CREIGHTONS plc

Strategic report with supplementary material and Notice of Annual General Meeting

For the year ended 31st March 2024


BALANCE ACTIVE FORMULA
Vitamin C
BRIGHTENING SERUM
GLOW & RADIANCE
with ACTIVE VITAMIN C
WINNER hair AWARDS 2016
THE CURL COMPANY
EXPERTS IN CURLS & WAVES
ENHANCE & PERFECT
CURL CREAM
NOURISHING
CURLPLEX
WITH
Moringa Oil
200 mL ℮ 6.76 FL. OZ.
T-ZONE
Australian
Pink Clay Mask
with KAKADU PLUM
BRIGHTENING & DETOXIFYING
Pink clay enriched with Kakadu Plum Extract, Aloe, Witch Hazel, Rosemary and Vitamins A, E & C, to help tighten pores, detoxify and brighten in 15 minutes
125 ml / 4.2 fl oz ℮
CREIGHTONS
MADE IN ENGLAND
ARGAN SILK
INTENSE HYDRATION
MOISTURE RICH
SHAMPOO
SMOOTH AND SHINE
250 mL ℮ 8.45 FL OZ.
MOISTURE RICH
CONDITIONER
SMOOTH AND SHINE
250 mL ℮ 8.45 FL OZ.
Feather & Down
MADE IN ENGLAND
SWEET DREAMS
Warming Body Scrub
with calming lavender and chamomile essential oils
200 mL ℮ 6.76 FL. OZ.
SWEET DREAMS
Nourishing Bath Soak
with soothing upcycled chamomile extract and evening primrose oil
500 mL ℮ 16.9 FL. OZ.
THE ATTRACTA BEAUTY AWARDS
ABA23
FINALIST
The UK's No.1 Sleep Brand*
WINNER
GLOBAL MAKEUP AWARDS 2023
U.K.
THE ATTRACTA BEAUTY AWARDS
Winner
2022
Feather & Down
SWEET DREAMS
Pillow Spray
100 mL ℮ 6.76 FL.
*Data Source : Kantar, 52 weeks data ending 14th April 2024, Sleep Toiletries.
WINNER
GLOBAL MAKEUP AWARDS 2023
U.K.
CREIGHTONS
MADE IN ENGLAND
FRIZZ NO MORE
SUPER SMOOTH & COLOUR KIND
SLEEK + SHINE
COCONUT and CAMELLIA OIL
MIRACLE SERUM
FOR FRIZZY HAIR
50 mL ℮ 1.7 FL. OZ.

Contents

This strategic report with supplementary material is a summary of information derived from the company's annual report. The Annual Report for 2024, 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

- Improved gross margin performance on lower revenue of £53.2m (2023: £58.6m) a reduction of 9.2%, as a result of cost reduction and product portfolio rationalisation.
- Gross profit margin increased by 1.3% to 42.9% from 41.6%.
- Full year operating profit margin (before exceptional items) of 2.9% (2023: 2.7%).
- EBITDA for the year was £3.2m (2023: £3.0m).
- Exceptional items included Emma Hardie brand intangible asset impairment of £4.4m (2023: £Nil).
- Adjusted diluted earnings per share excluding exceptional items, was positive 1.42p (2023: 1.05p).
- Stock held on hand reduced by £2.0m to £8.2m (2023: £10.2m).
- Net cash on hand (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) is positive £2.2m (2023: negative £1.2m).
- The Directors propose a final dividend of 0.45 pence per ordinary share for the year ended 31 March 2024 (2023: Nil).

Operational highlights

- Private label saw growth in revenue whilst Branded and Contracts sales saw a downturn in revenue activity:
    - Sales of retailer own label products increased by 7.9% to £23.7m.
    - Overall branded sales have decreased by 7.6% to £21.0m.
    - Contract manufacturing sales decreased by 38.9% to £8.4m.
    - The Group's total overseas business decreased by 20.1% to £8.5m (2023: £10.6m).

Highlights
continued

- The Group has continued to successfully implement the six-point plan. The remedial measures were intended to restore profitability, reduce costs and inventory and to return to positive cash flow. The resulting actions and their impact are summarised in the following six areas:

    - Increase in selling prices to our customers

        - Sales teams continued the process of Cost Price Increase (C.P.I) monitoring across all categories of supply. This was used as the basis to negotiate sales price increases with customers. This has proved successful as indicated by the improvement in gross margin.

