

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS STIPULATED UNDER THE UK VERSION OF THE MARKET ABUSE REGULATION NO 596/2014 WHICH IS PART OF ENGLISH LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018, AS AMENDED

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Financial highlights

- Improved Gross profit margin of 1.8% to 44.0% (2023: 42.2%) on lower revenue for the first half of the financial year of £27.1m (2023: £27.6m) as a result of cost reduction and SKU rationalisation.
- The operating profit before exceptional costs increased to £1.7m (2023: £0.5m). Operating profit before exceptional costs as a percentage of sales increased to 6.3% (2023: 1.8%).
- EBITDA (excluding exceptional) for the first half of the financial year 2024 was £2.5m (2023: £1.4m).
- Diluted EPS was 1.61p (2023: 0.37p).
- Net cash on hand (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) were £1.5m (2023: negative £1.7m). Net debt for the Group has reduced to £1.2m (2023: £5.5m).

Operational highlights

- Private label saw growth in revenue whilst Branded and Contract sales experienced a downturn in revenue
 - Private label revenue (retailer own label products) increased by 17.4% to £14.4m (2023: £12.3m).
 - Branded revenue has decreased by 15.0% to £8.9m (2023: £10.4m).
 - Contract manufacturing revenue decreased by 21.5% to £3.8m (2023: £4.9m).
- The increase in selling prices to customers last year has positively impacted this interim period, as evidenced by the improvement in gross margin
 - Sales teams continue to monitor Cost Price Increase (C.P.I) across all categories of supply. This was used as the basis to negotiate sales price increases with customers.
- Reduction in overheads
 - Cost rationalisation as well as the integration of the Emma Hardie subsidiary into the Group has seen administrative costs decreased by 4.8% to £8.8m (2023: £9.3m).
- Benefits of the relocation of the customer facing aspect of, warehousing, picking and packing and logistics back to the Peterborough site are now being fully realised.
 - Distribution costs have decreased by 25.3% to £1.4m (2023: £1.9m).
- Reduction in stock levels
 - We achieved stock reductions of £1.7m to £8.7m (2023: £10.4m), without any reduction in effective service levels to customers. Stock continues to be at lower levels than previous years.

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Managing Director's Statement

An Improving Picture

During this period, we have achieved the objective of establishing a strong fundamentals focused strategy to secure the foundations with which to move forward and create a sustainable, stable, profitable, and growing business.

Key achievements have been made in private label sales growth, gross profit margin improvement, continued overhead and stock reduction compared to September 2023 and positive cash control on a year-on-year basis which is driving increased earnings per share for shareholders.

Whilst there is strong sales growth in private label, contract manufacturing continues to slow, and the market continues to be challenging for our brands. The strategy of pursuing a multi revenue stream model and a broad multi-category product offering continues to be a positive approach for the business. This structure enables it to successfully flex and adapt to meet both retailer and consumer demand.

The global personal care and beauty markets continue to be dominated by customers seeking value and trend driven products and brands. I believe we continue to be well placed with our Quality, Service and Innovation approach to realise growth opportunities. There remains additional market share to be realised in the UK market coupled with a brand portfolio that has international appeal, there are more market and channel opportunities on which we can build.

Revenue Stream Performance

Private Label

Private label sales have increased sales by 17.4% to £14.4m (2023: £12.3m) as consumers and retail customers continue to seek performance products at value prices.

This additional growth has been fuelled by a number of factors:

- the addition of two new UK retailers – both key target achievements
- the speed of launch to market driven by three key customers
- exceptional consumer focussed product development by our research and development (R&D) teams
- continued category and market expertise, frequently guiding retailers on product ranges, strategies and consumer positioning
- a fully resourced private label team in both sales and product management roles.

This is in addition to a good solid performance across the customer base resulting in sales growth. Creightons continues to be a leading supplier in the UK for private label supply achieved through exceptional product development, quality manufacturing and both consistency and speed of supply.

This position is achieved via the Groups' ability to develop products that deliver relevant, consumer focussed performance all whilst successfully managing customer forecasts, stock and service levels into a demanding mass retailer customer base.

Contract Manufacturing

Conversely, contract manufacturing sales have continued to experience a downturn during the period of 21.5% to £3.8m (2023: £4.9m). This was anticipated in light of the impact last year of reducing order books due to declining consumer demand, overstocking and issues obtaining credit insurance. All factors have continued to impact into this first half.

The competitor profile in the transactional supply segment offers very low-cost pricing that doesn't meet our desired returns. As a result, this revenue stream has not been a priority. Instead, resources were focused on the private label channel, which has proven more successful, as reflected in its growth.

Opportunities within this revenue category needs to add value to the overall business, primarily in terms of margin contribution, therefore, any opportunities are given rigorous consideration. Development with existing customers is ongoing and a number of new potential sales opportunities are under review.

