CREIGHTONS plc

Strategic report with supplementary material and Notice of Annual General Meeting

For the year ended 31st March 2020

SCALP TONIC
BALANCE
Snake Venom
EYE CREAM
ANTI-AGEING
BALANCE
Sunshine Blonde
Sunshine Blonde
CREIGHTONS
CREIGHTONS
THE CUR
THE CURL COMPANY
EXPERTS IN CURLS & WAVES
CURL DEFINING MOUSSE
STYLING CRÈME-GEL
Crème de Coconut & Keratin
Shampoo
Coconut

Contents

This strategic report with supplementary material is a summary of information derived from the company's annual report. The Annual Report for 2020, together with this strategic report with supplementary material and notice of the annual general meeting, which contains other information required by section 311A of the Companies Act 2006, is available on our website at www.creightonsplc.com or by post, free of charge, by writing to Creightons Plc, 1210 Lincoln Road, Peterborough, Cambridgeshire PE4 6ND.

The auditor has issued unqualified reports on the full annual financial statements, the auditable part of the directors' remuneration report and on the consistency of the strategic report and the directors' report with those annual financial statements. Their report on the full annual financial statements and the auditable part of the directors' remuneration report contained no statement under sections 498(2) or 498(3) of the Companies Act 2006.

Highlights

Financial highlights

- Revenue increased by 8.6% to £47.8m (2019: £44.0m).
- Operating profit increased by 29.4% to £3.8m (2019: £2.9m).
- Operating profit margin of 7.9% (2019: 6.6%).
- A tax charge of £384,000 equates to an effective tax rate of 10.8% (2019: tax credit of £22,000 includes a prior year R&D credit of £361,000).
- The profit for the year has increased by £0.3m to £3.2m (2019: £2.9m).
- The profit increase has improved the fully diluted earnings per share to 4.34p (2019: 4.16p).
- Acquired the Freehold site in Peterborough for £4.0m partially funded by a long-term loan of £3.0m.
- Balance sheet remains strong after significant investment in working capital, product development and fixed assets to support organic growth.
- Proposed final dividend 0.50p per ordinary share (2019: 0.40p).

Highlights

continued

Operational highlights

- Sales growth momentum maintained:
  - Sales of retailer own label products increased by 29.8%
  - Contract sales declined by 20.3%
  - Our own branded sales have grown by 18.3%
  - Total overseas sales have increased by 43.4% to £7.2m (2019: £5.0m).
- Successful transitioning of brands with higher price point products and wider retail distribution.
- Brand acquired for £0.5m, which generated £1.2m sales in the period and contributed towards the gross margin improvement.
- Cash generated from operations invested in working capital, product development and plant & equipment to support the business growth.
- Investment in Far East sourcing is showing in improved margins.
- Outsourcing the warehousing and distribution of the majority of our finished goods to third-party logistics providers.
- Covid 19 - impact in the period;
  - £400,000 of delayed sales
  - Small increase in operational costs
  - No impact on year-end stock or debtor provisions.
- Covid 19 - impact post the year end;
  - Increased sales arising from pivot to supplying hygiene products
  - Higher operational costs arising on creating a safe working environment.

Chairman's statement

The Group has continued its recent expansion with organic sales growth of 6.0%, supported by the sales from the brand acquired in the year, resulting in sales of £47.8m for the year ended 31 March 2020 (2019: £44.0m). This has driven a 29.4% increase in operating profit to £3,754,000 (2019: £2,900,000).

Sales

Group sales have increased across private label and branded sales streams, increasing by 29.8% and 18.3% respectively. Major range extensions with our largest customer and the continued growth with a major retailer in the UK were the main drivers of this increase. Contract sales decreased by 20.3% in the period, the main reason being one major customer moving production in-house. The fact that overall sales growth is not reliant on one business stream illustrates the resilience of our business model. Sales in the month of March 2020 were adversely impacted by approximately £400,000 due to Covid-19 related delays and cancelled orders. Sales growth of our branded products was driven by higher retail position brands such as Feather & Down, which continues to perform with current customers and extended distribution, and The Curl Company with wider distribution in both the UK and overseas. The discount sector continues to be a competitive market with many of the grocers moving away from brands to focus on their private label offering.

The Group's total overseas business, including the Australian subsidiary and non-own branded customers, has grown by 43.4% to £7,178,000 (2019: £5,005,000).

Margin and cost of goods

Our gross margin was 42.2% for the year ended 31 March 2020 (2019: 39.4%). The main driver has been a change in sales mix in the period with a higher proportion of sales from higher margin branded sales, including contribution from the acquired brand. All outsourced production, which had no incremental cost in the year (2019: £68,000) has been brought back in house. We have benefited from the economies of scale generated by; sales growth, continued improvements in productivity and the successful re-sourcing of many raw materials during the year that have more than offset the impact of underlying raw material price increases and increases in the minimum wage. The re-sourcing exercise is continuing with an expanded overseas sourcing structure.

Distribution costs and Overheads

Distribution costs have increased by 11.0% to £2,447,000 (2019: £2,204,000), partly driven by organic growth but also due to the decision to outsource the warehousing and distribution of our finished goods to a third-party logistics provider. This process is largely complete and was critical in enabling the Group to deliver current future sales growth.

Chairman's statement

continued

Overhead costs have increased by 14.3% (2019: 10.9%) in the year as the Group has invested in increased resources as it builds a team capable of delivering the growth anticipated for the future. We will continue to manage our overhead cost base requirements to ensure they are aligned with the anticipated sales levels of the Group.

Acquisition and disposal

On 21 June 2019, the Company acquired a new brand for £500,000 as well as their existing stock. The acquisition adds to the Group's growing range of beauty and well-being products contributing £1,164,000 to sales for this period. On 13 August 2019 the Group sold its 55% interest in the equity of Amie Skincare Ltd with negligible impact on sales and profit.

The Company acquired the freehold property of the site it occupies in Peterborough for a total cost of £4,038,000 on 16 October 2019, which has a carrying value of £3,941,000 at 31 March 2020. The purchase is partly funded by a 15- year term loan of £3.04m secured on the property. The interest rate on the first 10 years of this loan is fixed at 3.04%. The amount of the loan outstanding at 31 March 2020 is £2,975,000 of which £159,000 is treated as short-term borrowings. The net benefit to operating profit in the period is £29,000.

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. The total investment in research and development expenditure where we have made claims for R&D tax relief in the year is £1,121,000 (2019: £937,000, excluding claims in respect of prior years).

Tax

The Group's tax charge for the year was £384,000 (2019: credit of £22,000) which equates to a rate of 10.8% (2019: minus 0.80% which includes prior year R&D credit of £361,000). The effective rate of tax is significantly less than the standard rate of 19.0% (2019: 19.0%). The main reason for this reduction is the R&D relief claims for the current year of £213,000 and the reduction due to the tax charge associated with share options exercised in the period. The previous year's tax credit was due to the cumulative impact of three year's R&D tax credit.

Profit after tax

The Group's profit after tax has increased by 9.6% to £3,168,000 for the year ended 31 March 2020 (2019: £2,891,000).

