

# Sandal plc

## Interim Results for the six months ended 30 November 2017

26 February 2018

The Board of Sandal plc, the designer, developer and manufacturer of electronic products, is pleased to announce its Interim results for the six months to 30 November 2017.

### Highlights for the Period

- Turnover of MiHome Home Automation range sales up 140% year on year
- Increase in Operating Profit to £65,251 (2016;£45,668)
- Increase in Gross Margin by c. 5%
- Launch of the Energenie MiHome Thermostat
- Successful integration with Google Home
- Trade Finance Agreement with Exertis Supply Chain Services (ESCS)

### Post Period Highlights

- Distribution agreement with Pitacs Group
- Launch of new clicker switch product
- Certification completed of new light switches to be launched Q2 2018
- Strengthening the Board with proposed appointments of a Finance Director and an additional NED

Commenting on the above Alan Tadd, CEO said "We are very pleased with these results as they show the continued expansion of the business through the growth of Energenie MiHome. We expect this growth to continue as we further integrate with the major systems providers, particularly Amazon. The number of active systems on our network has grown three fold and devices four fold in the last year with over 70% of users being connected to Amazon Echo. With Amazon Echo and other voice activated systems currently in under 10% of households in the UK and with penetration far higher in US homes, the potential exists for significant further growth. Amazon is targeting the launch of Echo in several European countries as well as other territories which will provide additional opportunities to sell compatible products in those markets through the Amazon national platforms."

### STATEMENT of THE BOARD

The Directors are pleased with the performance of the business. The decision to focus on integrating with platform providers has proved its worth, especially with Amazon which will open up new markets for MiHome products wherever Amazon Echo launches. We aim to build deeper relationships and partnerships with Amazon and other such providers.

The launch of our thermostat extends our heating range and the announced distribution arrangements with Pitacs will grow our presence in this sector of the market. The launch of our new dimmer and two gang light switches in the coming months will allow the Company to offer a full solution to the growing installation market. To support this we are now active members of CEDIA, the international trade association for the home technology sector, which will assist the sale of our products alongside the market leading Control4 system with which we are integrated. We expect to be able to make some exciting announcements about further progress in the installation market in the coming months.

We have continued the move into the Social Care IOT market through continuing trials with Howz and their partners like EDF. We are also involved with Samsung on the Europe wide Activage Project [www.activageproject.eu](http://www.activageproject.eu) and have just gone to a second stage trial with Samsung for Leeds City Council <https://www.activageleeds.co.uk/main>. We expect that these partnerships will produce recurring revenue for

the business in 2018 as we supply data and support to these partners. This recurring revenue model is something we intend to roll out further as we achieve greater penetration in the B2B market.

Our development in technology particularly aimed at Social Care and Social Housing will continue. We have been selected for trial with Allerdale Council for our LoRaWAN Gateway technology linking to our existing devices. Our aim in 2018 is to actively seek out Local Authorities seeking to use IOT to solve some of the issues around cost effective delivery of social care.

PowerConnections saw a fall in turnover in the period due to the need to re-design its Swiss converters to meet revised standards and a stock rebalance by a major customer, both one-off events. Despite this, the division still generated positive cash flow which was re-invested into the MiHome development programme.

The Trade Finance Agreement with ESCS has enabled the business to have greater stock availability and therefore take advantage of promotional opportunities. We will continue to look at a range of funding sources to ensure that we have the correct capital mix to enable the expected growth of the business to be financed.

We are continuing to attend exhibitions and conferences that enhance the global awareness of Energenie MiHome as a consumer brand as well as a hardware and technology solutions provider. In the period we exhibited at Screw Fix Live, Smart Home Summit, ED&I Show as well as Elex and Phex shows. Our marketing in 2018 will be more focused at the installer market and we will attend all the regional Elex and Phex Shows aimed at the Electrical and Plumbing Installer and Commercial markets. We will also be exhibiting at ISE Amsterdam, IFA Berlin, Smart Home Summit, Screw Fix Live and Electex/Bepex.

The Board is pleased to announce the proposed appointments of David Munting as Finance Director and Richard Green as a Non executive Director. These appointments are subject to the requisite regulatory procedures and further announcements will be made once these have been completed.