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Managing Director's Statement (continued)

Brands

Brand performance in the first half has been challenging and overall has seen a reduction of 15.0% to £8.9m (2023: £10.4m).

A number of factors have impacted:

- The deliberate exit of poor margin performing products during the past 18 months has contributed to the decline in product listings in the UK discounters. This is fuelled by the ongoing 'dupe' (an affordable product match to a luxury benchmark) trend which is taking increased shelf space. This has resulted in significantly reduced opportunities to launch new product development (NPD) in our core Creightons brand. Our haircare offering has witnessed the most significant decline although with product lines which were low margin performers. New NPD and positioned products in the category will be launched during 2025.
- Poor performance by a number of key distributors in international markets. This has included the cessation of two distributors that have broken contract terms. This has impacted Balance Active Formula performance in the main.
- A sizable international retail customer in the discount space has pivoted into 'dupe' and 'fast follow' products, resulting in a decline in brand NPD opportunities in the period. Recent positive meetings with their senior team have presented opportunities to return to growth into 2025 with more creative product and buying strategies on current brand listings, and opportunities for exclusive brand development.

Despite the challenges, there are positive gains in brand which are central to moving growth forward. UK Grocery and High Street are delivering gains.

- Tzone: continues to perform well across the market, with new listings and NPD coming during 2025.
- Feather and Down: the main UK listing is in growth and the brand has launched into its first international market, Spinneys in UAE. Additional shelf space and stores in the UK market are planned into 2025.
- The Curl Company: continues to grow in both the UK and its current international direct to retail markets. NPD planned for 2025 in all markets and to drive new listings.
- Balance Active Formula: despite the international challenges, is performing in UK retailers, specifically within grocery. Meaningful discussions with another grocery listing underway.
- Emma Hardie has witnessed growth in the UK market since the purchase of the brand in July 2021 (more detail below).

Sales growth and margin maintenance are the priorities moving forward. The focus with current customers, UK and international, is on increasing the number of outlets stocking Group branded product and increasing footprint in each store. Gaining more space, and more products driven by NPD, in more stores is the goal. We also need to build on our direct to retail international business with new customers in additional markets to de-risk global expansion.

Emma Hardie

A more focused and integrated team approach over the first half of this year has resulted in growth in UK sales for the brand. The brand is now making a positive contribution to the Group.

The revised sales strategy outlined previously remains central to growing the brand. This includes:

- Expansion into the international market, China: Relaunch of sales activities on digital platforms will commence in early 2025 with a revised to market model.
- Digital: ongoing and increased investment across Amazon, third party pure players and Emmahardie.com continues to be a priority channel.
- Travel Sector: the initial trial launch of the brand into the UK's duty-free travel sector is yielding positive results. This success is helping to create a more tailored travel product offering, with plans to continue testing and expanding this channel.
- UK Offline: key retail listings in the UK channel remain the core sales driver of the brand with Marks & Spencer performing well and meaningful discussions underway with two potential new listings during 2025.

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Managing Director's Statement (continued)

The brand benefits from an exceptionally loyal and repeat purchase customer base here in the UK. This is coupled with significant industry awareness and recognition which is a testament to its superior product performance. The key developmental objective is to build wider consumer awareness of the brand. Additional listings in the UK market, extending the digital footprint and expanding the travel channel will be key steps in achieving this.

Research and Development

Central to our success and strategy, the team continues to grow in both skills and performance. Year-to-date, we have achieved two significant successes, alongside ongoing focused developments in skincare NPD. There has been a significant increase in pace required by the market for product launches and NPD. Our R&D team has delivered on ensuring we can realise the opportunities presented by stepping up skill sets and increasing speed of product diversity, innovation and products that consumers want here and now. This has been key in the reported private label growth.

SPF skincare developments continue to progress and will result in our first branded SPF skincare products launching in early 2025, in Balance Active Formula and TZone brands. Private label and some existing contract customer opportunities within this category of product are also being progressed.

As the consumer continues to demand more performance skincare for a wider range of solutions and needs, we continue to invest in textures, ingredient performance and new technologies. Moving into the second half of 2025 and beyond, a re-focus on haircare NPD will feature as an area for both private label and branded revenue streams.

Manufacturing and Operations

Production

This period has seen a continuing improvement in production efficiencies which has contributed to the overall gross profit margin improvements being reported. There are a number of areas driving this:

- A continual review of the output of each production line; working methodically through both speed and technical bottlenecks.
- Investing in areas to increase capacity and reduce labour cost or utilise resource more efficiently.
- Implementing an enhanced grading scheme for operational staff and investing in upskilling.
- Ongoing drive to reduce change over times and downtime.

As we move forward teams are working on reviewing IT solutions, including AI, across the whole operation to reduce administration, increase output and reduce labour intensive operations. This will be a continual and ongoing investment area.

Logistics

The benefits of significantly reducing reliance on a 3PL for warehousing in the past year continues to deliver both efficiency and cost benefits. This includes investing to build a more multi-skilled and flexible team. Distribution gains have also been made in the transfer of goods between the two sites through improved planning, extended visibility and eliminating inefficiency where evident.