Chairman's statement

continued

Earnings per share

The diluted earnings per share of 4.34p (2019: 4.16p) is an increase of 4.3%.

Working capital

Net cash on hand (cash and cash equivalents less short-term element of the bank loan and short-term borrowings) is £2,957,000 (2019: Net cash borrowings of £383,000). The Group generated £6,612,000 (2019: £989,000) from operating activities, which enabled the company to acquire the Peterborough site and the brand acquisition and still improve its already strong financial position.

Return on Capital Employed

Despite the investment in the new brand, the Group has continued to increase its Reserves, which has resulted in a slight reduction in the Return on Capital Employed from 22.9% to 20.6%. The Group continues to look for opportunities to invest in brands that will help drive faster growth in profits.

IFRS 16 – Operating leases

The Group has adopted IFRS 16 from 1 April 2019 requiring all leases to be recognised on the balance sheet as an asset and a lease obligation, but the Group has not restated comparatives. Previously operating leases, including property rentals costs were charged to the Statement of Comprehensive Income. The resulting impact to profit is £50,000 extra cost with additional finance costs of £136,000 and depreciation of £142,000 compared to operating rental costs of £228,000. At 1 April 2019 balance sheet recognition resulted in an increase in right-of-use assets and obligations under leases (short and long term) of £900,000.

Dividend

The Board proposes a final dividend of 0.50 pence per ordinary share, subject to approval at the AGM, (2019: 0.40p). This is in line with the directors' intention to align future dividend payments to the underlying earnings and cash flow of the business. Together with the interim dividend of 0.15p per share paid last December, the total dividend paid for the year ended 31 March 2020 is 0.55p (2019: 0.38p).

Covid-19 statement

Whilst the Company has faced a number of challenges since the outbreak of Covid-19 and has incurred significant costs associated with managing the risks associated with Covid-19, it has also found opportunity to deliver product types currently in demand by consumers, industry and Health Care providers. In particular, the Company has been able to introduce its new Pure Touch brand of hand sanitisers and hand washes, available through all channels of distribution that require and need anti-viral hygiene products; and a newly developed anti-viral alcohol-free hand cream. Trading to the

Chairman’s statement

continued

31 July 2020 is ahead of last year, which has enabled the Group to absorb the increased costs and risks associated with the pandemic.

Mary Carney

The board was sad to announce the death in November of our long-standing Non-executive director, Mary Carney who passed away that month. They would like to recognise the contribution she made to the Group’s success over the past 20 years and feel her insight and contribution will be missed.

Conclusion

The Board believes that the Groups strong customer relationships and robust financial position has enabled the Group to manage the current crisis and puts it in a good position to proactively manage any new challenges and take advantage of any new opportunities that may arise.

I would like to take this opportunity to thank every one of the Group’s employees for the hard work and effort both during and after the year-end. It has been commendable how they have responded to the speed of change required and pressures associated with these exceptional times. I would also like to thank our customers and suppliers that have responded positively through this challenging period.

William McIlroy
Chairman

1 September 2020

Group strategic report

This strategic report has been prepared solely to provide additional information to enable shareholders to assess the Group's strategies and the potential for those strategies to succeed.

The strategic report contains certain forward-looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

In preparing this strategic report, the directors have complied with s414C of the Companies Act 2006.

The strategic report has been prepared for the Group and therefore gives greater emphasis to those matters that are significant to Creightons Plc and its subsidiary undertakings when viewed as a whole.

The strategic report discusses the following areas:

- The business model
- A fair review of the Group's business
- Strategy and objectives
- Key performance indicators
- Principal risks and uncertainties
- Section 172 report
- Corporate and social responsibility
- Going concern

The business model

The principal activity of the Group is the development, marketing and manufacture of toiletries and fragrances, which includes the development of brands. A review of the operations of the Group during the year and current developments are referred to in the Chairman's statement on pages 5 - 8.

The subsidiary undertakings affecting the results of the Group in the year are detailed in note 17 to the financial statements.

Group strategic report

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A fair review of the Group's business

History

Creightons Plc was registered in 1975 to continue the business of manufacturing and marketing toiletries made exclusively from natural products first established in 1953. It created a number of proprietary brands, although it focused mainly on private label and contract manufacturing. It was listed on the London Stock Exchange in 1987. The Group consolidated its manufacturing at the Potter and Moore Innovations plant in Peterborough following the acquisition of the Potter and Moore business in 2003 and disposal of the Storrington site in 2005. The Group acquired the business and assets of the Broad Oak Toiletries site in Tiverton in February 2017 further increasing the Group's sales reach in terms of product and premium customers and adding to manufacturing capability and capacity. In June 2019 the Group bought the Balance Active Formula brand.

The first dividend for nearly 20 years was paid in 2015 and now as a result of the improved profitability the Company also made the decision to increase its declared dividends to a total of 0.65p (2019: 0.55p) in the year to March 2020.

Operating Environment

The toiletries sector principally encompasses products for haircare, skincare, bath & body and male grooming. The market is relatively mature although it is constantly evolving as brands seek to differentiate their offering in order to generate sales opportunities. This has resulted in a fragmentation of different sectors, for example, with haircare products developed to treat different hair types and conditions. Whilst adding some complexity, this segmentation creates opportunities for our business.

We also now operate in the home fragrance sector, reed diffusers and room fragrance. This sector is fragrance driven, fast moving and dynamic in line with changing consumer tastes and home interior trends.

Consumers purchase our products through a range of retail and internet outlets, from high quality department stores to value driven discounters, with the high street supermarkets and drug stores in the middle. The majority of the Group's products are sold in the UK, although increasing amounts are sold overseas, either direct to retailers or through distributors.

Producers and manufacturers providing products in this market place range from major multinational corporations to small businesses. Production and manufacturing are now world-wide, with many competitors sourcing a significant proportion of their products from outside the UK or EU, either due to greater economies of scale or due to a lower cost base.

Group strategic report

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All products the Group manufactures conform to EU regulation No. EU 1223:2009 which applies to toiletries and cosmetic products. The sites hold appropriate accreditations to conform to this regulation.

Recent developments

The Group's operations are broadly organised into three business streams:

- our own branded business which develops, markets, sells and distributes products we have developed and own the rights to or brands we have licensed.
- private label business which focuses on high quality private label products for major high street retailers and supermarket chains and
- contract manufacturing business, which develops and manufactures products on behalf of third-party brand owners.

Each business stream uses central creative, planning, sourcing, finance and administration operations based in Peterborough with manufacturing, sales, research and development and logistics operations located at both Peterborough and Tiverton. Each business stream is pro-active in the development of new sales and product development opportunities for their respective customers.

Over the past few years, the Group has invested in a number of brands along with their existing brand owners. These operate within the existing branded products business stream. We continue exploring further opportunities of this nature where the benefits of developing existing established brands with the brand owners will add contribution to the Group's profits and value to the brand.

In the past, the Group has disposed of several brands and businesses such as "the Real Shaving Company" and "Twisted Sista" which we had successfully grown but were no longer part of our core business. The Group considers the acquisition, development and investment in new brands to be a key in adding value to the business.

During the year, the Group acquired the Balance Active Formula brand as part of its strategy of acquiring targeted brands that offer growth opportunities within our existing operational footprint.

