07 July 2023

Creightons Plc

Audited Preliminary results

Annual General Meeting

Creightons Plc (the "Group" or "Creightons") brand owners and manufacturers of personal care, beauty, and fragrance products, is pleased to announce its preliminary results for the year ended 31 March 2023.

The Company's annual report and financial statements for the year ended 31 March 2023 will be made available from the Company's website at: https://www.creightonsplc.com

In addition, the document will be uploaded to the National Storage Mechanism and will be available for viewing at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

The Company's Annual General Meeting will take place at the offices of Potter & Moore Innovations Ltd, 1210 Lincoln Road, Peterborough, PE4 6ND on 13 September 2023 at 12:00 noon.

Financial highlights

- Significantly improved performance for the second half of the year due to remedial actions taken by management with operating profit (before exceptional items) increasing from £0.3m in the first half to £1.3m in the second half. Full year operating profit (before exceptional items) of £1.6m.
- Cash generated from operating activities has increased from £1.4m in the first half of the year to £4.5m in the second half of the year. Full year cash from operating activities generated of £5.9m.
- Balance sheet remains strong with Group net assets at the balance sheet date of £25.5m (2022: £25.7m).
- Revenue for the year was £58.6m (2022: £61.2m), a reduction of 4.2%.
- EBITDA for the year was £3.0m (2022: £5.9m).
- Operating profit decreased by 67.5% to £1.4m (2022: £4.4m).
- Operating profit margin of 2.4% (2022: 7.1%).
- A tax charge of £0.2m (2022: £0.3m) equates to an effective tax rate of 25.2% (2022: 10.0%).
- The profit after tax for the year has decreased by £2.6m to £0.5m (2022: £3.1m).
- The profit reduction together with the issue of shares has reduced the fully diluted earnings per share to 0.65p (2022: 3.98p).
- Net cash on hand (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) is negative £1.2m (2022: negative £2.1m).
- The Directors do not propose a final dividend for the year ended 31 March 2023 (2022: £Nil).

Operational highlights

- Sales growth momentum has been maintained in the branded and export business despite the economic downturn:
    - Overall branded sales have increased by 11.7% to £22.8m.
    - Sales of retailer own label products decreased by 11.7% to £22.0m.
    - Contract manufacturing sales decreased by 13.1% to £13.8m.
    - Total overseas sales have increased by 5.6% to £10.6m
- Integration of previous year acquisitions is substantially completed with the full benefits emerging in the new financial year.

- The Group has responded proactively to the unprecedented challenges facing the business due to supply chain constraints, higher commodity, and energy prices. The remedial measures were intended to restore profitability, reduce costs and inventory and to return to positive cash flow. Specifically, actions were taken in the following six areas:

    - Increase in selling prices to our customers
    - Reduction in overheads
    - Increase efficiency and capacity in each factory so as to maximise the benefit of single shift working
    - Relocating the customer facing side of the business, warehousing, picking packing and logistics back to the Peterborough site
    - Reduction in stock levels, targeting £2m reduction v previous year
    - New and non-critical capital expenditure cancelled unless payback less than 9 months

  The combined effect of these measures, carried out in the second half of the year, has been to return the business to profitability and positive cashflow.

Commenting on the results, William McIlroy, Chairman of Creightons Plc, said:
"This represented among the most challenging trading years ever faced by the Group due to the supply chain and inflationary pressures from the global economic downturn. I am pleased to report that we have responded to these challenges and made excellent progress in the second half of the year in returning the business to profitability and positive cash flow. Our branded business, boosted by the acquisitions in the previous year, has grown to almost £23m. We are well placed to respond proactively to the challenging market conditions and remain open to further business opportunities."

Commenting on the results, Bernard Johnson, Managing Director, said:
"This has been a year of two halves. Our response to the challenging market conditions experienced in the first half was to implement as a six-point programme to restore margins, reduce costs, lower stocks levels and improve cash. This programme has helped us deliver significantly improved results in the second half. We look forward to developing new sales opportunities in the year ahead leveraging on the strength of our brands, including Emma Hardie, and our in-house technical expertise.'