Procurement

Purchasing continues to be focused on delivering gains where possible and working on ensuring the reduction in inflationary pressures flow through to reducing costs. Some headwinds in specific raw material supplies are anticipated into early 2025 where environmental issues or legislation are impacting upon supply. We are looking forward where possible to mitigate and identify additional sources in order to keep any impact to a minimum.

Team Development

I am pleased to report that we have made significant progress in recruiting industry experienced skilled staff to fill vacancies over the past six months, particularly within the private label sales team and senior branded sales positions. This will help us drive for and deliver new sales listings.

The senior management team continues to grow and deliver on the continuous improvements required to support the growth plans.

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Managing Director's Statement (continued)

Summary and Outlook

I am pleased with the notable improved performance for this trading period and commend the wider team on delivering the objectives we set earlier in the year to remain focused on stabilising the core business.

The next 6 – 12 months will see more new product development being delivered to support private label sales growth, but also to reverse brands which have declined in a focussed drive back to growth. This will include a number of exclusive brand extensions with key retail partners in order to compete with 'dupe' product offerings, alongside strategic new developments for long term brand growth. We continue to ensure consumer insight and data is at the core of development to help deliver the best outcomes of success.

There will always be ongoing challenges facing any business. Our trading history demonstrates that as a team we have always been flexible and adept at meeting these challenges. The Group calculates that the annual impact of the budget announcements will total £0.6m, with increased NI costs of £0.4m, and the increase in the national minimum wage of £0.2m. There will also be an additional impact on pay differentials that will need to be managed. The management team are in the process of identifying and implementing detailed plans to mitigate the impact. This will include the need to re-negotiate prices with our customers where possible, product re-engineering, reviews of working practices to streamline processes, including utilising technology and key operational investments, where appropriate.

Creightons is a multi-revenue stream business that at its core demonstrates agility and flexibility along with market and product expertise to meet and exceed the demands of a constantly evolving market and consumer. Our strength in the private label supply channel is evident in the enviable customer base we supply and our strategic retail partnerships.

We have embarked upon a strategic review of our market, sales and brand development strategy to ensure that we can deliver above trend sales growth across all areas of our business.

Strength in private label supply, creativity in brand development and robust service to the market presents opportunities to expand the business as we move into 2025/2026.

Finally, I would like to thank our valued team of employees, customers, suppliers and all stakeholders for their continued support.

Philippa Clark
Group Managing Director

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Financial overview

Revenue

Revenue for Private label increased to £14.4m (2023: £12.3m), Branded revenue reduced to £8.9m (2023: £10.4m), and Contract revenue reduced to £3.8m (2023: £4.9m).

| | Six months ended 30 September 2024 (Unaudited) | Six months ended 30 September 2023 (Unaudited) | Movement vs Same Period Last Financial Year | % Change vs Same Period Last Financial Year |
|------------------|---|---|--|--|
| | £000 | £000 | £000 | |
| Branded | 8,851 | 10,417 | (1,566) | (15.0)% |
| Private label | 14,395 | 12,259 | 2,136 | 17.4% |
| Contract | 3,822 | 4,868 | (1,046) | (21.5)% |
| Other | 10 | 11 | (1) | (9.1)% |
| Net sales | 27,078 | 27,555 | (477) | (1.7)% |

Revenue is generated from three main revenue streams, Branded, Private label and Contract. Each of these revenue streams are reported in the statutory accounts are net of deductions. These sales related deductions consist of Contracted retailer support, Settlement discounts, and Retailer promotions. These activities are sales related activities that help generate additional revenue for the business.

Branded sales have experienced a reduction in revenue largely due to the Group's strategy of rationalising SKU's that do not achieve a commercially viable contribution margin. Additionally, increased competition from "dupes" (an affordable product match to a luxury benchmark), in the discount sector has resulted in a decline in U.K. sales and poor performing distributors in selected international markets.

Contract sales continue to be challenged through contract customers being overstocked and the inability to obtain credit insurance.

Private label has seen significant growth as a result of new customer wins, and our dominance in the market of being highly innovative, increasing pace of NPD delivery and exceptional quality and strength of service.

Gross Profit Margin

Gross profit margin increased in the period to 44.0% (2023: 42.2%) due to proactive measures taken by the Group in the areas of SKU rationalisation, customer price increases, cost mitigation, product re-engineering and manufacturing efficiency improvements. The Group continues to benefit from the systems and processes implemented previously to monitor Cost Price Increases (C.P.I.'s) across all categories of supply. These included but were not limited to, plastics, raw materials, energy, wage inflation and transport (global and domestic) costs.