Position of Group business

It is the directors' view that the financial position of the Group at the year-end is strong and that the Group has sufficient resources to meet its obligations in the normal course of business for the next 12 months.

Group strategic report

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Current operations

The Group operates through the three main business streams described above, utilising its extensive brand management, product development and manufacturing capabilities encompassing toiletries, skincare, hair care, fragrances and home fragrance. The Group has extended its research and development and sales expertise to maximise the opportunities afforded by these capabilities. Some of this work has been capitalised and is being amortised over the estimated life of the products in accordance with IFRS requirements.

The Group has continued its aggressive development programme of new ranges of branded toiletries, hair care and skincare products, with Feather & Down and Bambeautiful brands illustrating the potential that can be derived from this investment. The Group continues to extend and develop those already successfully launched such as *The Curl Company* and *Creightons Haircare brands*.

Strategy, objectives and future developments

The primary objective of the Group is to deliver an adequate and sustainable return for shareholders whilst guarding against commercial risks. We aim to deliver this by pursuing the following broad strategies:

- Expand our customer base across all three sales streams (private label, contract and brands) within the UK and increasingly overseas.
- Continuously review, develop and enhance our product offering to meet the consumers' requirement for high quality excellent value products and thereby help our customers grow their businesses.
- Ensure that we exceed our customers' expectations for first rate quality products and excellent customer service and use this to expand opportunities within our existing customer base.
- Manage our gross and net margins through efficient product sourcing, continuously improving production efficiencies, asset management and cost control.
- Make fully appraised investment in brands that will help us maintain and grow our business and create brand value, which can be crystallised through disposals to third parties.

The process for outsourcing the warehousing and distribution of the finished goods to a third-party logistics provider is almost complete. This has been, and will continue to be, key to allow the Group to deliver sales growth.

The Group continues to invest in resources as it builds a team capable of meeting future demand.

Group strategic report

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Key performance indicators

Management and monitoring of performance

Your directors are mindful that although Creightons Plc is a UK Listing Authority "premium" listed company, in size it is really only medium sized and therefore many of the 'big business' features common in premium listed companies are inappropriate. Recent years' profitable results have been achieved as a result of considerable hard work in focusing management and staff efforts on more productive product ranges, improving production and stock holding efficiencies, ensuring high levels of customer service and eliminating overhead inefficiencies. This report has been prepared with that in mind and is commensurate with the size of the Group's business.

As a consequence, the Group has limited personnel or other non-financial Key Performance Indicators (KPIs) or targets. Each position that becomes vacant is reviewed against our strategic objectives for necessity before authorisation is given for it to be filled through either recruitment or promotion.

The Board regularly monitors performance against several key financial indicators, including gross margin, overhead cost control, cash/borrowing and stocking levels. Performance is monitored monthly against both budget and prior year.

Financial key performance indicators

	2019/20	**2018/19**	**Movement**
Sales	**£47,808,000**	£44,030,000	Increase of 8.6%
Gross Margin as a % of Revenue	**42.2%**	39.4%	Increase of 2.8%
Profit for the year	**£3,168,000**	£2,891,000	Increase of 9.6%
Operating profit	**£3,754,000**	£2,900,000	Increase of 29.4%
Operating profit as a % of Revenue	**7.9%**	6.6%	Improvement of 1.3%
Return on capital employed	**20.6%**	22.9%	Decline of 2.3%
Net gearing (including obligations under leases)	**4.8%**	4.6%	Increase of 0.2%

Group strategic report

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Health and Safety

There were 3 incidents involving employees or contractors on the Group's sites which were required to be reported to the Health & Safety Executive during the year (2019: 4). None of these resulted in adverse HSE reports or recommendations. All those involved have fully recovered and were able to return to work with no long-term effects after their incident. The Group continuously monitors and revises its operating, training and monitoring procedures as appropriate to ensure that the safety of employees and contractors is maintained to a high standard, and ensures there is no deterioration in compliance with these standards.

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 12 months and potential emerging risks, and the impact that has had on costs and consumer purchases.

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; 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. Further details of financial risks are set out in Note 21 to the financial statements.

Capital structure, cash flow and liquidity

The Group has a strong balance sheet with working capital investment at the year-end. The business is funded using; retained earnings, a long term mortgage and sale and lease back arrangements to support investments in fixed assets, and invoice financing and overdraft facilities for working capital. Further details are set out in Note 21 to the financial statements.

At 31 March 2020 the invoicing financing is in a surplus position of £336,000 (2019: £4,000), due to cash received from customers immediately before the year and not yet transferred to the bank account.

At 31 March 2020 the Group had utilised £544,000 (2019: £344,000) 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

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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 and quality audits covering both accreditations held and a number of specific operating standards our customers require us to comply with.

Research and development
The Group undertakes significant research and development to identify new brands, proprietary products and improved formulations to existing products that address expected market trends and customer and consumer demands to maximise the Group's market share and deliver new opportunities for growth.

The Group's principal focus in R&D is maintenance and development of brands and products in its existing markets and product ranges. As our brands evolve the Group now develops ranges which involve greater innovative development and claims substantiation which has changed the nature of our research and development over recent years. One impact of this development is improved claims for research and development tax relief.

Brexit
As the UK Government continues its negotiations, uncertainty remains as to the extent to which our operations and financial performance will be affected in the longer term. At a Group and business level, we have continued to prepare for changes in legislation, trade agreements and working practices in order to take advantage of any opportunities arising and to mitigate risk. The Group operates globally and may be affected by Brexit developments, which could provide a number of challenges. The Group is continuously monitoring events and putting mitigating actions in place including the registration of a new subsidiary Potter & Moore Ltd based in Ireland as an EU base for recording regulatory information. Trading with our EU customers and suppliers could be more complex. Any actual or perceived barriers to free trade are an obvious area of concern for us. Brexit increases the Group's exposure to potential currency fluctuations and tariff changes. Brexit and trade barriers continue to be an integral part of the Group's ongoing risk management and review process, for which solutions to address the risks are identified and implemented. Although there is still uncertainty

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surrounding the outcome of Brexit, we do not expect the direct consequences of Brexit to have a material impact on the Group.

Covid-19

Like all businesses, Covid-19 presents significant risks to our customer base, supply chain and the infection risk faced by our employees.

We proactively managed the risks faced by our customers by working closely with them and by increasing debtor management and expanding our credit insurance. All customers' debtor limits, apart from the Department of Health and Social Care, are within insured credit limits or they pay on a pro-forma basis.

We have worked closely with suppliers and used our improved Far East sourcing capabilities to expand our supply base to ensure that we can meet the demand from our existing and new customers. This has increased costs as high demand for scarce raw materials drove up prices and we increased the use of air freighting to ensure we could meet the increased demand for hygiene products. We managed these increased costs with our customers to mitigate the impact on the business.

We appointed a team of senior managers to monitor risks to our employees, and which manages these risks on a daily basis. Amongst other action, we have;

- Introduced a Covid-19 testing regime for all employees who cannot work from home,
- Increased use of PPE and installed screens to ensure social distancing can be maintained,
- Expanded all cleaning regimes in our sites,
- Managed site access through new security and temperature testing processes,
- Minimised the risks associated with car sharing by providing our own transport for employees who cannot get to work by other means.