    - Reduction in overheads

        - Cost rationalisation has seen Administrative costs decrease by 5.6% to £17.8m (2023: £18.9m).

    - Increase efficiency and capacity in each factory so as to maximise the benefit of single shift working

        - Manufacturing team reducing to one shift at both Peterborough (September 2022) and Devon (September 2023).

    - Relocating the customer facing side of the business, warehousing, picking and packing and logistics back to the Peterborough site

        - Restructuring warehousing and logistics has seen Distribution costs decrease by 10.6% to £3.5m (2023: £3.9m).

    - Reduction in stock levels, targeting £2m reduction against prior year

        - We have achieved stock reductions of £2.0m to the end of March 2024, achieving a closing stock balance of £8.2m (2023: £10.2m) without any reduction in effective service levels to customers.

    - New and non-critical capital expenditure cancelled unless payback less than 9 months

        - Purchase of property, plant and equipment has reduced to £0.3m (2023: £0.8m).

The combined effect of these measures, carried out over the course of the year and in particular the second half of the year, has been to improve profitability and generate positive cash flow.

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:

- Chairman's statement
- Managing Director's statement
- Finance report
- The business model
- A fair review of the Group's business
- Strategy, objectives and future developments
- Key performance indicators
- Principal risks and uncertainties
- Section 172 statement
- Corporate and social responsibility
- Task Force on Climate-Related Financial disclosures (TCFD) report
- Non-financial information statement and sustainability information statement
- Going concern

Chairman's statement

I take pleasure in presenting my first statement following my appointment as Chair of the Board on 7 March 2024. The structure of this report will be different to previous years with a top-level overview of the Group's performance in the past year, changes to the board and senior management team and an overview of the direction of the business over the next few years.

Our new Managing Director, Philippa Clark will provide a more detailed review of the performance including a review of revenue and brand performance. This will be followed by a report on the Group's financial results.

Overview of performance

In common with many UK manufacturing businesses, we have been operating during a period of significant inflationary pressures, challenging supply chains and weakening consumer demand. The objective remains to meet our customer expectations and to deliver top line revenue growth whilst also relentlessly focusing on the areas within our control to recover margins following the erosion over the past two years and, matching our overhead costs to revenue and reducing stock levels.

Whilst results show revenue falling to £53.2m (2023: £58.6m), EBITDA has increased to £3.2m (2023: £3.0m) and operating profit before exceptional items has decreased marginally to £1.54m (2023: £1.58m). The operating margin percentage before exceptional items has improved to 2.9% in the year ended 31 March 2024 compared to 2.7% for the year ended 31 March 2023. A significant feature of this has been a gradual improvement throughout the year with margins significantly improved in the second half of the year. This is covered in more detail by Philippa Clark in her report as Managing Director.

Revenue performance across the three revenue streams has been mixed with:

- growth of £1.7m in the Private label revenue,
- decreased revenue through Brands of £1.7m, with some brands underperforming and lower revenue from reducing the tail of underperforming products and
- decreased revenue from contract manufacturing. Most of this reduction arose from our decision to curtail sales to businesses where credit insurance cover was removed, and the group considered it advisable to manage credit risks. Also, two key customers reduced orders due to declining consumer demand and overstocks.

Gross margins have continued to improve throughout the year and by the end of March were ahead of those achieved before they were adversely impacted by the inflationary pressures of the past two years.

Chairman's statement

continued

These improved margins have been achieved through a combination of increased selling prices, removing low margin products from sales mix, product cost engineering and improvements in production efficiencies. We are now seeing an easing of supplier price pressure in most areas although not all.

Overheads have been reduced to ensure they match the underlying activity levels of the Group. Manufacturing operations are now on a single shift basis across both sites. There have also been benefits arising from lower utility costs as wholesale prices have fallen. Warehousing costs have reduced due to the stock reduction programme and relocating most finished goods distribution back in-house. The impact of these changes has been to reduce the breakeven sales level on a month-by-month basis which will enable the business to leverage pre-tax profit growth from existing revenue and future growth. Improved output levels in manufacturing operations are helping to increase capacity.

One area of underperformance relates to the Emma Hardie business which was acquired on 28 July 2021 for a total consideration of £6.2m. The annual review of the value-in-use of the Emma Hardie brand, which considers the ability to generate growth in revenue and a review of the likely cash generation from future revenue, in accordance with the requirements of IAS 36, resulted in an exceptional impairment charge of £4.45m. This non-cash exceptional charge, in the current year, has materially adversely impacted the reported pre-tax profit. The remaining associated intangible brand value of £0.66m reflects an accounting assessment of discounted future cash flows from the Emma Hardie brand, based upon current performance and an estimate of future sales and costs.