Overheads

Distribution costs have decreased by 25.3% to £1.4m (2023: £1.9m) and now represent 5.2% of sales (2023: 6.8%). This is primarily as a result of the decision to exit the majority of third-party logistics providers and bringing picking and packing of finished goods in house. The underlying costs associated with outsourcing the warehousing and third-party storage have decreased by £0.3m to £0.1m (2023: £0.4m). A phased approach was undertaken to ensure consistency of supply and service levels with the majority of the savings being realised in the second half of the previous financial year. This has had a positive impact on both costs and the efficiencies of the business going forward.

Administration costs have decreased by 4.8% to £8.8m (2023: £9.3m). The reduction in costs have largely been driven by a combination of cost rationalisation to align overheads with the reduced business activity. A decision made to fully integrate the Emma Hardie business within the Group's operations and facilities has significantly reduced overheads attributable to the subsidiary by £0.4m. Investment in the brand, particular consultant costs and trading partner costs have been curtailed to allow the Group to re-evaluate its strategy for the brand.

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Financial overview (continued)

Operating profit before exceptional costs

Operating profit before exceptional costs was £1.7m (2023: £0.5m), which represents an increase of £1.2m. Strategic sales price increases that balanced competitiveness with profitability have positively impacted the operating profit margin despite the marginal decline in revenue. Additionally, the Group has been efficient in the management of its operating costs relative to its revenue. As a result, a greater percentage of revenue is translated into profit after covering operating expenses. Operating profit margin before exceptional costs increased to 6.3% (2023: 1.8%).

Tax

The tax charge provided in the accounts is £0.47m (2023: £0.02m).

Earnings per share

The diluted earnings per share in the six-month period was 1.61p (2023: 0.37p).

Cash on hand

Net cash on hand (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) is positive £1.5m (2023: negative £1.7m). The improvement in cash of £3.2m, is mainly attributable to continued improvements in profit from operations and after paying dividends of £0.31m.

Stock

Stock has reduced by £1.7m to £8.7m (2023: £10.4m) in the period. This was achieved by a targeted reduction in purchasing quantities and manufacturing batch sizes to reduce stock holding on both raw materials and finished goods. The reduction in stock levels was a key factor in enabling the transfer of finished goods from third-party warehousing to the main site in Peterborough.

Net gearing

With the increase in cash generation and reduction in cash outflow the business was able to utilise the cash generated to improve its liquidity by reducing its reliance on short term borrowings. Additionally, the Group has reduced its gearing by making an overpayment in March 2024 and August 2024 to pay down the full balance of the term loan outstanding at the year end. The Net gearing of 5.2% (2023: 21.4%) has decreased by 16.2% in the year.

Dividend Payments

The Board does not propose an interim dividend (2023: Nil).

A final dividend for the year ended 31 March 2024 of 0.45 pence per ordinary share (2023: nil) was paid on 2 September 2024. The Group had exhibited strong operational performance and generated cash which in turn has improved the Group's liquidity and reduced its gearing. This is consistent with the Directors' objective to align future dividend payments to the future underlying earnings and cash requirements of the business. The total dividend paid in the period ended 30 September 2024 was £0.3m (2023: nil).

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Responsibility statement

The names and functions of the Directors of the Company are as follows:

| | |
|---------------------|--------------------------------|
| Paul Forster | Non-Executive Chairman |
| Philippa Clark | Group Managing Director |
| Martin Stevens | Deputy Group Managing Director |
| William O McIlroy | Non-Executive Director |
| William T Glencross | Non-Executive Director |
| Nicholas DJ O'Shea | Non-Executive Director |
| Brian Geary | Non-Executive Director |

The Board confirms that to the best of its knowledge the condensed set of financial statements gives a true and fair view of the assets and liabilities, financial position and profit of the Group and has been prepared in accordance with IAS 34 'Interim Financial Reporting', as endorsed by the UK and that the interim management report includes a fair review of the information required by the Disclosure and Transparency Rules as issued by the Financial Conduct Authority, namely:

- DTR 4.2.7: An indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.
- DTR 4.2.8: Details of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the enterprise during that period. Together with any changes in the related party transactions described in the last annual report that could have a material effect on the enterprise in the first six months of the current financial year.

Going Concern

The Directors are pleased to report that the Group has renewed its bank facilities and continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The Group's cash on hand at 27 November 2024 is positive £1.0m. As at 31 March 2024 the Group carried out a review of our cash requirements for the next 12 months. Scenarios modelled included the removal of the Group's largest customer and increases of 20% in costs of raw materials or overheads. These models are more extreme than the conditions prevailing during the last 12 months but demonstrate that even without management tackling current overhead levels or increasing prices to customers, the Group would not fully utilise available bank facilities over the next 12 months. The Directors have therefore formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being at least twelve months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

By order of the Board

Paul Forster
Non-Executive Chairman

27 November 2024

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Principal risks and uncertainties

The Board regularly monitors exposure to key risks, such as those related to production efficiencies, cash position and competitive position relating to sales. It has also taken account of the economic situation over the past 6 months, and the impact that has had on costs and consumer purchases.