Enquiries – Analysts and Investors:
Nicholas O'Shea, Director, Creightons Plc 01733 281000
Roland Cornish / Felicity Geidt, Beaumont Cornish Limited 0207 628 3396

Overview

This represented among the most challenging trading years ever faced by the Group. As reported in the Chairman's statement in the half year interim RNS announcement in November 2022 the Group faced significant supply chain and inflationary pressures in the second half of the previous financial year which continued into the first part of the current financial year. These pressures contributed to higher input and overhead costs and reduced profitability. Our response was to embark upon a six-point programme designed to restore margins, reduce costs, lower stocks levels and return the business to positive cashflow. This included moving to a single shift at the Peterborough site. I am pleased to report that we have made significant progress in all of these areas in the second half of the financial year with Profit before tax and exceptional items increasing from £0.1m in the first half to £1.1m in the second half. Full year Profit before tax and exceptional items was £1.2m (2022: £4.1m). We have also improved our net cash on hand by £3.6m during the second half of the year reflecting the improved trading performance and the success of the inventory reduction programme.

We remain committed to seeking further cost and overhead reductions and to restoring margin and overall profitability to previous levels. In spite of the significant challenges faced by the Group and the wider economy, I am pleased to report that the Group has been successful in increasing its branded turnover by an impressive 11.7% which partially offsets the decline in the private label and contract manufacturing business.

The Group's vertically integrated model continues to give it competitive advantage allowing it to respond quickly and effectively to customer requirements. It previously provided for a rapid pivot in production to meet market demand for sanitary product at the beginning of the Covid outbreak, and more recently allowed it to respond flexibly to the current challenging economic environment. It also provides a competitive advantage with post-acquisition integration by providing synergies not available to all market participants. Over the reporting period the Group continued to invest in its manufacturing and in its research and development capabilities which contributed to improved manufacturing efficiencies.

Summary of Half 1 and Half 2 results:

	H1 (Unaudited)	H2 (Unaudited)	Year ended 31 March 2023
	£000	£000	£000
Revenue	29,676	28,891	58,567
Gross profit	11,990	12,358	24,348
Gross profit %	40.4%	42.8%	41.6%
Operating profit before exceptional items	281	1,303	1,584
Operating profit	130	1,289	1,419
Profit before tax and exceptional items	104	1,060	1,164
Profit before tax	(359)	1,046	687
(Loss) / Profit after tax	(385)	899	514

	H1 (Unaudited)	H2 (Unaudited)	Year ended 31 March 2023
	£000	£000	£000
Cash generated from operating activities	1,352	4,522	5,874

	At 30 September 2022 (Unaudited)	At 31 March 2023	Movement
	£000	£000	£000
Net cash on hand	(4,672)	(1,090)	3,582

Revenue

Overall Group sales were £58.6m for the year ended March 2023 (2022: £61.2m) a reduction of £2.6m. Overall Branded sales have increased by 11.7% from £20.4m to £22.8m with a strong performance from Feather & Down and Balance Active brands. Private label sales have decreased from £24.9m to £22.0m due mainly to the non-recurrence of a one-off private contract in the previous year. Contract manufacturing sales have decreased from £15.9m to £13.8m reflecting the difficulty faced by certain brand owners in the challenging economic environment.

The Group's total overseas business increased by 5.6% to £10.6m (2022: £10.0m).

Margin and cost of sales

Our gross margin was 41.6% for the year ended 31 March 2023 (2022: 42.8%). Gross margin has improved in the second half of the year to 42.8%, compared to the first half 40.4% due to proactive measures taken by management in the areas of customer price increases, cost mitigation and product re-engineering and reduced labour costs due to shift rationalisation and efficiency improvements.

Distribution costs and Administrative expenses

Distribution costs have increased by 10.4% to £3.9m (2022: £3.5m), driven by increased operational charges at third-party logistics providers and also a full year impact of the acquisitions.

Administrative expenses have increased by 3.3% to £18.9m in the year (2022: £18.3m) as the Group has seen a general rise in overhead costs in particular in energy prices and insurance costs. Overhead savings have been achieved across most cost headings including indirect payroll.

Research and Development

The Group invests significant resources in research and product development. As the Group has developed its business towards more leading-edge products, the nature of the research and development has become more sophisticated.

Creightons Plc has continued to invest in R&D throughout year ending 31 March 2023 to expand its portfolio of product offering and capabilities, with key areas of focus being the development of unique and technically challenging formulations across Skin care and Cleansing. Utilising advanced technologies we have successfully launched a range of Vitamin C skincare products that demonstrate enhanced skin brightening and anti-ageing performance coupled with novel textures at an affordable price point. New launches with key trend materials such as ceramides, peptides, prebiotics and exfoliating acids continue to demonstrate our ability to keep up with new trends and formulation development, delivering new product development quickly and effectively. Given the challenges in the market place, cost mitigation has also been a key focus with raw material sourcing and validation offering solutions to avoid excessive cost increases and maintain margins on existing products.