This impairment will also result in a derecognition of the goodwill value of £1.28m, relating to the deferred tax associated with the Emma Hardie brand, with consequential adjustments to the deferred tax accrual. The net effect of these is a tax charge of £0.17m.

The underlying profit generation together with the significant reduction in stock levels has resulted in a dramatic improvement in the cash position with net borrowings falling by £4.8m to £0.8m (2023: £5.6m). The Group chose to repay 50% of the outstanding loan balance of the term loan used to partly fund the acquisitions in 2021.

Building a team for the future

Following Bernard Johnson's departure in November 2023, the Board asked the two Executive Directors, Philippa Clark and Martin Stevens to manage the routine operations of the business for an interim period and complete ongoing internal improvement programmes. In addition, they reviewed the Emma Hardie business and integrated it within the Group's operations, significantly reducing the overheads attributable to the brand and further reducing staffing levels to align with planned activity. This allowed the Board

Chairman's statement

continued

time to evaluate the various options for the organisation of the Board and the Senior Management Team. On completion of this review the Board announced the following changes on 7 March 2024.

- Philippa Clark was appointed as Group Managing Director. She will continue to be supported by Martin Stevens in his Executive Director role as Group Deputy Managing Director.
- William McIlroy retired from his Executive roles as Chairman and CEO and will remain on the Board as a Non-Executive Director.
- Paul Forster was appointed Non-Executive Chair of the Board.
- Brian Geary has joined the board as a Non-Executive Director.

I would like to take this opportunity to thank Bernard Johnson for his contribution to the business, which would not be where it is today without his vision and drive. I would also like to thank William McIlroy for his contribution and support over his tenure in his Executive roles and look forward to his support and guidance as I settle into my new role.

I believe the new Board provides a good balance of experience to support the management team as they evolve the strategy to grow the business to meet the needs of stakeholders.

I am pleased to report that Philippa Clark has settled into her role and is being actively supported by Martins Stevens and the other senior Executives. The Executive team, under the leadership of our new Managing Director is actively engaged in developing plans to grow sales, protect and improve margins and leverage our infrastructure to grow pre-tax profits and margins. The Board recognises the importance of maintaining stability and focus as we come out of this transitional period, and our collective efforts are geared towards sustaining and advancing the positive trajectory of our organisation.

Looking forward

The Group's focus will be to pursue new growth opportunities, growing revenues organically by using our in-depth market knowledge, product development expertise and brand marketing skills to:

- identify new products ranges for our brands and customers.
- extending the distribution of our brands, both within the UK and internationally.
- increase penetration into the private label sector, where we have range launches with two new customers in the coming year.

Chairman's statement

continued

- targeting contract business where customers' requirements align with our core strengths and flexible manufacturing capabilities.

The Group will continue to invest in the research and development of new brands to address changing market opportunities.

The work of the past year in improving margins, aligning cost to match activity and throughput levels, along with the significant spare capacity available by introducing additional shifts, if required, places the Group in a strong position to generate profits from additional revenue. The Group is generating positive EBITDA and cash flows from its core operations which underlines the ability to generate profitable growth. There are still opportunities to grow revenue and the sales team is being strengthened to deliver those opportunities with a Director of Global Sales (non-statutory Director) joining the group in May 2024.

The Group is committed to recovering our underlying operating profits (before exceptional items) levels, currently standing at 4.0% of revenue in the second half of the year to March 2024, to levels enjoyed in the past.

The Group's dynamic structure continues to give it a competitive advantage allowing it to respond quickly and effectively to customer requirements. It also provides a competitive advantage with post-acquisition integration by providing synergies not available to all market participants. The Group will continue to look for acquisitions for brands that can generate long-term growth in revenue, profits and cash generation. However, it will be much more focused on ensuring a good return can be delivered on its investments.

Dividend

The Board proposes a final dividend of 0.45 pence per ordinary share, subject to approval at the Annual General Meeting (2023: Nil). This is in line with the Directors' intention to reinstate paying dividends and to align future payments with the underlying profits and positive cash flow of the business.

Conclusion

I would like to take this opportunity to thank every one of the Group's employees who have continued to work together to enable us to deliver an improving trading performance. I would also like to thank our customers, shareholders and suppliers for their support and loyalty to the Group.