The Directors are confident that the continued advancement of Energenie MiHome in both the consumer and B2B channels in the UK and abroad will result in continued growth during the remainder of this current financial year and into 2018/19.

The directors of Sandal Plc accept responsibility for the contents of this announcement.

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Consolidated Profit and Loss Account

Six Months Ended 30 November 2017

	Unaudited 6 months ended 30-Nov-17	Unaudited 6 months ended 30-Nov-16	Audited Year Ended 31-May-17
<b>Turnover</b>	1,884,220	1,875,999	3,745,780
Cost of Sales	(1,048,982)	(1,136,782)	(2,360,757)
Gross Profit	835,238	739,217	1,385,023
Administrative Expenses	(788,936)	(693,549)	(1,493,715)
Other Operating Income	18,949	-	-
<b>Operating Profit/(loss)</b>	65,251	45,668	(108,692)
Other Interest receivable and similar income	33	110	133
Interest payable and similar charges	(21,673)	(10,746)	(26,662)
<b>Profit/(loss) on ordinary activities before taxation</b>	43,611	35,032	(135,221)
Tax on profit/(loss) on ordinary activities	36,085	75,863	143,059
<b>Profit/(loss) for the period</b>	79,696	110,895	7,838
<b>Other Comprehensive Income</b>			
Currency Translation	15,897	(16,314)	-
<b>Total Comprehensive Income for the Period</b>	95,593	94,581	7,838

## Consolidated Balance Sheet

As at 30 November 2017

	Unaudited 30-Nov-17	Unaudited 30-Nov-16	Audited 31-May-17
<b>Fixed Assets</b>			
Intangible Assets	265,020	144,083	205,093
Tangible Assets	166,999	196,873	195,406
Investments	101	101	101
	<hr/> 432,120	<hr/> 341,057	<hr/> 400,600
<b>Current Assets</b>			
Stocks	917,178	786,994	915,367
Debtors	1,131,522	923,995	955,505
Cash at Bank and in Hand	(168,726)	218,146	162,442
	<hr/> 1,879,974	<hr/> 1,929,135	<hr/> 2,033,314
Creditors: amounts falling due within one year	(1,101,220)	(1,056,614)	(1,272,716)
	<hr/> 778,754	<hr/> 872,521	<hr/> 760,598
Net current assets/liabilities			
Total assets less current liabilities	1,210,874	1,213,578	1,161,198
Creditors: amounts falling due after more than one year	(93,649)	(173,001)	(139,566)
Provisions for liabilities	(27,246)	(30,257)	(27,246)
	<hr/> 1,089,979	<hr/> 1,010,320	<hr/> 994,386
<b>Capital and Reserves</b>			
Called up Share capital	329,978	324,660	329,978
Share premium	162,860	121,938	162,860
Other Reserves	-	-	-
Profit and Loss Account	597,141	563,722	501,548
	<hr/> 1,089,979	<hr/> 1,010,320	<hr/> 944,386
<b>Total equity</b>			

Notes to editors:

Sandal plc commenced business in 1996 and joined NEX in March 2015. The Company designs, develops and manufactures consumer electronics products. Its business is divided into two distinct product groups, PowerConnections, a long established wholesaler and reseller of a successful and patented range of converter plugs and power cables, and Energenie, which sells a newer product range that includes energy saving products, portable charging devices and the new Energenie MiHome range of products aimed at the "Home Automation" and "Internet of Things" marketplace.

The range of Energenie MiHome home automation products makes the remote operation of everyday household appliances and energy monitoring more accessible through integration with smartphone and tablet connectivity. The Energenie MiHome range is also integrated with the major players in the home automation market including Google Nest and Amazon Echo. Energenie MiHome products are available through a number of mainstream retailers including Amazon, Argos and Sainsbury's. In addition Energenie also offers Eco and electrical, travel and energy saving products for homes and offices, reducing energy usage and the Home Automation sector. It has store listings for its current products with several large retailers including Homebase, Maplin, Amazon, Screwfix, Toolstation and ASDA.

PowerConnections is a supplier to customers, in the UK and abroad, of single-phase electrical connection products. The products are manufactured in three partner factories in the Far East and have distributors worldwide for its range of patented converter plugs. The Company's product portfolio consists of International Power Leads, Rewireable Plugs, Converters and Connectors. These products are stocked in the Far East, Australia and UK.