Looking forward the team are continuing to invest time and resource into exploring new categories and technologies. The importance of SPF in the skincare and sun care categories is a key area of focus and consumer demand. We are investing in delivering cutting edge, futureproofed formulations, delivering high UV protection in formats that offer improved performance and product aesthetics. Lastly, as part of the Group's expansion into new market territories product compliance becomes a key area of development with formulation redevelopment underway to allow for registration into the Chinese market whilst maintaining product quality. The team continues to support the wider business with trend-based developments focusing on the increased demand for cleaner, natural formulations.

EBITDA

The Group has generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £3.0m (2022: £5.9m). This represents a reduction of £2.9m (49.5%).

Tax

The Group's tax charge for the year was £0.2m (2022: £0.3m) which equates to a rate of 25.2% (2022: 10.0%). The effective rate of tax is more than the standard rate of 19.0% (2022: 19.0%). The tax charge in the current year reflects a higher deferred tax liability due to increase in future corporation tax rate to 25%.

Exceptional items

As reported in September 2022 there was an additional charge in respect of the acquisition of the Emma Hardie business should the Company's share price fail to attain £1.25 on the first anniversary of the sale. The excess over the amount paid at 31 March 2022 amounted to £0.3m and has been treated as an exceptional cost.

Redundancy costs incurred of £0.2m in respect of the closure of the second shift at Peterborough have also been included in exceptional costs.

Profit after tax

The Group's profit after tax has reduced by 83.5% to £0.5m for the year ended 31 March 2023 (2022: £3.1m).

Earnings per share

The diluted earnings per share of 0.65p (2022: 3.98p) is a decrease of 83.7%. The EPS has been adversely impacted by the reduction in profit after tax including the exceptional costs of £0.5m and also by the increase in the number of shares in issue (prior year acquisition related shares of 1.0m and share options).

Cash on hand and working capital

Net cash on hand (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) is negative £1.2m (2022: negative £2.1m). The improvement in cash is mainly attributable to improved business trading performance in the second half of the year together with inventory level reduction. The Group generated cash of £5.9m (2022: £2.0m) from operating activities.

Return on Capital Employed

The Group has increased capital employed following the two acquisitions completed in the previous year.

These investments have not yet delivered a full return on Capital Employed, which together with the reduction in current year operating profit has had the effect of reducing the Return on Capital Employed from 12.9% to 4.3%. The expected improvement on the returns on acquisitions in the year will increase in the year to March 2024. The Group continues to look for opportunities to invest in brands that will help drive faster growth in profits.

Net gearing

Net gearing of 22.1% (2022: 28.7%) has decreased by 6.6% percentage points in the year.

Dividend

The Directors do not propose a final dividend for the year ended 31 March 2023, (2022: £Nil) due to the challenging and volatile economic conditions facing the Group and the need to be prudent about utilisation of cash resources. 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 for the year ended 31 March 2023 was nil (2022: £0.15) per ordinary share.

Supply chain

In common with many UK manufacturing businesses, we have experienced global supply chain and inflationary pressures particularly during the first half of the financial year. These pressures have manifested in the form of delayed deliveries from suppliers, higher input, energy and overhead costs. The commodity pressures have eased somewhat in the second half of the financial year, but the level of domestic inflation remains a cause for concern. We will continue to be proactive in our response to these challenges and in particular we will seek out new opportunities and endeavour to mitigate any price increases through price recovery, product reengineering, alternative sourcing and other cost control measures**.**

Future opportunities

Looking forward we intend to invest in formulation development, market knowledge and manufacturing know how to enter the sizeable Suncare category. Consumer demand for Sun Protection Factor (SPF) protection is increasing in both the skincare category but also in more usage of sun protection products. This presents a significant opportunity in both the private label and contract manufacturing categories. We also continue to advance in SPF formulation development in the skincare category where consumer demand is also in growth.

We also intend to develop key markets in both the USA and China with our leading brands Emma Hardie and Feather & Down. Considerable time and investment has already been undertaken in China with the Emma Hardie brand where we are now launched on a number of digital platforms including Tmall and Douyin. Our next step is the finalisation of China Health Registrations to enable the brand to also be sold in market in China. Both brands are launching on Amazon in the USA market, a key development to then enable both brands to move into more traditional retail distribution as we demonstrate success on marketplaces.

We expect to extend distribution of Creightons core brands, in particular TZone and Balance Active both in the UK discount and grocery sectors along with international markets.

Conclusion

This has been a challenging year for the Group brought on by the war in Ukraine and global economic challenges.