Paul Forster
Non-Executive Chair of the Board
16 July 2024

Managing Director's statement

A Challenging Year

This year's results represent a strong internally focussed strategy to ensure we tackled and conquered the challenges bought on by the tough economic conditions of the past two years, coupled with the ongoing macroeconomic and geopolitical pressures. Therefore, we have ensured that the key business fundamentals have been at the core of our activities during the year to ensure the Group continues to deliver a sustainable and stable business.

The difference in operating performance between H1 and H2 of the year ended 31 March 2024 demonstrate the impact of this focus. Despite the sales downturn in H2 against H1, gross profit margins were up by 1.5% (H1 2024: 42.2%), with full year margin of 42.9% being up 1.3% (2023: 41.6%). Key cost reductions in administration and distribution also provided significant gains in operating performance overall.

	H1 (Unaudited) £000	**H2 (Unaudited) £000**	**Year ended 31 March 2024 £000**
Revenue	27,555	25,639	53,194
Gross profit	11,632	11,198	22,830
Gross profit %	42.2%	43.7%	42.9%
Operating profit before exceptional items	506	1,032	1,538
Operating profit before exceptional items %	1.8%	4.0%	2.9%
Exceptional items	–	(4,466)	(4,466)
Finance Costs	(204)	(145)	(349)
EBITDA before exceptional items	1,358	1,881	3,239
Profit / (Loss) before tax	302	(3,579)	(3,277)
Profit / (Loss) after tax	285	(3,812)	(3,527)

Key achievements have been made in margin improvement, overhead and stock reduction, restructuring supply chain and positive cash generation. However, the drive to ensure a strong core business has come

Managing Director's statement

continued

at the expense of sales growth in the contract manufacturing division and a softening of growth in our brands where a refocussing of the product portfolio has been a priority to ensure margins are protected and enhanced where possible.

The strategy of pursuing a multi-channel approach to the market and a broad multi-category product offering continues to serve us well during times when consumer demand is impacted by a cost of living crisis.

Revenue stream performance

Private Label

Private label sales have increased sales by 7.9% to £23.7m (2023: £22.0m) as consumers continue to seek performance products at value prices. Creightons continues to be the leading supplier in the UK for private label supply achieved through exceptional product development, quality manufacturing and both consistency and speed of supply. This is evidenced by the fact that the Group has achieved the number one position as a key supplier with a major UK retailer. This is in addition to a good solid performance across the customer base resulting in sales growth.

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

Margin performance in this area has also delivered through successfully implementing cost price increases to customers but also taking the decision to exit products or ranges which no longer meet our contribution margin requirements.

Category expertise and Research and Development are both key measures of success in this division and these both continue to be a priority for investment.

Contract Manufacturing

Conversely, the contract sales have experienced a downturn during the period of 38.9% to £8.4m (2023: £13.8m). In the main this is due to masstige and premium brands either reducing order books due to declining consumer demand and overstocking, or are no longer covered by credit insurance and we have chosen to exit as this is a key requirement in managing our business risk.

Brands

Overall Brands have seen a reduction of 7.6% to £21.0m (2023: £22.8m). This decline is due to two key exceptional factors in the year.

Managing Director's statement

continued

1. A £1.8m loss in one international market with Balance Active where a distributor lost significant distribution by diversifying their business too quickly at the expense of the Balance Active brand.

2. The internal decision to discontinue 45% of the brand portfolio product offering from 334 products to 184 products. This accounted for a reduction of £1.1m sales of products that had either poor margin, low sales volumes or a combination of both. This repositioning and focus of the brand offer have had positive impacts on stocks, margin and sales team focus.

Brands have performed where the price point and offer continues to engage the consumer, resulting in gains in both store distribution numbers and new customer listings in a very challenging UK market specifically for Balance Active Formula, TZone, Feather & Down, The Curl Company and the Creightons range of branded products.

- TZone achieved a new key grocery launch in the UK into 135 stores and gained an additional 557 stores in an existing Grocery listing.

- Feather & Down has an additional 341 stores with extra distribution in the UK.

- Balance Active is already listed in a leading UK grocer but has an additional 557 stores with the launch of new product development (NPD) serums from June 2024. A new listing for the brand was also secured in another major UK retailer in the period into 102 stores.

- The Curl Company extended into an additional 100 stores in Scandinavia and launched for the first time into 182 stores in the UAE.

- Creightons Frizz No More launched into a major retailer in Spain as the Group enters the Spanish market for the first time.