It also monitors those risks not directly or specifically financial, but capable of having a major impact on the business's financial performance if there is any failure, such as product contamination and manufacture outside specification, maintenance of satisfactory levels of customer and consumer service, accident ratios, failure to meet environmental protection standards or any of the areas of regulation mentioned above.

The principal risks and uncertainties and their associated mitigating and monitoring controls which may affect the Group's performance in the next six months are consistent with those detailed in the Annual Report and Financial Statements 2024. The main risk facing the Group relates to the inflationary pressures and weak economic environment. These are covered in detail in the Managing Director's statement.

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Consolidated income statement – unaudited

| | | Six months ended 30 September 2024 | Six months ended 30 September 2023 | Year ended 31 March 2024 (Audited) |
|---|------|--|--|--|
| | Note | £000 | £000 | £000 |
| Revenue | | 27,078 | 27,555 | 53,194 |
| Cost of sales | | (15,166) | (15,923) | (30,364) |
| Gross profit | | 11,912 | 11,632 | 22,830 |
| Distribution costs | | (1,400) | (1,874) | (3,488) |
| Administrative expenses | | (8,812) | (9,252) | (17,804) |
| Operating profit before exceptional items | | 1,700 | 506 | 1,538 |
| Exceptional items – Redundancy costs | 7 | - | - | (17) |
| Exceptional items - Impairment | 7 | - | - | (4,449) |
| Operating profit | | 1,700 | 506 | (2,928) |
| Other income - RDEC income | 8 | 69 | - | - |
| Finance costs | 6 | (88) | (204) | (349) |
| Profit / (Loss) before tax | | 1,681 | 302 | (3,277) |
| Taxation | 4 | (464) | (17) | (250) |
| Profit / (Loss) for the period from operations attributable to the equity shareholders of the parent Company | | 1,217 | 285 | (3,527) |

Consolidated statement of comprehensive income - unaudited

| | | Six months ended 30 September 2024 | Six months ended 30 September 2023 | Year ended 31 March 2024 (Audited) |
|---|--|--|--|--|
| | | £000 | £000 | £000 |
| Profit / (Loss) for the period | | 1,217 | 285 | (3,527) |
| Items that may be subsequently reclassified to profit and loss: | | | | |
| Exchange differences on translating foreign operations | | (9) | 8 | 13 |
| Other comprehensive income / (Loss) for the period | | (9) | 8 | 13 |
| Total comprehensive income / (Loss) for the period attributable to the equity shareholders of the parent | | 1,208 | 293 | (3,514) |

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Dividends

| | Note | Six months ended 30 September 2024 (Unaudited) | Six months ended 30 September 2023 (Unaudited) | Year ended 31 March 2024 (Audited) |
|----------------------------------|-------------|---|---|---|
| Paid in period (£000) | | 314 | - | - |
| Paid in period (pence per share) | | 0.45 | - | - |
| Proposed (£000) | | - | - | 314 |
| Proposed (pence per share) | | - | - | 0.45 |

Earnings per share

| | | Six months ended 30 September 2024 (Unaudited) | Six months ended 30 September 2023 (Unaudited) | Year ended 31 March 2024 (Audited) |
|-----------|-------------|---|---|---|
| | Note | | | |
| Basic | 3 | 1.78p | 0.42p | (5.15p) |
| Diluted * | | 1.61p | 0.37p | (5.15p) |

* For the year ended 31 March 2024, share options are excluded from the earnings per share calculation due to their anti-dilutive effect on the loss after tax attributable to equity holders.

Adjusted Earnings per share – alternate performance measure

The following calculation of the basic and diluted earnings per share excluding exceptional items has been calculated based on adding back the following deductions from (loss) / profit after tax for the year ended 31 March 2024. Note there were no exceptional items and thus no adjusted EPS calc for the interim period required for September 2024 and September 2023:

| | | Year ended 31 March 2024 (Audited) |
|---|--|---|
| | | £000 |
| (Loss) for the period from operations attributable to the equity shareholders of the parent Company | | (3,527) |
| Exceptional items – Impairment | | 4,449 |
| Exceptional items – Deferred tax charge not previously recognised | | 165 |
| Adjusted Earnings excluding exceptional items | | 1,087 |

| | | |
|---|--|-------|
| Adjusted Basic earnings per share – excluding exceptional items | | 1.59p |
| Adjusted Diluted earnings per share – excluding exceptional items | | 1.42p |