Whilst this has increased our costs, it has ensured we can continue to service our customers and ensure our workforce has as safe an environment to operate in as possible. The Group utilised the Governments Furlough scheme for a short period, deferred paying Vat until March 2021 but did not need to access any further Government schemes.

Section 172 report

This section serves as our section 172 report. Section 172 of the Companies Act 2006 requires Directors to take into consideration the interests of stakeholders in their decision-making. The Directors continue to have regard to the interests of the Company's employees and other stakeholders,

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including the impact of its activities on the community, the environment and the Company's reputation, when making decisions. Acting in good faith and fairly between members, the Directors consider what is most likely to promote the success of the Company for its members in the long term. Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail this year how the Board engages with our stakeholders to comply with the requirement to include a statement setting out how our Directors have discharged this duty.

The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Board regularly reviews our principal stakeholders and how we engage with them. The stakeholder voice is brought into the boardroom throughout the annual cycle through information provided by management and by direct engagement with stakeholders where appropriate. The relevance of each stakeholder group may increase or decrease depending on the matter or issue in question, so the Board seeks to consider the needs and priorities of each stakeholder group during its discussions and as part of its decision-making. Details of our principal stakeholders, how and why we engage with them is detailed below;

Shareholders

The Groups' principal means of communicating with shareholders is through the Annual Report and Financial Statements. This is supported by bi-annual presentations to shareholders where attendees question the executive directors on the Groups' performance and direction, these sessions are available to view on the Company's website.

Customers

We work closely with all of our customers to ensure fair trading agreements are in place and we strive to work closely to identify shared opportunities to increase sales to ensure mutual growth in sales and profits.

Employees

The Board continues to enhance its methods of engagement with the workforce. With thorough regular briefings, direct communications through text messages and regular meetings with employee representatives through works councils. The Group has a profit related bonus system which ensures our employees participate in the ongoing success of the business.

Suppliers

We aim to work responsibly with our suppliers. During the year, the Board reviewed our arrangements and updated its Modern Slavery and Human Trafficking Statement that sets out the

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steps taken to prevent modern slavery in our business and supply chains. We ensure all suppliers are treated fairly when negotiating trading terms, including prompt payment for goods and services.

Key decisions made during the year, all of which have long-term implications for the ultimate success of the Group and the section 172 and stakeholder considerations are set out below

Key Board Decision	Section 172 and Stakeholder Consideration
Acquisition of the Balance Active Formula brand	To expand the brand and sales opportunities which will: • Increase the Group profitability for shareholders; • Improve opportunities and job security for employees; and • Create new opportunities for customers and suppliers.
Purchase of the Freehold Property at 1210 Lincoln Road, Peterborough, the principal operating site of the Group.	Provide security and provide opportunities to create long-term savings by streamlining the Group's operations that will benefit all stakeholders.
Operational impact of Covid-19	To identify the risks and opportunities associated with the Covid-19 pandemic and subsequent lock-down and: • Maximise opportunities to secure sales of hygiene related products to secure employment, shareholder value, meet customer and consumer demand and provide business for our suppliers; and • Manage the risks by creating a safe and secure workplace for our employees so that the opportunities can be delivered.

The Board ensures that items requiring Board approval highlight relevant stakeholder considerations to be considered when making decisions. As required, the Company Secretary will provide support to the Board to help ensure that sufficient consideration is given to stakeholder issues.

The Group has maintained its dividend policy, considering that such a payment is not detrimental to ensuring employees can be paid and investment be made for the longer future. The uncertainties caused by Covid-19 around going concern and focus on cash retention is mitigated by the increased sales that have been made post year end as the Group has pivoted to supplying hygiene products.

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Corporate and social responsibility

The Group is mindful of its wider responsibilities as a significant local employer in both its principal locations and of the contribution, it makes to the local economy both where it and its suppliers are based. The Group adheres to Modern Slavery and Human Trafficking Policies and adheres to best practice with regard to employment practices. All employees are paid the National Living Wage Foundations earnings when bonuses are included and the Group is targeting to pay this in their basic earnings.

We value and respect our employees and endeavour to engage their talent and ability fully. Whilst the Group does not operate a formal personal performance appraisal process, individual managers and supervisors undertake continuous performance monitoring and appraisal for their subordinates, and routinely report the results of these to their own managers and this assessment forms part of bonus payments. Part of this monitoring and appraisal includes assessment of training required for personal development as well as succession planning within the Group, and all employees are encouraged to undertake appropriate training to develop their skills and enhance their career opportunities.

The Group has formally adopted an Environmental Policy, which requires management to work closely with local environmental protection authorities and agencies, and as a minimum, meet all environmental legislation. The Group uses significant amount of plastics, cardboard packaging and chemicals in its products. It ensures it meets all regulations covering their use and has specific programmes covering;

- Sustainable palm oil; we are member of Roundtable for Sustainable Palm Oil, holding their supply chain accreditation. 98% of palm oil derivatives purchased by the Group are sustainably sourced.
- Packaging waste; all plastic and cardboard waste generated by the Group is recycled.
- Post-Consumer Recycled materials; we have an active development programme to use 'post-consumer recycled' materials in the manufacture of our products where practicable.

The table below shows the number of employees by gender in the Group as at 31 March 2020

	Group 2020		Company 2020	
	Female	Male	Female	Male
Directors, including Non-executive Directors	**1**	**6**	**1**	**6**
Senior Managers	**2**	**2**	**–**	**–**
Other employees	**267**	**162**	**–**	**–**

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	Group 2019		Company 2019	
	Female	Male	Female	Male
Directors, including Non-executive Directors	2	6	2	6
Senior Managers	2	2	–	–
Other employees	256	160	–	–

The Group has formal Staff Handbooks, which cover all major aspects of staff discipline and grievance procedure, Health and Safety regulations, and the Group's non-discrimination policy.

Disabled persons

The Group's policy is to fully consider all applications for employment from disabled persons in relation to the vacancy concerned. In the event of existing staff members becoming disabled, every effort would be made to enable them to maintain their present position or to provide appropriate training and find an alternative role within another department.

Going concern

The directors are pleased to report that the Group continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The Group's cash on hand at 28 August 2020 is £0.9m after investing in working capital to support the growth in sales of hygiene products. A significant (33%) reduction in revenue, without management tackling current overhead levels, over the next 12 months, would not fully utilise this cash and Group's available working capital resources. 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.

This report was approved by the board of directors on 1 September 2020 and signed on its behalf by:

Bernard Johnson
Managing Director

Supplementary material

Directors' remuneration report

Relations with shareholders

The objective of the Board is to create increased shareholder value by growing the business in a way that delivers sustainable improvements in earnings over the medium to long term.

The Board considers the Annual General Meeting as an important opportunity to communicate with private investors in particular. Directors make themselves available to shareholders at the Annual General Meeting, at the presentation of full-year and interim results and on an ad hoc basis, subject to normal disclosure rules.

This report is on the activities of the Remuneration Committee for the year to 31 March 2020. It sets out the remuneration policy and remuneration details for the Executive and Non-executive Directors of the Company. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "Regulations") as amended in August 2013.