Margins are performing well through negotiated customer price increases and product cost engineering initiatives. This is despite a strong discontinuation programme initiated across all brands, exiting products where margins and volume combinations were no longer meeting expectations.

Emma Hardie

The gross sales contribution of the brand has been flat this year at £3.2m. The autonomous, independent approach in managing the brand for the past two years has been a factor. In addition, entering the Chinese market has been the dominant strategy and whilst it showed initial signs of positive sales at the end of 2022 and the early part of 2023, this quickly reversed during 2023. The landscape changed significantly during

Managing Director's statement
continued

the year in China proving the chosen sales model to be ineffective and unprofitable. A decision to put activities in China on hold was made in December 2023.

The Emma Hardie brand and its team are now fully incorporated into the wider business. This ensures full control of costs, sales strategy and team management. A revised sales strategy is being executed into 2024 including:

- a full review and potential new approach in China
- refocused efforts on digital platforms including The Hut Group, Sephora and Amazon
- investment in EmmaHardie.com
- positioning the brand into the travel sector.

Recent launches on EasyJet inflight in May 2024 and a 6 month trial launch into Luton Airport Duty Free in the summer of 2024 are both being progressed.

The brand continues to perform well in its original retail home at Marks & Spencer (M&S) in the UK, with an increase in end consumer sales of 19% in 2023/2024 against the previous year. This demonstrates continued consumer demand for the brand. Plans are in place during 2024/2025 with M&S for additional investment in the brand including dual siting in key performing stores, pop-up opportunities, in-store events and improved positioning in the beauty hall. All with the objective of giving more exposure to the brand and engaging more consumers.

Digital and Social
This year has seen an increase in our efforts with both digital and social platforms.

Feather & Down and Emma Hardie total brand sales both have considerable contributions from digital sales at 48% and 52% respectively of their total brand sales. This includes Amazon Vendor UK and the pure beauty platform players.

- A key distribution channel for brands which have higher price points and more limited bricks and mortar distribution.
- Two higher price point brands, Emma Hardie and Janina, have recently been transferred to Amazon Seller UK with initial positive results on both sales and margin – improving from the original listings on Amazon Vendor.

Managing Director's statement

continued

- Feather & Down and Emma Hardie launches onto Amazon Germany and Amazon USA which have taken longer than originally planned due to unanticipated protracted set up issues with Amazon. It is anticipated that the growth in these new markets will be slow and steady initially as brand awareness campaigns in these new markets also need to be activated.
- Social activities are live and growing across all key platforms such as Instagram, Facebook and TikTok with a focus on Balance Active, TZone, Feather & Down and Emma Hardie.
- TikTok shop strategies are being implemented for select brands during 2024.

Research and Development

As we continue to develop the business, the nature of the research and development (R&D) has become more sophisticated, including additional time and investment in trend monitoring, consumer research, consumer testing, independent validation and claims substantiation.

These activities have continued throughout the year ended 31 March 2024 to expand our portfolio of product offering and capabilities, with key areas of focus being the development of unique and technically challenging formulations across Facial and Body Skincare. This requires a constant monitoring of key trend materials to ensure that we are meeting the consumers evolving needs and delivering new product development quickly and efficaciously.

Looking forward, the team continue to invest time and resource into exploring new categories and technologies. As highlighted last year, the importance of SPF in the skincare and suncare categories is a key growth area of the sector. We are continuing to invest in delivering futureproofed SPF formulations, delivering high UV protection in formats that offer improved performance and product aesthetics. Textures have also become key in this category requiring additional R&D development. This work and investment will be an ongoing and continuing piece of investment over the coming years.

A continuing and critical role of our R&D team is responding to the challenges of increasing raw material costs and availability. Therefore, cost mitigation through resourcing and finding alternative materials in conjunction with our procurement team, is a necessary activity that requires significant lab time to validate alternatives to help avoid excessive cost increases and maintain margins.

One of the drivers of growth in the Private Label division is extending into new categories. As highlighted, this would include SPF skincare and the Sun Protection category. Other categories including non-licenced Healthcare and Sexual Health products and new developments in skincare including products supporting the skin's microbiome, probiotics and fermented ingredients. Continual developments in new formats

Managing Director’s statement

continued

and textures are also a key development area. This work also benefits new product development (NPD) and development of our brands.

