-	-	-	-	616	616
Share based payment charge	-	-	-	-	18	18
Share capital issued	4	35	-	-	-	39
Balance at 30 September 2018	686	2,485	(88)	(15)	11,716	14,784
Total comprehensive income for the period	-	-	-	-	765	765
Share based payment charge	-	-	-	-	19	19
Share capital issued	1	13	-	-	-	14
Share sold by EBT	-	-	1	-	-	1
Dividend	-	-	-	-	(192)	(192)
Balance at 31 March 2019	687	2,498	(87)	(15)	12,308	15,391
Total comprehensive income for the period	-	-	-	-	514	514
Share based payment charge	-	-	-	-	25	25
Share capital issued	1	6	-	-	-	7
Balance at 30 September 2019	688	2,504	(87)	(15)	12,847	15,937

**HML HOLDINGS PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Six months ended 30 September 2019**

	Notes	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
<b>Operating activities</b>				
Cash generated from operations	6	1,389	1,562	3,606
Income taxes refunded/(paid)		23	(8)	(297)
Interest paid		(19)	(26)	(50)
<b>Net cash from operating activities</b>		<b>1,393</b>	<b>1,528</b>	<b>3,259</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment		(235)	(454)	(629)
Acquisition of own shares		-	-	1
Purchase of software		(128)	(120)	245
Acquisition of businesses		(1,050)	(6)	(994)
Payment of deferred/contingent consideration		(520)	(476)	(759)
<b>Net cash used in investing activities</b>		<b>(1,933)</b>	<b>(1,056)</b>	<b>(2,626)</b>
<b>Financing activities</b>				
Repayment of loans		(265)	(264)	(528)
Net movement in overdraft		563	-	-
Shares issued		7	39	53
Dividend payment		-	-	(192)
<b>Net cash from/(used in) financing activities</b>		<b>305</b>	<b>(225)</b>	<b>(667)</b>
<b>Increase in cash and cash equivalents</b>		<b>(235)</b>	<b>247</b>	<b>(34)</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>235</b>	<b>269</b>	<b>269</b>
<b>Cash and cash equivalents at end of period</b>		<b>-</b>	<b>516</b>	<b>235</b>

**1. General Information**

The interim unaudited financial information was approved by the board on 25 November 2019.

The results for the year ended 31 March 2019 have been audited whilst the results for the six months ended 30 September 2018 and 30 September 2019 are unaudited. The financial information contained in this interim report does not constitute statutory accounts for the year ended 31 March 2019. The statutory accounts for that year, which were prepared under International Financial Reporting Standards ('IFRS'), have been delivered to the Registrar of Companies. The auditor's opinion on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.

Copies of the interim report are available from [www.hmlgroup.com](http://www.hmlgroup.com) or from the Company Secretary at HML Holdings plc, 9-11 The Quadrant, Richmond, Surrey, TW9 1BP.

**2. International Financial Reporting Standards**

The consolidated financial information has been prepared using accounting policies consistent with IFRS as adopted by the European Union.

The accounting policies applied are consistent with those expected to apply for the year ended 31 March 2020. IFRS 16 Leases been applied for the first time in preparing the interim financial information. Note 7 sets out the key impacts on the Statement of Comprehensive Income and the Statement of Financial Position of the adoption of the new standard.

Whilst the financial figures included in this interim report have been computed in accordance with IFRS, this interim report does not contain sufficient information to constitute an interim financial report as that term is defined in IAS 34.

**3. Taxation**

Taxation for the six months to 30 September 2019 is based on the effective rate of taxation of 19% which is estimated to apply for the year ending 31 March 2020.

**HML HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**  
**Six months ended 30 September 2019**

4.	<b>Profit before interest, share based payments charges, amortisation and taxation</b>	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
	Operating profit before interest, share based payment charges, amortisation and taxation	1,068	1,120	2,413
	Finance costs	(54)	(26)	(50)
	Operating profit before share based payment charges, amortisation and taxation	1,014	1,094	2,363
	Share based payment charge	(25)	(18)	(37)
	Amortisation of intangible assets	(355)	(320)	(640)
	<b>Profit before taxation</b>	<b>634</b>	<b>756</b>	<b>1,686</b>
5.	<b>Earnings per share</b>	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
	<b>Profit after tax for the period (£'000s)</b> (used to calculate the basic and diluted earnings per share)	514	616	1,381
	Add back:			
	Share based payment charge	25	18	37
	Amortisation of intangible assets	355	320	640
	Finance costs	54	26	50
	<b>Adjusted profit after tax for the period (£'000s)</b> (used to calculate the basic and diluted adjusted earnings per share)	<b>948</b>	<b>980</b>	<b>2,108</b>
	<b>Weighted average number of shares (000s)</b>			
	For basic earnings per share	45,840	45,526	45,630
	Effect of dilutive potential ordinary shares:			
	- share options	474	696	494
	<b>Fully diluted</b>	<b>46,314</b>	<b>46,222</b>	<b>46,124</b>
	<b>Earnings per share</b>			
	Basic	1.1p	1.4p	3.0p
	Diluted	1.1p	1.3p	3.0p
	<b>Adjusted earnings per share</b>			
	Basic	2.1p	2.2p	4.6p
	Diluted	2.0p	2.1p	4.6p



**HML HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**  
**Six months ended 30 September 2019**

6. Notes to the cash flow statement	Unaudited 6 months to 30 September 2019 £'000	Unaudited 6 months to 30 September 2018 £'000	Audited Year ended 31 March 2019 £'000
<b>Cash generated from operations</b>			
Profit from operations	*688	**782	1,736
Adjustments for:			
Share-based payment charge	25	18	37
Depreciation of plant and equipment	210	180	385
Amortisation of intangible assets	355	320	640
<b>Operating cash flows before movements in working capital</b>	<b>1,278</b>	<b>1,300</b>	<b>2,798</b>
Decrease in trade and other receivables (Decrease)/increase in trade and other payables	794 (683)	705 (443)	126 682
<b>Cash generated from operations</b>	<b>1,389</b>	<b>1,562</b>	<b>3,606</b>

\*Profit from operations is stated after charging depreciation of right of use assets totalling £580,000

\*\*Profit from operations is stated after charging rent of £522,000

**7. Adoption of accounting standard IFRS 16**

The Group has adopted IFRS 16 using the modified retrospective approach with the effect of applying this standard at the date of initial recognition of 1 April 2019, consequently comparatives have not been restated.

As a lessee, the Group has previously classified leases as operating or finance leases based on whether the lease transferred significantly all of the risks and rewards incidental to the ownership of the underlying asset. Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for all leases on its balance sheet.

The key impacts on the Statement of Comprehensive Income and the Statement of Financial Position are as follows:

	Right of use asset £'000	Lease obligation £'000	Income statement £'000
Balance on transition	-	-	-
Additions	5,962	(5,962)	-
Depreciation	(580)	-	(580)
Interest	-	(35)	(35)
Lease payments	-	614	614
Carrying value at 30 September 2019	5,382	(5,382)	-

The above IFRS 16 adjustment relates to the leases on the 24 offices rented by the Group.