The report is split into three main areas:

- Statement by the chair of the Remuneration Committee;
- Annual report on directors' remuneration (subject to audit); and
- Policy report.

The policy report was subject to a binding shareholder resolution at the 2019 Annual General Meeting and the policy took effect for the financial year beginning on 1 April 2019. The annual report on directors' remuneration provides details on remuneration in the period and some other information required by the Regulations. It will be subject to an advisory shareholder vote at the 2020 Annual General Meeting.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the directors' remuneration report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual remuneration report that are subject to audit are indicated in that report. The statement by the chair of the Remuneration Committee and the policy report are not subject to audit.

Supplementary material
continued

Statement by the chair of the Remuneration Committee

The directors' remuneration report has been prepared on behalf of the Board by the Remuneration Committee. The current members of the Remuneration Committee are William Glencross, who is the Chairman of the Committee and Nicholas O'Shea who is also a Non-executive Director, and acts as secretary to the committee.

The Remuneration Committee determines the remuneration of each Executive Director. During the year ended 31 March 2020, the Remuneration Committee agreed changes to the salaries of the Executive Directors in line with other employees, which became effective on 1 April 2020.

It is envisaged that the other remuneration components for Executive Directors for the year ended 31 March 2021 will be similar to those in place for the year ended 31 March 2020 as shown in the 'single figure' tables shown below.

Annual report on directors' remuneration

The information provided in this part of the Directors Remuneration Report is subject to audit.

The tables below represent the directors' remuneration for the years ended 31 March 2020 and 31 March 2019. These emoluments are normally paid in the year except for the bonus payments which are paid following the approval of the financial statements.

Executive directors' remuneration as a single figure

		2020				
Director	**Note**	**Salary and fees £000's**	**Annual bonuses £000's**	**Pension £000's**	**Share based payments £000's**	**Total £000's**
WO McIlroy	1	**25**	**199**	**–**	**–**	**224**
BJM Johnson	2	**92**	**199**	**–**	**–**	**291**
P Clark		**92**	**8**	**4**	**–**	**104**
M Stevens		**86**	**8**	**9**	**–**	**103**
P Forster		**84**	**7**	**8**	**–**	**99**
Total		**379**	**421**	**21**	**–**	**821**

Supplementary material

continued

Director	Note	2019 Salary and fees £000's	Annual bonuses £000's	Pension £000's	Share based payments £000's	Total £000's
WO McIlroy	1	25	150	–	59	234
BJM Johnson	2	92	150	–	59	301
P Clark		86	10	4	39	139
M Stevens		81	12	8	26	127
P Forster		80	11	7	20	118
Total		364	333	19	203	919

The share based payments noted in 2019 is full fair value at grant date. There were no grants in 2020.

Non-executive Directors' remuneration as a single figure

Director	Note	2020 Salary and fees £000's	Taxable benefit £000's	Share based payments £000's	Total £000's
MT Carney	3	**11**	**–**	**–**	**11**
NDJ O'Shea	4	**22**	**–**	**–**	**22**
W T Glencross		**16**	**2**	**–**	**18**
Total		**49**	**2**	**–**	**51**

Director	Note	2019 Salary and fees £000's	Taxable benefit £000's	Share based payments £000's	Total £000's
MT Carney	3	15	–	10	25
NDJ O'Shea	4	16	–	10	26
W T Glencross		15	2	10	27
Total		46	2	30	78

Supplementary material

continued

The share based payments noted in 2019 is full fair value at grant date. There were no grants in 2020.

Note

1 Mr McIlroy earned a salary of £25,000 per annum with all other payments made to Mr McIlroy's service company, Oratorio Developments Ltd.

2 Mr Johnson earns a salary of £10,000 per annum with all other payments made to his service company, Carty Johnson Limited.

3 Payments in respect of Ms Carney terminated on 19 November 2019 upon her death.

4 All payments are made to Mr O'Shea's employer, Saxon Coast Consultants Limited.

5 All other directors' remuneration is paid directly to the individual directors.

Taxable benefits

The taxable benefit for Mr William Glencross relates to his membership of the Group's medical scheme, which commenced prior to him stepping down as an Executive Director.

Payments for loss of office

No Executive Directors left the Company during the year ended 31 March 2020 and therefore no payments in respect of compensation for loss of office were paid or payable to any director (2019: Nil).

Share options

During the year the Mr BJM Johnson exercised 1,300,000, Ms P Clark exercised 200,000 and Mr P Forster exercised 500,000 share options. Following Mary Carney's death the share options she held lapsed. During the year ended 31 March 2019 Mr M Stevens was the only director to exercise share options, exercising 400,000. No directors were awarded share options during the year ended 31 March 2020 but were during the year ended 31 March 2019 and these are shown in the below table that can be exercised between 2021-2028 at an exercise price of 26.80p. There is a vesting period of over 3 years. The share options were awarded to the directors as part of the Company's on-going compensation and remunerations plans as a motivation for continuing to deliver success to the Group, its shareholders and employees. There are no service conditions associated with the award of the share options.

Supplementary material

continued

Directors' shareholdings

The directors who held office at 31 March 2020 had the following beneficial interests in the 1p ordinary shares of the Company:

	At 31 March 2020				
	Shares	Share Options			
Director	Number of shares	Exercise period of 2017 – 2024 price 5.50p Vested	Exercise period of 2019 – 2025 price 4.50p Vested	Exercise period of 2021 – 2028 price 26.80p Not vested	Total Options held
Mr William O McIlroy	**16,219,275**	**1,300,000**	**–**	**900,000**	**2,200,000**
Mr Bernard JM Johnson	**5,087,844**	**–**	**–**	**900,000**	**900,000**
Mr Nicholas DJ O'Shea	**100,000**	**–**	**–**	**150,000**	**150,000**
Mr William T Glencross	**67,500**	**–**	**–**	**150,000**	**150,000**
Ms P Clark	**651,818**	**–**	**200,000**	**600,000**	**800,000**
Mr M Stevens	**981,818**	**–**	**–**	**400,000**	**400,000**
Mr P Forster	**1,183,318**	**–**	**–**	**300,000**	**300,000**

There are no performance measures attributable to the share options. There are no requirements for a director to own shares.

	At 1 April 2019				
	Shares	Share Options			
Director	Number of shares	Exercise period of 2017 – 2024 price 5.50p Vested	Exercise period of 2019 – 2025 price 4.50p Not vested	Exercise period of 2021 – 2028 price 26.80p Not vested	Total Options held
Mr William O McIlroy	16,219,275	1,300,000	–	900,000	2,200,000
Mr Bernard JM Johnson	4,787,844	–	1,300,000	900,000	2,200,000
Mr Nicholas DJ O'Shea	100,000	–	–	150,000	150,000
Mr William T Glencross	67,500	–	–	150,000	150,000
Ms M Carney	–	–	–	150,000	150,000
Ms P Clark	501,818	–	400,000	600,000	1,000,000
Mr M Stevens	981,818	–	–	400,000	400,000
Mr P Forster	749,318	–	500,000	300,000	800,000

Supplementary material

continued

All of the above options relate to ordinary shares in Creightons plc. The market prices of these shares are included in the table below.