In response we have been resolute and focused in restoring profitability and positive cash flow and in reducing the overall cost base. Our result for the second half of the year provides evidence that we are on the right track.

Manufacturing efficiency improvements have continued as a result of significant investment in higher grade machinery and equipment within the last 18 months. This has enabled the move to one shift across the Group.

In summary the Board believes that good management, strong customer relationships and financial position will continue to enable the Group to manage the current economic situation and that the Group is well placed to proactively manage new challenges and take advantage of any new opportunities that may arise.

We are still keen to expand but will only do so when the infrastructure is fully repositioned to deal with the volatile conditions we are facing.

Thanks also to our employees, customers and suppliers, especially those who have responded so positively through this challenging period.

Directors’ responsibilities statement

The Directors whose names and functions are set out on in the full report are responsible for preparing the Annual Report and the Financial Statements in accordance applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 ‘Reduced Disclosure Framework’, and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether UK-adopted international accounting standards have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company and enable them to ensure that the financial statements and the Directors’ Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors’ confirmations

The Directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group and parent Company’s position and performance, business model and strategy. Each of the Directors, whose names and functions are listed in Directors and Advisers on page 101 to the full accounts confirm that to the best of their knowledge:

1. the parent Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 ‘Reduced Disclosure Framework’, and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
2. the group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
3. the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with the description of the principal risks and uncertainties that they face; and
4. the report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group’s position and performance, business model and strategy.

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 risks facing the business from the challenging economic environment including inflationary pressures, higher interest rates and their impact on consumer demand. Further details of mitigating measures taken by management are set out in the operational highlights.

It also monitors risks not directly or specifically financial, but capable of having a major impact on the business's financial performance if there is any failure. The key risks and the measures taken to manage these risks are noted below.

Capital structure, cash flow and liquidity

The Group has a strong balance sheet. Acquisitions during the previous year were financed by internal cash resources and bank funding. The business is funded using; retained earnings, a long term mortgage, term loan and sale and lease back arrangements to support investments in fixed assets, invoice financing and overdraft facilities for working capital.

At 31 March 2023 the invoicing financing is in a utilised position of £1,557,000 as this facility has been utilised to fund the activities during the year (2022: £1,267,000). At 31 March 2023 the Group had utilised £26,000 (2022: £495,000) of its overdraft facility.

Competitive environment

The Group operates in a highly competitive environment in which demand for products can vary and customers have the opportunity to transfer business to other suppliers. The Group works to minimise this risk by developing close relationships with customers offering quality, service and innovation throughout the business. This risk is also further reduced through the development of its branded product portfolio and by the diversity of customers and products offered.

Quality

The Group treats quality as its key requirement for all products and strives to deliver quality products for every price point. Failure to achieve the required quality and safety standards would have severe consequences for the Group, from financial penalties to the damage to customer relationships. The Group has a robust product development process to mitigate risk wherever possible and to ensure all products are safe and fit for purpose. The Group is subject to frequent internal and external safety, environmental, ethical and quality audits covering both accreditations held and a number of specific operating standards our customers require us to comply with.

Global economic environment

On 24 February 2022 Russian forces entered Ukraine, resulting in Western nations reactions including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The immediate impact was a significant upward spike in energy and commodity prices, which continued into the first half of the current financial year. In addition, BOE base interest rates have increased from 0.75% to 4.25% in response to inflationary pressures. This has had a negative impact on consumer demand and the viability of many businesses. The rate of increase in commodities has eased in the second half of the current financial year but core domestic inflation and the prospect of prolonged higher interest rates remains a cause for concern. The Directors have carried out an assessment of the potential global economic impact on the business, including the impact of mitigation measures and uncertainties, and have concluded that the greatest impact on the business is expected to be from price increases.

The Directors have taken account of these potential impacts in their going concern assessments and have concluded that the direct impact is not significant to the business, with the indirect impact of price increases being reviewed on a regular basis. In the face of these challenges the focus of the business will be on positive cash generation and restoration of profitability.

Credit risk

Our credit risk is that our customers are unable to pay, and we believe this risk is elevated currently due to the current global economic climate. We proactively manage the risks faced by our customers by working closely with them and by increasing debtor management and expanding our credit insurance. All customers' debtor balances, are within insured credit limits or they pay on a pro-forma basis. Credit control processes are in place to manage credit risk including setting appropriate credit limits and the enforcement of credit terms and ongoing dialogue with all customers. We minimise the risk from concentration of customers through implementation of these credit processes and this risk is mitigated through the diversity of our customer base both by channel and geography. We remain vigilant to the credit risks in light of the challenging economic environment.