Manufacturing and Operations

Operationally one of the key goals has been to reduce warehousing costs. By reducing stock and improving the management of space this goal has been achieved. The benefit being the considerable reduction on relying on a 3PL solution. Maximising procurement savings and reducing overheads have been equally important. The team continue to reduce buying costs of both packaging and key materials and we have succeeded in reducing our cost base to be in line with our revenue footprint.

The key drivers in the period in manufacturing have been centred around improving efficiencies to realise maximum benefit from reducing to one-shift last year. Targeted machinery investments, improved training programmes of key production staff and working towards improving change-over times are all contributing positively to achieving improved outputs and efficiencies.

There is more work to be done in all areas as we move into the coming year and the team remain determined in ensuring gains continue to be made.

The Future and Our Strategy

A continual review of the market, our customers strategies, category and product opportunities coupled with our experience and knowledge is undertaken throughout the year in order to ensure that our key strategic objectives are relevant and achievable. These are reviewed and monitored with the main board and senior team to ensure consistency in approach. The goal is to deliver a consistent, stable business that delivers increasing value for all stakeholders.

Develop and Cultivate the Core Private Label Business

- Retain the dominant position in UK supply.
- Focus on margin positive products.
- Work with the best in class retailers.
- Ensure Research and Development (R&D) category development drives new sales opportunities.

Build and Develop the Groups’ Brands

- Expand UK distribution footprint – there are additional distribution gains to be had.
- Invest in additional resource to grow and expand international markets.

Managing Director's statement

continued

- Ensure Brands fill the 'white space' where possible and the propositions are clear.
- Ensure Brands have clear customer need states.

Expand with New Brands – Developed or acquired

- Where the fit is right and adds value to the Group's total Brand portfolio.
- Where the opportunity and positioning fill the 'white space' or unfulfilled consumer need.
- Where the sales and margin enhancement deliver additional business value.

Build on Digital Platform Brand Sales

- Ongoing development of Amazon Vendor and Amazon Seller including developing selected international markets.
- Investment into our own .com sites where the brand positioning will succeed.
- Grow relationships with key pure beauty players where the brand fit makes sense.

Investment in Research and Development (R&D) and Product Category Expertise

- Essential for growing the Private Label business by entering new product types and related categories.
- Speed to Market focus.
- Meeting and anticipating consumer needs – for both Brand and Private Label divisions.
- Remain at the cutting edge of trend, ingredients, product textures and formats.
- Evaluation of materials with low carbon footprint for more sustainable products.

Focus on Operational Efficiencies & Cost Control

- Output and capacity focussed capital investment.
- Structured training programmes throughout the operational functions.
- Continual review of ensuring our cost footprint fits our sales and profit profiles.
- Review the manufacturing strategy and utilise IT to enhance our productivity and manufacturing investments.

Managing Director's statement
continued

- Ensure the Group's costs and asset base match demand, environmental and safety requirements.

Meet Environmental and Sustainable Targets

- The business has committed to SBTi validated emissions reduction targets. Please see further detail outlined in the TCFD report per pages 40 to 57.
- Scope 1 and 2 emissions will reduce by 42% and Scope 3 emissions by 25% by 2030.
- For FY23/24 we have seen a decrease in scope 1 and 2 emissions of 7.8%.
- We have just completed the tenth year of holding the RSPO supply chain accreditation.
- Now sourcing 99.9% of our palm derivatives from RSPO sustainable sources.
- For FY23/24 the amount of recycled plastic in our packaging has increased by 5.3% to 203.9 tonnes.
- We will be completing the climate-related module for CDP in FY24/25.

Summary
Despite a challenging year the Group's strong focused strategy on ensuring the business continues to successfully navigate market pressures and challenges is beginning to produce positive results. We have been determined in our efforts in delivering operational profitability, positive cash generation and reducing the overall cost base to be in line with our revenue performance. The result for the second half of the year provides evidence that we are on the right track.

The Board believes that the restructured management team, ongoing positive customer relationships and strong business fundamentals will enable the Group to proactively manage new challenges and take advantage of any new opportunities that may arise.

The Management Team remains focussed on delivering the Group's strategic and financial aims. Immediate priorities include increasing the awareness and distribution of our brands, accelerating organic sales in all divisions, nurturing customer relationships and keeping R&D central to driving the business forward.

Finally, I would like to thank our valued team of employees, customers, suppliers and all stakeholders, especially those who have responded so positively through this challenging period.