Market price		
At 31 March 2020	**Lowest during period**	**Highest during period**
44.00p	27.00p	54.50p

Mr McIlroy's holding noted above includes 14,450,000 (2019: 14,450,000) shares held in the name of Oratorio Developments Ltd, a private company of which Mr McIlroy is a Director and controlling shareholder.

Remuneration Committee

The Board has established a Remuneration Committee to determine the remuneration of directors of the Company. The members of the Committee during the year and the prior year were Nicholas O'Shea and Mary Carney until she passed away in November 2019, and then William Glencross. In determining the directors' remuneration, the Committee consulted the Chairman. There have been four meetings of the Committee during the period, 2 before Ms Carney passed away and attended by both her and Mr O'Shea, and 2 since then attended by both Mr Glencross and Mr O'Shea.

Policy on directors' remuneration

The policy of the Company on executive remuneration including that for Executive Directors is to reward individual performance and motivate and retain existing Executive Directors so as to promote the best interests of the Group and enhance shareholder value. The remuneration packages for executives and Executive Directors include a basic annual salary, performance related bonus and a share option programme. The remuneration packages for Non-executive Directors include a salary or fee. The Committee has reviewed the policy for the year ahead and has concluded that the key features of the remuneration policy remain appropriate.

In setting Executive Directors' remuneration, the Committee is mindful of the pay and conditions enjoyed by other employees. It considers revisions to their arrangements only when other employees' pay and conditions are also reviewed, and this is always done in the light of market conditions and overall Group performance. However, the Committee does not automatically increase the pay and conditions for directors in line with either inflation or at the same rate that those for other employees may be increased.

Both Executive and Non-executive Directors may accept appointment as directors of other companies and retain any fees paid to them, although directors are required to notify the company of

Supplementary material

continued

all such appointments and may not accept appointments which would be incompatible with their role with the Group, such as with direct competitors or major suppliers and customers.

Salary and benefits

Executive Directors' salary and benefits packages are determined by the Committee on appointment or when responsibilities or duties change substantially, and are reviewed annually. The last review was undertaken during March 2020 and three of the Executive director's received pay increases and bonuses in line with other employees of the Group. The Committee considers that improved performance should be recognised by achievement of performance bonuses.

Directors' performance bonuses

Both Mr McIlroy and Mr Johnson have contracts which provide for bonuses should the Group achieve profitability, and Mr McIlroy's also provides for a bonus should a complete or partial sale of the Group's toiletries business be achieved. The profit criterion was met in 2020, and as a consequence, provision for payment of the profit related performance bonus has been made in the financial statements, and will be paid as required by the contracts within one month of the approval and publication of these financial statements.

The contract for Mr McIlroy's services as a director provides for a bonus to be paid by the Company to Oratorio Developments Ltd in respect of the Group's net profits before tax at the rate of 12.5% in respect of net profits up to £50,000, 7.5% of net profits between £50,001 and £100,000, and 5% of net profits in excess of £100,000. A further bonus of 10% of the net sale proceeds is also payable to Oratorio Developments Ltd if the Company sells the whole of the toiletries business undertaken by the Company at 16 January 2002 for a price in excess of £1,500,000, or if the Company sells a part of that toiletries business for a price in excess of £500,000 and the net book value of the assets disposed of is less than one-third of the value of the net assets of the Company.

The contract for Mr Johnson's services as a managing director provides for a performance bonus to be paid by the Company to Carty Johnson Limited in respect of the Group's net profits before tax at the rate of 12.5% in respect of net profits up to £50,000, 7.5% of net profits between £50,001 and £100,000, and 5% of net profits in excess of £100,000.

The contracts for Ms Clark, Mr Stevens and Mr Forster all include a Group bonus scheme, where employees are entitled to a bonus of 7.5% of earnings if the Group hits the profit target for the period and additional payments in relation to key performance indicator targets which were partially achieved during the year.

Supplementary material

continued

Share option schemes

The policy of the Company is to grant share options to all employees including both Executive and Non-executive Directors as an incentive to enhance shareholder value.

Name of Director	Date of service contract	Date contract last amended	Notice period
WO McIlroy (chairman's contract)	6 Feb 2003	1 Apr 2020	12 months
WO McIlroy (director's contract with employer)	16 Jan 2002	1 Apr 2020	12 months
BJM Johnson (director's contract)	16 Jan 2002	1 Apr 2020	12 months
BJM Johnson (manager's contract with employer)	16 Jan 2002	1 Apr 2020	12 months
MT Carney (non-executive)	29 Nov 1999	1 Mar 2019	3 months
NDJ O'Shea (non-executive)	5 Jul 2001	1 Apr 2020	3 months
WT Glencross (non-executive)	31 Jul 2005	1 Apr 2020	3 months
P Clark (Deputy Managing Director)	9 Feb 2015	1 Apr 2020	3 months
M Stevens (Deputy Managing Director)	9 Feb 2015	1 Apr 2020	3 months
P Forster (Group Finance & Commercial Director)	9 Feb 2015	1 Apr 2020	3 months

It is the Company's policy that service contracts for the directors are for an indefinite period, terminable by either party with a maximum period of notice of either 3 months or 12 months. Any payments in lieu of notice should not exceed the director's salary or fees for the unexpired term of the notice period. Within that policy, information relating to individual directors is scheduled above.

The fees for Non-executive Directors are reviewed annually and determined in the light of market practice and with reference to the time commitment and responsibilities associated with each Non-executive Director's role and responsibilities.

The Board as a whole considers the policy and structure for the Non-executive Directors' fees on the recommendation of the Chairman. The Non-executive Directors do not participate in discussions on their specific levels of remuneration.

Non-executive Directors may not participate in any personal performance bonus, and are not eligible for pension contributions. The fees paid for Non-executive Directors consist of a flat annual fee based

Supplementary material

continued

on the involvement each is anticipated to be required to commit to the Group, and both the time commitments and fee basis are reviewed annually. Any additional time commitments over these are paid on a pro rata per diem basis. The fees paid for the chairman and Non-executive directors also include an element of profit-related bonus based on the overall performance of the Company and for the Chairman of sales value related bonus for the disposal of all or parts of the toiletries business.

Approval

In the opinion of the Remuneration Committee, the Company has complied with Section D of the Code, and in forming the remuneration policy the Committee has given full consideration to that section of the Code.

The Directors' Remuneration Report was approved by the Board of Directors on 1 September 2020 and signed on its behalf by:

Mr Paul Forster
Group Finance & Commercial Director

Supplementary material

continued

Consolidated income statement

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Revenue	**47,808**	44,030
Cost of sales	**(27,625)**	(26,690)
Gross profit	**20,183**	17,340
Distribution costs	**(2,447)**	(2,204)
Administrative expenses	**(13,982)**	(12,236)
Operating profit	**3,754**	2,900
Profit on disposal of subsidiary	**11**	–
Finance costs	**(213)**	(31)
Profit before tax	**3,552**	2,869
Taxation	**(384)**	22
Profit for the year from operations attributable to the equity shareholders of the parent Company	**3,168**	2,891

Supplementary material

continued

Consolidated statement of comprehensive income

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Profit for the year	**3,168**	2,891
Items that may be subsequently reclassified to profit and loss:		
Exchange differences on translating foreign operations	**21**	–
Other comprehensive income for the year	**21**	–
Total comprehensive income for the year attributable to the equity shareholders of the parent	**3,189**	2,891

Dividends

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Paid in year (£000)	**347**	233
Paid in year (pence per share)	**0.55p**	0.38p
Proposed (£000)	**324**	253
Proposed (pence per share)	**0.50p**	0.40p

Earnings per share

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Basic	**4.99p**	4.69p
Diluted	**4.34p**	4.16p

The profit of the parent company was £331,000 (2019: £233,000).