Supplier sourcing and costs

Cost increases as a result of inflation together with pressures on supply of materials globally are our key supplier-related risks. The pressure on global supply chains has eased but there remains uncertainty around future commodity pricing. We continue to work closely with suppliers and have used our improved sourcing capabilities to expand our supply base to ensure that we can meet the demand from our existing and new customers and minimise the impact of cost price increases. We have an ongoing dialogue and communication with our customers to mitigate the impact on the business.

Environmental protection standards and sustainability

The Group's technical department continues to monitor all relevant environmental regulations that the Group must adhere to, to ensure continued compliance. We have successfully operated at both manufacturing sites without a cessation in production due to an environmental incident. The risk of cessation of production from an environmental breach is considered to be low but in such an event we would be able to move production to the other site or to outsource to third party manufacturers in the short term.

The Group's objective is to keep ahead of the move towards more sustainable products and processes. There is a risk that if we do not take action we will be left behind and unable to meet our customers' requirements. However, the Group sees the move towards sustainability as an opportunity for business growth.

Cyber security

Cyber Security remains a significant threat to all businesses. The Group has continued to invest in new software and resources to minimise the risk of anyone accessing our systems and information. We have enhanced our ongoing training programme for employees to ensure that they are constantly aware of their role in protecting the business from all cyber security threats.

Consolidated income statement

		Year ended 31 March 2023	Year ended 31 March 2022
		£000	£000
Revenue		58,567	61,157
Cost of sales		(34,219)	(35,001)
Gross profit		24,348	26,156
Distribution costs		(3,902)	(3,535)
Administrative expenses		(18,862)	(18,256)
Exceptional items - Redundancy costs		(165)	-
Operating profit		1,419	4,365
Exceptional items - Acquisition costs		(312)	(602)
Finance costs		(420)	(308)
Profit before tax		687	3,455
Taxation		(173)	(345)
Profit for the year from operations attributable to the equity shareholders		514	3,110

Consolidated statement of comprehensive income

		Year ended 31 March 2023	Year ended 31 March 2022
		£000	£000
Profit for the year		514	3,110
Items that may be subsequently reclassified to profit and loss:			
Exchange differences on translating foreign operations		(9)	(7)
Other comprehensive income for the year		(9)	(7)
Total comprehensive income for the year attributable to the equity shareholders		505	3,103

Earnings per share

	Note	Year ended 31 March 2023	Year ended 31 March 2022
Basic	5	0.74p	4.62p
Diluted	5	0.65p	3.98p

Dividends

	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000
Final dividend paid – Nil (2022: 0.50p) per share	-	324
Interim dividend paid Nil (2022: 0.15p) per share	-	104
Total dividend paid in year – Nil (2022: 0.65p) per share	-	428
Proposed – Nil (2022: Nil) per share	-	-

Consolidated balance sheet

		31 March	31 March
		2023	2022
	Note	£000	£000
Non-current assets			
Goodwill		2,857	2,853
Other intangible assets		10,894	10,867
Property, plant and equipment		5,890	6,065
Right-of-use assets		1,285	1,120
		20,926	**20,905**
Current assets			
Inventories		10,228	12,479
Trade and other receivables		12,733	13,624
Cash and cash equivalents		1,653	840
		24,614	**26,943**
Total assets		**45,540**	**47,848**
Current liabilities			
Trade and other payables		9,836	10,127
Corporation tax payable		3	-
Lease liabilities		373	303
Borrowings		2,502	2,663
Deferred and contingent consideration	4	-	1,187
		12,714	**14,280**
Net current assets		**11,900**	**12,663**
Non-current liabilities			
Deferred tax liability		2,942	2,640
Lease liabilities		917	864
Borrowings		3,488	4,386
		7,347	**7,890**
Total liabilities		**20,061**	**22,170**
Net assets		**25,479**	**25,678**
Equity			
Share capital		700	697
Share premium account		2,022	1,951
Merger reserve		2,476	2,476
Treasury shares		(576)	-
Other reserves		(211)	(211)
Translation reserve		14	23
Retained earnings		21,054	20,742
Total equity attributable to the equity shareholders of the parent Company		**25,479**	**25,678**