Philippa Clark
Managing Director

Financial report

Overview of Financial performance

The Group has exhibited significant improvements in its operating performance. Despite a reduction in revenue year on year of 9.2% operating profit margin before exceptional costs increased to 2.9% (2023: 2.7%). The decrease in sales activity has been due to a combination of factors, these include, but are not limited to, a challenging market within the Contract and Branded sales divisions as well as the Group's own decision to divest from non-profitable product offerings that do not achieve a commercially viable contribution margin.

	Year ended 31 March 2024 £000	**Year ended 31 March 2023 £000**
Revenue	**53,194**	58,567
Gross profit	**22,830**	24,348
Gross profit %	**42.9%**	41.6%
Operating profit before exceptional items	**1,538**	1,584
Operating profit margin % before exceptional items	**2.9%**	2.7%
Exceptional items	**(4,466)**	(477)
Finance Costs	**(349)**	(420)
(Loss) / Profit before tax	**(3,277)**	687
(Loss) / Profit after tax	**(3,527)**	514
EBITDA	**3,239**	3,001
Adjusted Diluted EPS – excluding exceptional items	**1.42 pence**	1.05 pence
Cash and cash equivalents	**3,138**	1,653
Inventories	**8,225**	10,228

The on-going challenging macro-economic environment, within which the business operates, resulted in inflationary pressures across the cost of labour, raw materials, componentry, and commodity prices. This had the impact of eroding Gross profit margins. The Group has responded well to managing these

Financial report

continued

external pressures by adopting processes to monitor Cost Price Increase (C.P.I) across all categories of supply. This allowed the Group to be pro-active and combat areas of eroding margins. Actions taken included product re-engineering, re-formulating, and increasing customer selling prices. The impact of this has led to the Group improving its Gross profit margin by 1.3% to 42.9% (2023: 41.6%).

As the sales activity and in turn the manufacturing output across the Group has reduced year on year, the Group has had to implement a strategy of cost rationalisation to allow it to re-align its overhead base with the current level of activity. This had the impact of reducing direct and in-direct labour costs, administrative expenses and warehousing and distributions costs. Manufacturing efficiencies have also aided with the streamlining of both cost of sales and overhead costs. As a result of this, the operating profit before exceptional items decreased marginally £0.1m from the previous year despite a revenue reduction of £5.4m.

As a direct result of the strong operating performance, the business has been able to generate £3.2m of EBITDA (before exceptional items - Impairment) in the year to March 2024 (2023: £3.0m). This has equated to an increase in cash generated from operating activities by £0.2m to £6.1m from £5.9m. The Group has utilised the cash to reduce its debt exposure with net gearing reducing by 18.6% to 3.5% (2023: 22.1%). Net cash on hand has increased by £3.4m to positive £2.2m (2023: negative £1.2m). Please refer to the section on Key Performance Indicators on pages 28 to 30 where they are defined.

Revenue

Overall Group sales were £53.2m for the year ended March 2024 (2023: £58.6m) a reduction of £5.4m.

The sales generated by each revenue stream are;

	2024 £000's	2023 £000's	Movement
Branded products	**21,020**	22,757	Decrease of 7.6%
Private label	**23,727**	21,997	Increase of 7.9%
Contract manufacturing	**8,431**	13,795	Decrease of 38.9%
Other	**16**	18	Decrease of 11.1%
Total	**53,194**	**58,567**	Decrease of 9.2%

Please refer to the Managing Director's statement on Revenue movements.

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Margin and cost of sales
The Group implemented systems and processes to monitor Cost Price Increase (C.P.I) across all categories of supply. These included but were not limited to; plastics, raw materials, energy, wage inflation and transport (global and domestic) costs. Gross margin was 42.9% for the year ended 31 March 2024 (2023: 41.6%). Gross margin has improved in the second half of the year to 43.7%, compared to the first half 42.2% 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. Additionally, the business has reviewed its product portfolio and ensured SKU's not achieving the desired level of contribution margin were exited.

Distribution costs and Administrative expenses
Distribution costs have decreased by 10.6% to £3.5m (2023: £3.9m) at a faster rate than the reduction in revenue. This is due to a combination of factors, primarily as a result of the reduction in manufacturing volumes and complimented by the decision to exit third-party logistics providers and bringing picking and packing of finished goods in house. Underlying net costs associated with outsourcing the warehousing and third-party storage have decreased by £0.4m year on year. A phased approach was undertaken to ensure consistency of supply and service levels with the majority of the savings being realised in the second half of the year. This has had a positive impact on both costs and the efficiencies of the business going forward.