Supplementary material

continued

Consolidated balance sheet

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Non-current assets		
Goodwill	**331**	331
Other intangible assets	**971**	418
Property, plant and equipment	**5,956**	2,363
Right-of-use assets	**1,120**	-
	8,378	3,112
Current assets		
Inventories	**7,394**	8,015
Trade and other receivables	**8,867**	8,280
Cash and cash equivalents	**3,670**	349
	19,931	16,644
Total assets	**28,309**	19,756
Current liabilities		
Trade and other payables	**8,016**	6,339
Obligations under leases	**193**	40
Borrowings	**713**	732
	8,922	7,111
Net current assets	**11,009**	9,533

Supplementary material
continued

Consolidated balance sheet
continued

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Non-current liabilities		
Deferred tax liability	**29**	25
Obligations under leases	**976**	154
Borrowings	**2,816**	–
	3,821	179
Total liabilities	**12,743**	7,290
Net assets	**15,566**	12,466
Equity		
Share capital	**647**	625
Share premium account	**1,406**	1,329
Other reserves	**25**	25
Translation reserve	**21**	-
Retained earnings	**13,467**	10,487
Total equity attributable to the equity shareholders of the parent Company	**15,566**	12,466

These financial statements were approved by the board of directors and authorised for issue on 1 September 2020. They were signed on its behalf by:

Bernard Johnson
Managing Director

Supplementary material

continued

Consolidated statement of changes in equity

	Share capital £000	Share premium account £000	Other reserves £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1 April 2018	607	1,262	25	–	7,711	9,605
Comprehensive income for the year						
Profit for the year	–	–	–	–	2,891	2,891
Total comprehensive income for the year	–	–	–	–	2,891	2,891
Contributions by and distributions to owners						
Exercise of options	18	67	–	–	–	85
Share-based payment charge	–	–	–	–	69	69
Deferred tax through Equity	–	–	–	–	49	49
Dividends	–	–	–	–	(233)	(233)
Total contributions by and distributions to owners	18	67	–	–	(115)	(30)
At 31 March 2019	625	1,329	25	–	10,487	12,466
Comprehensive income for the year						
Profit for the year	–	–	–	–	3,168	3,168
Exchange differences on translation of foreign operations	–	–	–	21	–	21
Total comprehensive income for the year	–	–	–	21	3,168	3,189
Contributions by and distributions to owners						
Exercise of options	22	77	–	–	–	99
Share-based payment charge	–	–	–	–	133	133
Deferred tax through Equity	–	–	–	–	26	26
Dividends	–	–	–	–	(347)	(347)
Total contributions by and distributions to owners	22	77	–	–	(188)	(89)
At 31 March 2020	647	1,406	25	21	13,467	15,566

Supplementary material

continued

Consolidated cash flow statement

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Profit from operations	**3,754**	2,900
Adjustments for:		
Depreciation on property, plant and equipment	**615**	489
Depreciation on right of use assets	**192**	–
Amortisation of intangible assets	**555**	514
Loss on disposal of property, plant and equipment	**–**	6
Share based payment charge	**133**	69
	5,249	3,978
Decrease/(increase) in inventories	**621**	(2,516)
Increase in trade and other receivables	**(759)**	(442)
Increase in trade and other payables	**1,501**	297
Cash generated from operations	**6,612**	1,317
Taxation paid	**(6)**	(328)
Net cash generated from operating activities	**6,606**	989
Investing activities		
Purchase of property, plant and equipment	**(4,631)**	(1,026)
Proceeds from sale and leaseback	**238**	–
Purchase of intangible assets	**(1,103)**	(583)
Proceeds of disposal on investments	**11**	–
Net cash used in investing activities	**(5,485)**	(1,609)

Supplementary material

continued

Consolidated cash flow statement

continued

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Financing activities		
Proceeds on issue of shares	**99**	85
Proceeds from sale and lease back	**–**	198
Principal paid on lease liabilities (2019 – principal paid on finance leases)	**(157)**	(4)
Interest on lease liabilities (2019 – interest on finance leases)	**(146)**	(1)
Interest paid on mortgage loan	**(51)**	–
Interest paid on overdrafts and loans	**(16)**	(31)
(Decrease)/increase in invoice financing facilities	**(398)**	398
Increase/(decrease) of borrowings	**220**	(413)
Draw down of loan facility	**3,040**	–
Repayment on loan facility	**(65)**	–
Dividends paid to owners of the parent	**(347)**	(233)
Net cash generated from/(used in) financing activities	**2,179**	(1)
Net increase/(decrease) in cash and cash equivalents	**3,300**	(621)
Cash and cash equivalents at start of year	**349**	968
Effect of foreign exchange rate changes	**21**	2
Cash and cash equivalents at end of year	**3,670**	349

Notice of meeting

Due to the ongoing COVID-19 pandemic and current government advice on non-essential travel and social distancing, this will be a closed meeting and shareholders will not be permitted to attend the AGM in person. The Company encourages all shareholders to exercise their voting rights in relation to the resolutions set out in the Notice (the "Resolutions") by appointing a proxy using one of the methods set out in the notes to the Notice. A form of proxy is enclosed with the Notice. Shareholders are strongly advised to appoint the Chairman as their proxy as, under the current COVID-19 related government guidance, attendance by any other proxy is unlikely to be possible. Shareholders are also encouraged to appoint their proxies online and/or to act promptly in response to this letter, as the current situation may well cause delays in paper proxies being delivered.

The Company will also continue to welcome questions from shareholders on the business of the AGM, or any other matters relating to the Company, which should be submitted by e-mail to cosec@creightons.com by 12:00 noon on 28 September 2020. Questions should include: the shareholder's full name, number of shares held and telephone contact details. Responses will be given either by telephone, e-mail or by publication on the Company's website at the appropriate time.

The Company will monitor the guidance relating to COVID-19 as it continues to develop and, if there is a relaxation of relevant restrictions, the Company will consider whether or not it would be possible for a limited number of shareholders to attend the AGM in person in accordance with the relevant guidelines. The Company will publish any changes to the attendance restrictions on its website and/or by an announcement via a regulatory news service.

Notice is hereby given that the Annual General Meeting of the company will be held at the offices of Potter & Moore Innovations Ltd, 1210 Lincoln Road, Peterborough, PE4 6ND on 30 September 2020 at 12:00 noon in order to consider and, if thought fit, pass the following resolutions

1. To receive and consider the Group's financial statements and reports of the directors and auditor for the year ended 31 March 2020.