Consolidated statement of changes in equity

	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 2021	648	1,410	-	-	25	30	17,973	20,086
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	3,110	3,110
Exchange differences on translation of foreign operations	-	-	-	-	-	(7)	-	(7)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(7)**	**3,110**	**3,103**
Contributions by and distributions to owners								
Exercise of options	23	541	-	-	-	-	-	564
Shares issued on acquisitions	26	-	2,476	-	-	-	-	2,502
Purchase of own shares by EBT	-	-	-	-	(236)	-	-	(236)
Share-based payment charge	-	-	-	-	-	-	330	330
Deferred tax through Equity	-	-	-	-	-	-	(243)	(243)
Dividends	-	-	-	-	-	-	(428)	(428)
Total contributions by and distributions to owners	**49**	**541**	**2,476**	**-**	**(236)**	**-**	**(341)**	**2,489**
At 31 March 2022	**697**	**1,951**	**2,476**	-	**(211)**	**23**	**20,742**	**25,678**
Comprehensive income for the year								
Profit for the year	-	-	-	-	-	-	514	514
Exchange differences on translation of foreign operations	-	-	-	-	-	(9)	-	(9)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(9)**	**514**	**505**
Contributions by and distributions to owners								
Exercise of options	3	71	-	-	-	-	-	74
Purchase of own shares	-	-	-	(576)	-	-	-	(576)
Share-based payment charge	-	-	-	-	-	-	101	101
Deferred tax through Equity	-	-	-	-	-	-	(303)	(303)
Total contributions by and distributions to owners	**3**	**71**	**-**	**(576)**	**-**	**-**	**(202)**	**(704)**
At 31 March 2023	**700**	**2,022**	**2,476**	**(576)**	**(211)**	**14**	**21,054**	**25,479**

Consolidated cash flow statement

		Year ended 31 March	Year ended 31 March
		2023	**2022**
		£000	**£000**
Profit from operations		**1,419**	**4,365**
Adjustments for:			
Depreciation on property, plant and equipment		1,000	888
Depreciation on right of use assets		294	256
Amortisation of intangible assets		288	435
Loss/(Profit) on disposal of Right of Use assets		34	(10)
Share based payment charge		101	330
		3,136	**6,264**
Decrease/(increase) in inventories		2,250	(2,515)
Decrease/(increase) in trade and other receivables		776	(1,820)
(Decrease)/increase in trade and other payables		(288)	59
Cash generated from operations		**5,874**	**1,988**
Taxation paid		(62)	(575)
Net cash generated from operating activities		**5,812**	**1,413**
Investing activities			
Purchase of property, plant and equipment		(825)	(1,106)
Purchase of right-of-use assets		-	(286)
Proceeds from sale and lease back		-	264
Purchase of intangible assets		(315)	(338)
Acquisition of Brodie & Stone		(75)	(3,507)
Acquisition of Emma Hardie		(1,424)	(2,775)
Exceptional costs in relation to acquisitions		-	(343)
Net cash used in investing activities		**(2,639)**	**(8,091)**
Financing activities			
Proceeds on issue of shares		74	564
Cancellation of leases		(35)	-
Principal paid on lease liabilities		(436)	(240)
Interest on lease liabilities		-	(117)
Interest paid on mortgage loan		-	(83)
Interest paid on overdrafts		-	(108)
Increase in invoice financing facilities		290	1,267
(Decrease)/increase of borrowings		(600)	495
Draw down of loan facility		-	3,000
Repayment on term loan		(816)	(314)
Repayment on mortgage loan facility		(252)	(169)
Dividends paid to owners of the parent		-	(428)
Purchase of own shares via EBT		-	(236)
Purchase of shares - Share buy back		(576)	-
Repayment of debt – Emma Hardie		-	(2,201)
Repayment of debt – Brodie & Stone		-	(463)
Net cash generated from/(used in) financing activities		**(2,351)**	**967**
Net increase in cash and cash equivalents		**822**	**(5,711)**
Cash and cash equivalents at start of year		840	**6,558**
Effect of foreign exchange rate changes		(9)	(7)
Cash and cash equivalents at end of year		**1,653**	**840**

Notes to preliminary announcement

1. Significant accounting policies

Basis of accounting

The Group financial statements have been prepared in accordance with UK-adopted international accounting standard in conformity with the requirements of the Companies Act 2006.

The IFRSs applied in the Group financial statements are subject to ongoing amendment by the IASB and therefore subject to possible change in the future. Further standards and interpretations may be issued that will be applicable for financial years beginning on or after 1 April 2023 or later accounting periods but may be adopted early.

The preparation of financial statements in accordance with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The primary statements within the financial information contained in this document have been presented in accordance with IAS1 Presentation of Financial Statements.

The financial statements have been prepared on the historical cost basis as modified for the fair value of business combinations. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

Adoption of new and revised accounting standards

None of the standards adopted during the year had a material impact on the Group's financial statements for the year ended 31 March 2023.