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Consolidated balance sheet – unaudited

| | | Six months ended 30 September 2024 | Six months ended 30 September 2023 | Year ended 31 March 2024 (Audited) |
|---|--|---|---|--|
| | | £000 | £000 | £000 |
| Non-current assets | | | | |
| Goodwill | | 1,575 | 2,857 | 1,575 |
| Other intangible assets | | 6,395 | 10,931 | 6,374 |
| Property, plant and equipment | | 4,883 | 5,636 | 5,219 |
| Right-of-use assets | | 1,374 | 1,281 | 1,093 |
| | | 14,227 | 20,705 | 14,261 |
| Current assets | | | | |
| Inventories | | 8,683 | 10,445 | 8,225 |
| Trade and other receivables | | 13,777 | 12,474 | 10,518 |
| Cash and cash equivalents | | 2,254 | 1,681 | 3,138 |
| | | 24,714 | 24,600 | 21,881 |
| Total assets | | 38,941 | 45,305 | 36,142 |
| Current liabilities | | | | |
| Trade and other payables | | 10,215 | 9,225 | 8,265 |
| Corporation tax payable | | 526 | - | 105 |
| Lease liabilities | | 531 | 387 | 351 |
| Borrowings | | 188 | 3,000 | 620 |
| | | 11,460 | 12,612 | 9,341 |
| Net current assets | | 13,254 | 11,988 | 12,540 |
| Non-current liabilities | | | | |
| Deferred tax liability | | 1,751 | 2,948 | 1,798 |
| Lease liabilities | | 732 | 797 | 633 |
| Borrowings | | 2,006 | 3,031 | 2,315 |
| | | 4,489 | 6,776 | 4,746 |
| Total liabilities | | 15,949 | 19,388 | 14,087 |
| Net assets | | 22,992 | 25,917 | 22,055 |
| Equity | | | | |
| Share capital | | 700 | 700 | 700 |
| Share premium account | | 2,024 | 2,024 | 2,024 |
| Merger reserve | | 2,476 | 2,476 | 2,476 |
| Treasury shares | | (576) | (576) | (576) |
| Other reserves | | (211) | (211) | (211) |
| Translation reserve | | 18 | 22 | 27 |
| Retained earnings | | 18,561 | 21,482 | 17,615 |
| Total equity attributable to the equity shareholders of the parent Company | | 22,992 | 25,917 | 22,055 |

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Statement of changes in shareholders' equity – unaudited

| | Share capital | Share premium account | Merger reserve | Treasury shares | Other reserves | Translation reserve | Retained Earnings | Total equity |
|--|---------------|-----------------------|----------------|-----------------|----------------|---------------------|-------------------|----------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 April 2023 | 700 | 2,022 | 2,476 | (576) | (211) | 14 | 21,054 | 25,479 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the six-month period | - | - | - | - | - | - | 285 | 285 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 8 | - | 8 |
| Total comprehensive income for the six months ended 30 September 2023 | - | - | - | - | - | 8 | 285 | 293 |
| Contributions by and distributions to owners | | | | | | | | |
| Exercise of options | - | 2 | - | - | - | - | - | 2 |
| Share-based payment charge | - | - | - | - | - | - | 143 | 143 |
| Total contributions by and distributions to owners | - | 2 | - | - | - | - | 143 | 145 |
| At 30 September 2023 | 700 | 2,024 | 2,476 | (576) | (211) | 22 | 21,482 | 25,917 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the six-month period | - | - | - | - | - | - | (3,812) | (3,812) |
| Exchange differences on translation of foreign operations | - | - | - | - | - | 5 | - | 5 |
| Total comprehensive income for the six months ended 31 March 2024 | - | - | - | - | - | 5 | (3,812) | (3,807) |
| Contributions by and distributions to owners | | | | | | | | |
| Share-based payment charge | - | - | - | - | - | - | (32) | (32) |
| Deferred tax through Equity | - | - | - | - | - | - | (23) | (23) |
| Total contributions by and distributions to owners | - | - | - | - | - | - | (55) | (55) |
| At 31 March 2024 | 700 | 2,024 | 2,476 | (576) | (211) | 27 | 17,615 | 22,055 |

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Statement of changes in shareholders' equity – unaudited (continued)

| | Share capital | Share premium account | Merger reserve | Treasury shares | Other reserves | Translation reserve | Retained Earnings | Total equity |
|--|---------------|-----------------------|----------------|-----------------|----------------|---------------------|-------------------|---------------|
| At 31 March 2024 | 700 | 2,024 | 2,476 | (576) | (211) | 27 | 17,615 | 22,055 |
| Comprehensive income for the period | | | | | | | | |
| Profit for the six-month period | - | - | - | - | - | - | 1,217 | 1,217 |
| Exchange differences on translation of foreign operations | - | - | - | - | - | (9) | - | (9) |
| Total comprehensive income for the six months ended 30 September 2024 | - | - | - | - | - | (9) | 1,217 | 1,208 |
| Contributions by and distributions to owners | | | | | | | | |
| Share-based payment charge | - | - | - | - | - | - | 23 | 23 |
| Deferred tax through Equity | - | - | - | - | - | - | 20 | 20 |
| Dividends | - | - | - | - | - | - | (314) | (314) |
| Total contributions by and distributions to owners | - | - | - | - | - | - | (271) | (271) |
| At 30 September 2024 | 700 | 2,024 | 2,476 | (576) | (211) | 18 | 18,561 | 22,992 |