2. To receive and approve the directors' remuneration report for the year ended 31 March 2020.

3. To approve the directors' remuneration policy as detailed in pages 26 to 29 of the directors' remuneration report.

4. To approve the proposed final dividend of 0.50 pence per share.

5. To authorise the directors to appoint auditors to replace BDO who are resigning following the completion of 20 years' service as auditor to the Group.

Notice of meeting

continued

6. As an ordinary resolution:

"That, in terms of Article 6 of the company's Articles of Association, the directors of the company be and they are hereby generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 to exercise all the powers of the company to allot relevant securities (within the meaning of the said Section 551) of the company up to an aggregate nominal value of £215,820 (representing approximately one third of the current issued ordinary share capital) provided that this authority shall expire on the date of the next annual general meeting of the company after the passing of this resolution or, if earlier, fifteen months after the passing of this resolution unless previously renewed, varied or revoked by the company in general meeting and provided that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired, this authority to replace any existing like authority given prior to the date hereof which is hereby revoked with immediate effect."

7. As a special resolution:

"That, without prejudice to any existing powers in terms of Article 6 of the company's Articles of Association, the directors of the company be and they are hereby empowered pursuant to Section 570 of the Companies Act 2006 to allot equity securities (within the meaning of Section 560 of the said Act) for cash pursuant to the authority conferred upon them by Section 551 of the said Act by resolution 6 above as if Section 561(I) of the said Act did not apply to any such allotment provided that this power shall be limited:

(a) to the allotment of equity securities in connection with an offer or issue to or in favour of ordinary shareholders on the register on a date fixed by the directors where the equity securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on that date but the directors may make such exclusions or other arrangements as they consider expedient in relation to fractional entitlements, legal or practical problems under the laws in any territory or the requirements of any regulatory body or stock exchange; and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £32,373 (representing approximately 5% of the current issued ordinary share capital);

and shall expire on the earlier of the date which is fifteen months after the date of the passing of this resolution and the date of the next annual general meeting of the company after the passing of this

Notice of meeting

continued

resolution save that the company may before such expiry make an offer or agreement which would or might require securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the powers conferred hereby had not expired and so that all previous authorities of the directors pursuant to Section 95 of the said Act be and are hereby revoked."

8. As a special resolution:

"That the company be and is hereby generally and unconditionally authorised pursuant to Section 701 of the Companies Act 2006 to make market purchase (as defined in Section 693(4) of the said Act) of its own ordinary shares of 1p each ("Ordinary Shares") in such a manner and on such terms as the directors may from time to time determine provided that:

(a) the authority hereby conferred shall expire on the earlier of the date which is fifteen months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the company after the passing of this resolution unless renewed or extended prior to or at such meeting, except that the company may before the expiry of such authority make any contract of purchase of Ordinary Shares which will or might be completed wholly or partly after such expiry and to purchase Ordinary Shares in pursuance of such contract as if the authority conferred hereby had not expired;

(b) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 3,237,307 Ordinary Shares (representing 5% of the company's issued share capital as at 31 August 2020); and

(c) the maximum price which may be paid for each Ordinary Share pursuant to this authority hereby conferred is an amount equal to 105% of the average of the middle market quotations for Ordinary Shares (derived from The London Stock Exchange Daily Official List) for the five business days prior to the date of purchase and the minimum price of 1p."

By order of the board

Mr Paul Forster
Group Finance & Commercial Director

1210 Lincoln Road
Peterborough PE4 6ND
4 September 2020

Notice of meeting

continued

IMPORTANT NOTE REGARDING ATTENDANCE IN PERSON: Due to the ongoing COVID-19 pandemic and current government advice on non-essential travel and social distancing (as published at the date of this Notice), this will be a closed meeting and shareholders will not be permitted to attend the AGM in person. Consequently, shareholders are encouraged to exercise their votes by submitting their proxy as soon as possible and to appoint the Chairman as their proxy.

Notice of Meeting Notes:

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. To be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of trading on 28 September 2020. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

2. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

3. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

5. You can vote either:

    - by logging on to www.signalshares.com and following the instructions;
    - You may request a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita), on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be

Notice of meeting

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charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales.

- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In order for a proxy appointment to be valid, a form of proxy must be completed. In each case the form of proxy must be received by Link Asset Services at 34 Beckenham Road, Beckenham, Kent, BR3 4ZF by 12 pm on 28 September 2020.

6. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting (and any adjournment of the Meeting) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

8. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 12 pm on 28 September 2020. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST

Notice of meeting

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member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

10. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

11. As at 31 August 2020 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 64,746,143 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 31 August 2020 are 64,746,143.

12. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

13. Any shareholder attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the

Notice of meeting

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Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

14. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day from the date of this Notice until the time of the Meeting and may also be inspected at the Meeting venue, as specified in this Notice, from 9.00am on the day of the Meeting until the conclusion of the Meeting:

    Copies of the Directors' letters of appointment or service contracts.

15. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided in either this Notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated. A copy of this Notice, and other information required by Section 311A of the Companies Act 2006, can be found on the Company's website at www.creightonsplc.com

Contact information and useful information

Directors

William O McIlroy	*Executive Chairman and Chief Executive*
Bernard JM Johnson	*Managing Director*
William T Glencross	*Non-executive Director*
Nicholas DJ O'Shea	*Non-executive Director*
Philippa Clark	*Deputy Managing Director*
Martin Stevens	*Deputy Managing Director*
Paul Forster	*Group Finance & Commercial Director*

Company Secretary

Nicholas DJ O'Shea, BSc ACMA CGMA

Registered Office and number

1210 Lincoln Road
Peterborough
PE4 6ND
Registered in England & Wales No 1227964

Registrars

Shareholder information

Link Asset Services is our registrar and they offer many services to make managing your shareholding easier and more efficient.

Signal shares

Signal shares is a secure online site where you can manage your shareholding quickly and easily. You can:

- View your holding and get an indicative valuation
- Change your address
- Arrange to have dividends paid into your bank account
- View your dividend payment history
- Buy and sell shares and access a wealth of stock market news and information
- Download a stock transfer form

Contact information and useful information

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To register for Signal shares just visit www.signalshares.com. All you need is your investor code, which can be found on your share certificate.

Customer Support Centre

Alternatively, you can contact Link's Customer Support Centre which is available to answer any queries you have in relation to your shareholding:

By phone - UK – 0871 664 0300 (UK calls cost 12p per minute plus network extras). From overseas - +44 371 664 0300.

Lines are open 9.00am to 5.30pm, Monday to Friday, excluding public holidays.

By email - shareholderenquiries@linkgroup.co.uk

By post - Link Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

CREIGHTONS
ARGAN SMOOTH
SHAMPOO
CONDITIONER
BODY BLISS
BATH & SHOWER
BRONZE AMBITION
FAKE DON'T BAKE
GLOW & GO
pure touch
HAND CREAM
PRO KERATIN
SHAMPOO
CONDITIONER
SAMFORD
HANDSEIFE
DUSCHGEL

CREIGHTONS plc

Cambridgeshire
England
PE4 6NQ
Tel: +44 (0)1733 281000

www.creightonsplc.com