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.

2. Financial instruments and treasury risk management

Market risk

Market risk is the risk that arises from movements in stock prices, interest rates, exchange rates, and commodity prices.

Market risk for the 31 March 2023 year end is reflected within the interest rate and foreign currency risk which are discussed further below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations.

Trading exposures are monitored by the operational companies against agreed policy levels. Credit insurance with a world leading insurer is employed across the majority of our trade debtors. At 31 March 2023 all trade debtors (2022: all) are covered by credit insurance with a cover of 90% of the debtor balances. Non-trading financial exposures are incurred only with the Group's bankers or other institutions with prior approval of the Board of Directors.

The majority of trade receivables are with retail customers. The maximum exposure to credit risk is represented by the carrying amount of those financial assets in the balance sheet.

Impairment provisions on trade receivables have been disclosed in note 19 in the full accounts.

The credit risk on liquid funds such as cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Interest rate risk

The Group's interest rate exposure arises mainly from its interest-bearing borrowings.

The Group finances its operations through a mixture of debt associated with working capital facilities and equity. The Group is exposed to changes in interest rates on its floating rate working capital facilities. The variability and scale of these facilities is such that the Group does not consider it cost effective to hedge against this risk.

The Group also secured a fixed rate mortgage for a 15 year term, 11.5 years remaining, secured on the property with an interest rate of 3.04% fixed for the first 10 years, 6.5 years remaining, of the loan, therefore reducing the interest rate risk. The interest charge on the mortgage for the year ended 31 March 2023 was £77,000 (2022: £83,000).

On 3 September 2021, the Company took out a term loan of £3,000,000 to fund part of the purchase of the acquisitions in the prior year. The term loan is for a 4 year term secured on the assets of the Group with an interest rate of 2.70% above the Bank of England base rate. The interest charge on the term loan for the period to 31 March 2023 was £111,000 (2022: £43,000). A 1% increase in the interest rate would have resulted in an additional charge of £22,000 (2022: £13,000).

Interest rate sensitivity

The interest rate sensitivity is based upon the Group's borrowings over the year assuming a 1% increase or decrease which is used when reporting interest rate risk internally to key management personnel.

A 1% increase in bank base rates would reduce Group pre-tax profits by £114,000 (2022: £75,000). A 1% decrease would have the opposite effect. The Group's sensitivity to interest rates has changed during the current year due to the current economic climate, which has had the impact of increasing BOE base rates.

Foreign currency risks

The Group operates in a number of markets across the world and is exposed to foreign currency transaction and translation risks arising on the purchase and sales of goods in particular with respect to the US dollar and Euro.

Transaction risk arises on income and expenditure in currencies other than the functional currency of each Group Company. The magnitude of this risk is relatively low as the majority of the Group's income and expenditure are denominated in the functional currency. Approximately 0% (2022: 0%) of the Group's income is denominated in US dollars and 2% (2022: 2%) in Euros. Approximately 4% (2022: 4%) of the Group's expenditure is denominated in US dollars and 4% (2022: 5%) in Euros.

Foreign currency sensitivity

A 5% strengthening of sterling would result in a £145,000 (2022: £163,000) increase in profits and equity. A 5% weakening in sterling would result in a £161,000 (2022: £180,000) reduction in profits and equity.

When appropriate the Group utilises currency derivatives to hedge against significant future transactions and cash flow. There were no outstanding contracts as at 31 March 2023 or 31 March 2022.

Cash flow and liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its working capital requirements through overdrafts and invoice finance facilities. These facilities were renewed in March 2023 for a further 12 months. The maturity profile of the committed bank facilities is reviewed regularly and such facilities are extended or replaced well in advance of their expiry. The Group has complied with the terms of these facilities. At 31 March 2023 the Group had available £4,327,000 (2022: £6,288,000) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. The Group has a fixed rate mortgage for a 15 year term secured on the property with an interest rate of 3.04% fixed for the next 6.5 years of the loan. The Company also took out a term loan of £3,000,000 to fund part of the purchase of the acquisitions in the prior year. The term loan is for a 4 year term secured on the assets of the Group with an interest rate of 2.70% above the Bank of England base rate.

3. Financial assets

Financial assets are included in the Statement of financial position within the following headings. These are valued at amortised cost and are detailed below.

	Group	
	2023	**2022**
	£000	**£000**
Trade and other receivables	12,220	12,819
Cash and cash equivalents	1,653	840
Total	**13,873**	**13,659**

4. Financial liabilities

Financial liabilities are included in the Statement of financial position within the following headings. These are valued at amortised cost and are detailed below.