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Consolidated cash flow statement – unaudited

| | Note | Six months ended 30 September 2024 | Six months ended 30 September 2023 | Year ended 31 March 2024 (Audited) |
|--|------|---|---|---|
| | | £000 | £000 | £000 |
| Profit from operations including redundancy costs | | 1,769 | 506 | 1,521 |
| Adjustments for: | | | | |
| Depreciation on property, plant and equipment | | 479 | 509 | 992 |
| Depreciation on right of use assets | | 211 | 183 | 368 |
| Amortisation of intangible assets | | 90 | 160 | 358 |
| (Profit)/Loss on disposal of property, plant and equipment | | (1) | (7) | 59 |
| Share based payment charge | | 22 | 143 | 111 |
| Other income / RDEC | | (69) | - | - |
| | | 2,501 | 1,494 | 3,409 |
| (Increase) / decrease in inventories | | (458) | (217) | 2,003 |
| (Increase) / decrease in trade and other receivables | | (3,258) | 259 | 2,215 |
| Increase / (decrease) in trade and other payables | | 1,948 | (611) | (1,570) |
| Cash generated from operations | | 733 | 925 | 6,057 |
| Taxation paid | | - | - | (30) |
| Net cash from operating activities | | 733 | 925 | 6,027 |
| Investing activities | | | | |
| Purchase of property, plant and equipment | | (152) | (251) | (321) |
| Purchase of intangible assets | | (111) | (197) | (287) |
| Proceeds from sale of assets | | 10 | - | - |
| Net cash used in investing activities | | (253) | (448) | (608) |
| Financing activities | | | | |
| Proceeds on issue of shares | | - | 2 | 2 |
| Principal paid on lease liabilities | | (252) | (339) | (568) |
| Cancellation of leases | | - | - | (59) |
| Repayment of invoice financing facilities | 5 | - | (454) | (1,557) |
| Increase of overdraft | 5 | - | 887 | - |
| Repayment of amounts borrowed | 5 | (37) | - | (61) |
| Repayment on term loan | 5 | (611) | (426) | (1,329) |
| Interest paid on term loan | 5 | (18) | - | (123) |
| Repayment on mortgage loan facility | 5 | (93) | (127) | (180) |
| Interest paid on mortgage loan facility | 5 | (34) | - | (72) |
| Interest received on bank deposit | | 4 | | |
| Dividends paid | | (314) | - | - |
| Net cash used in financing activities | | (1,355) | (457) | (3,947) |
| Net movement in cash and cash equivalents | | (875) | 20 | 1,472 |
| Cash and cash equivalents at start of period | | 3,138 | 1,653 | 1,653 |
| Effect of foreign exchange rate changes | | (9) | 8 | 13 |
| Cash and cash equivalents at end of period | | 2,254 | 1,681 | 3,138 |

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Notes to the unaudited interim financial report

1. Basis of preparation

The interim financial statements for the six months ended 30 September 2024 do not constitute statutory accounts for the purposes of Section 434 of the Companies Act 2006. The Annual Report and Financial Statements for the year ended 31 March 2024 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 March 2024 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. The 30 September 2024 statements were approved by the Board of Directors on 26 November 2024. This unaudited interim report has not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information.

The condensed financial statements in this Interim Report have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' as endorsed by the UK.

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the condensed set of financial statements has been prepared by applying the accounting policies and presentation that were applied in the preparation on the Company's published consolidated financial statements for the year ended 31 March 2024, which were prepared in accordance with the UK-adopted international accounting standards.

The condensed interim financial statements for the six months ended 30 September 2024 and the comparative figures for the six months ended 30 September 2023 are unaudited. The figures for the year ended 31 March 2024 have been extracted from the Annual Report on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

2. Significant accounting policies

Adoption of new and revised accounting standards

No new standards impacting on the Group have been adopted in its financial statements for the year ended 31 March 2024 or the interims ended 30 September 2024.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The Group does not expect any of the standards issued by the IASB, but not yet effective, to have a material impact on the Group.

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Notes to the unaudited interim financial report (Continued)

3. Earnings per share - Unaudited

The calculation of the basic and diluted earnings per share is based on the following data:

| | | Six months ended 30 September 2024 | Six months ended 30 September 2023 | Year ended 31 March 2024 (Audited) |
|---|--|---|---|---|
| | | £000 | £000 | £000 |
| Earnings | | | | |
| Net profit attributable to the equity holders of the parent company | | 1,217 | 285 | (3,527) |

| | | Six months ended 30 September 2024 | Six months ended 30 September 2023 | Year ended 31 March 2024 (Audited) |
|---|--|---|---|---|
| | | Number | Number | Number |
| Number of shares | | | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | | 68,435,383 | 68,430,950 | 68,433,858 |
| Effect of dilutive potential ordinary shares relating to share options | | 7,128,857 | 9,141,557 | 8,310,548 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | | 75,564,240 | 77,572,507 | 76,744,406 |

| | | | | |
|---------|--|-------|-------|---------|
| Basic | | 1.78p | 0.42p | (5.15p) |
| Diluted | | 1.61p | 0.37p | (5.15p) |

4. Taxation - Unaudited

| | | Six months ended 30 September 2024 | Six months ended 30 September 2023 | Year ended 31 March 2024 (Audited) |
|------------------------|--|---|---|---|
| | | £000 | £000 | £000 |
| Current tax | | 499 | (11) | 135 |
| Deferred tax liability | | (35) | 28 | 115 |
| Total | | 464 | 17 | 250 |

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Notes to the unaudited interim financial report (Continued)

5. Notes to cash flow statement - Unaudited

Analysis of changes in net debt

| 6 months ended 30 September 2024 | Overdraft | Invoice Financing | Mortgage | Loan | Total |
|---|------------------|--------------------------|-----------------|-------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 April 2024 | 37 | - | 2,287 | 611 | 2,935 |
| Cash flows | (37) | - | (93) | (611) | (741) |
| Cash outflow - interest | - | - | (34) | (18) | (52) |
| Interest accruing | - | - | 34 | 18 | 52 |
| At 30 September 2024 | - | - | 2,194 | - | 2,194 |

| 6 months ended 30 September 2023 | Overdraft | Invoice Financing | Mortgage | Loan | Total |
|---|------------------|--------------------------|-----------------|--------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 April 2023 | 26 | 1,557 | 2,467 | 1,940 | 5,990 |
| Cash flows | 887 | (454) | (127) | (426) | (120) |
| Interest | 61 | - | 37 | 63 | 161 |
| At 30 September 2023 | 974 | 1,103 | 2,377 | 1,577 | 6,031 |

| 12 months ended 31 March 2024 (Audited) | Overdraft | Invoice Financing | Mortgage | Loan | Total |
|--|------------------|--------------------------|-----------------|-------------|--------------|
| | £000 | £000 | £000 | | £000 |
| At 1 April 2023 | 26 | 1,557 | 2,467 | 1,940 | 5,990 |
| Cash flows | (61) | (1,557) | (180) | (1,329) | (3,127) |
| Cash outflow - interest | - | - | (72) | (123) | (195) |
| Interest accruing | 72 | - | 72 | 123 | 267 |
| At 31 March 2024 | 37 | - | 2,287 | 611 | 2,935 |

6. Finance costs - Unaudited

| | | Six months ended 30 September 2024 | Six months ended 30 September 2023 | Year ended 31 March 2024 (Audited) |
|---------------------------------------|--|---|---|---|
| | | £000 | £000 | £000 |
| Interest on bank overdrafts and loans | | 18 | 124 | 195 |
| Interest on mortgage | | 34 | 37 | 72 |
| Interest on lease liabilities | | 40 | 43 | 86 |
| Other interest | | (4) | - | (4) |
| Total | | 88 | 204 | 349 |

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2024

Notes to the unaudited interim financial report (Continued)

7. Exceptional items

Redundancy costs in year ended 31 March 2024

Redundancy costs of £0.02m have been incurred in the year to March 2024.

Impairment of Emma Hardie brand value in year ended 31 March 2024

As required by IAS 36, the Group reassesses its capitalised intangible assets for impairment on an annual basis. Following the difficult trading years of the Emma Hardie subsidiary, management have assessed that the brand value acquired on acquisition in relation to Emma Hardie has been impaired by £4.4m. This is shown as a separate line item in the Consolidated profit and loss account as it is an expense that is not in line with the normal trading operations of the Group. The impact of this impairment was not cash impacting and was an entry that reduces the intangible assets (Brand value for Emma Hardie) on the balance sheet with a corresponding entry in the Consolidated income statement. The associated goodwill and deferred tax liability were derecognised from the balance sheet. Please refer to notes 3, 8, 13 and note 14 of the full accounts to 31 March 2024.

8. Updated SME R&D Relief Scheme: For accounting periods beginning on or after 01 April 2024

The UK Government's recent overhaul of the R&D tax relief system has resulted in a merged "single" Research and Development Expenditure Credit (RDEC) Scheme which provides a headline credit rate of 20%. This credit will now be recognised as "other income" and is taxable, leading to a net benefit 15% of qualifying R&D expenditure. The Group pays the main corporation tax rate of 25%.

9. Related party transactions

The related party transactions that occurred in the six months ended 30 September 2024 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 March 2024.

10. Availability of Interim Report

The Interim Report is being made available to shareholders on the Company website www.creightonsplc.com. Further copies can be obtained from the Company's Registered Office, 1210 Lincoln Road, Peterborough, PE4 6ND.

For more information:

Pippa Clark, Director, Creightons plc

01733 281058

Roland Cornish, Beaumont Cornish Limited

0207 628 3396

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