At 31 March 2023

	Group				
	Less than 6 months	**Between 6 months and 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
	£000	**£000**	**£000**	**£000**	**£'000**
Trade payables	5,974	-	-	-	5,974
Accruals	2,723	-	-	-	2,723
Obligations under leases	194	179	874	43	1,290
Overdraft and invoice financing	1,583	-	-	-	1,583
Loan	453	466	1,977	1,511	4,407
Total	**10,927**	**645**	**2,851**	**1,554**	**15,977**

For the year to 31 March 2023 contingent consideration of £Nil (2022:£1,028,000) is held at FVTPL within financial liabilities. The contingent consideration is based on quoted investments and is therefore designated as level 1 in the fair value hierarchy.

At 31 March 2022

	Group				
	Less than 6 months	**Between 6 months and 1 year**	**Between 1 and 5 years**	**More than 5 years**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Trade payables	6,211	-	-	-	6,211
Accruals	3,016	-	-	-	3,016
Obligations under leases	153	150	864	-	1,167
Overdraft and invoice financing	1,762	-	-	-	1,762
Loans	447	454	2,670	1,716	5,287
Deferred consideration	159	-	-	-	159
Total	**11,748**	**604**	**3,534**	**1,716**	**17,602**

5. Earnings per share

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

	Year ended 31-Mar	**Year ended 31-Mar**
	2023	**2022**
	£000	**£000**
Earnings		
Net profit attributable to the equity holders of the parent company	514	3,110

	Year ended 31-Mar 2023 Number	Year ended 31-Mar 2022 Number
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	69,166,461	67,372,553
Effect of dilutive potential ordinary shares relating to share options	9,534,475	10,681,836
Weighted average number of ordinary shares for the purposes of diluted earnings per share	78,700,936	78,054,389

Basic	0.74p	4.62p
Diluted	0.65p	3.98p

6. Share capital

	Ordinary shares of 1p each	
	£000	**Number**
At 1 April 2021	648	64,852,243
Issued in the year	49	4,903,940
At 31 March 2022	697	69,756,183
Issued in the year	3	273,400
At 31 March 2023	700	70,029,583

The Company has one class of ordinary shares which carry no right to fixed income. All of the shares are issued and fully paid. The total proceeds from the issue of shares from the exercise of share options in the year was £74,000 (2022: £564,000).

7. Notes to cash flow statement

Analysis of changes in net debt

	Overdraft	Invoice Financing	Mortgage	Loan	Total
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2022	495	1,267	2,642	2,645	7,049
Cash flows	(600)	290	(252)	(816)	(1,378)
Interest accruing	131	-	77	111	319
At 31 March 2023	**26**	**1,557**	**2,467**	**1,940**	**5,990**

	Overdraft	Invoice Financing	Mortgage	Loan	Total
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2021	-	-	2,812	-	2,812
Cash flows	495	1,267	(253)	2,603	4,112
Interest accruing	-	-	83	42	125
At 31 March 2022	**495**	**1,267**	**2,642**	**2,645**	**7,049**

8. Status of information

In accordance with section 435 of the Companies Act 2006, the directors advise that the financial information set out in this announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2023 or 2022, but is derived from these financial statements. The financial statements for the year ended 31 March 2022 have been delivered to the Registrar of Companies. The financial statements for the year ended 31 March 2023 have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. The financial statements for the year ended 31 March 2023 will be forwarded to the Registrar of Companies following the Company's Annual General Meeting. The Auditors have reported on these financial statements; their reports were unqualified and did not contain statements under Section 498(2) or (3) of the Companies Act 2006.

The consolidated statement of financial position at 31 March 2023 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended have been extracted from the Group's financial statements. Those financial statements have not yet been delivered to the Registrar.

The strategic report with supplementary material is expected to be posted to Shareholders shortly. The annual report and accounts will also be available on the Company's website at: www.creightonsplc.com and in hard copy to shareholders upon request from the Company's registered office at 1210 Lincoln Road, Peterborough, PE4 6ND.

The annual report and accounts for the period ended 31 March 2023 will be uploaded to the National Storage Mechanism and will be available for viewing shortly at https://data.fca.org.uk/#/nsm/nationalstoragemechanism

The Directors will notify shareholders when the accounts are posted and have been uploaded to the website and to the NSM.

The Company's AGM will take place at the offices of Potter & Moore Innovations Ltd, 1210 Lincoln Road, Peterborough, PE4 6ND on 13 September 2023 at 12:00 noon.