Administrative expenses have decreased by 5.6% to £17.8m in the year (2023: £18.9m). The reduction in costs have largely been driven by a combination of cost rationalisation and reduced business activity. Manufacturing efficiencies have been enhanced whilst not compromising on customer delivery. The efficient utilisation of the factory along with the decrease in units sold has meant that utility costs have reduced by £0.3m to £0.7m (2023: £1.0m). Overhead savings have been achieved across most cost headings including indirect payroll. A huge driver of the decrease in overheads was the full year impact of the decision made to move to a single shift. This has not had an impact on the output of the factory and thus has not impacted on the ability to meet customer demand.

Operating profit before exceptional costs
Operating profit before exceptional costs was marginally reduced year on year to £1.5m (2023: £1.6m). The small reduction is a direct result of the improvement in the gross profit margin despite the decline in revenue. Strategic sales price increases that balance competitiveness with profitability have positively impacted the operating profit margin. Customer price increases have improved the gross profit margin. Additionally, the Group has been efficient in the management of its operating costs relative to its revenue.

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As a result, a greater percentage of revenue is translated into profit after covering operating expenses. Operating profit margin before exceptional costs increased to 2.9% (2023: 2.7%).

Exceptional items

Redundancy costs of £0.02m have been incurred in the year to March 2024. In the previous year, redundancy costs incurred of £0.17m were in respect of the closure of the second shift at Peterborough.

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 £0.31m and was treated as an exceptional cost in the year to March 2023. No additional costs in relation to this have been incurred in the year to March 2024.

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

EBITDA before exceptional items

The Group has generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of £3.2m (2023: £3.0m). This represents an increase of £0.2m despite lower revenue achieved in the year to March 2024.

Tax

The Group has a corporation tax charge of £0.3m (2023: £0.2m). The Group finalised an over provision of the tax charge in the previous year in relation to an under provision of the enhanced R&D relief.

(Loss) / Profit after tax

The Group reported a loss after tax of £3.5m for the year ended 31 March 2024 (2023: Profit £0.5m).

Earnings per share

The diluted earnings per share decreased to negative 5.15p (2023: positive 0.65p). Share options are excluded from the earnings per share calculation in the consolidated income statement due to their anti-dilutive effect on the loss after tax attributable to equity holders. The EPS has been adversely impacted

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by the reduction in profit after tax including the exceptional costs of £4.4m (2023: £0.5m). The main exceptional item in the current year pertaining to the brand impairment of Emma Hardie is a non-cash impacting item. Adjusted diluted earnings per share excluding exceptional items for the year were positive 1.42p (2023: 1.05p).

Research and development

The Group undertakes significant research and development (R&D) to identify new brands, proprietary products and improved formulations to existing products that address expected market trends to maximise the Group's market share and deliver new opportunities for growth. The spend in the year on research and development was £753,000 (2023: £923,000).

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.

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 positive £2.2m (2023: negative £1.2m). The improvement in cash of £3.4m year on year is mainly attributable to continued improvements in profit from operations, reduction in inventory and working capital.

Stock

Stock reductions of £2.0m were achieved during the year to March 2024. This was achieved by a targeted reduction in purchasing quantities and manufacturing batch sizes to reduce stock holding on both raw materials and finished goods. The reduction in stock levels was a key factor in enabling the transfer of finished goods from third-party warehousing to the main site in Peterborough.

Return on Capital Employed

The small increase in operating profit before exceptional items coupled with the decrease in net equity and the substantial reduction in borrowings has improved return on capital employed by 1.6% from 4.3% to 5.9% (see page 31). This is in line with the Group's objective to provide a stable base for growth. The Group continues to look for opportunities to invest in brands that will help drive faster growth in profits.

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Net gearing

With the increase in cash generation and reduction in cash outflow the business was able to utilise the cash generated to improve its liquidity by reducing its reliance on short-term borrowings. Additionally, the Group has reduced its gearing by making an overpayment in March 2024 to pay down half of the term loan outstanding at the year end. The Net gearing of 3.5% (2023: 22.1%) has decreased by 18.6% percentage points in the year.

Dividend

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

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The business model

The principal activity of the Group is the development, marketing manufacture and supply of personal care, beauty and fragrance products, 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 6 to 9.

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

A fair review of the Group's business

History

Creightons PLC was registered in 1975 to continue the business of manufacturing and marketing toiletries, 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 2016 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. In the year ended March 2022 the Group completed the acquisition of the Emma Hardie and Brodie & Stone businesses.

Operating Environment

The beauty products sector principally encompasses products for haircare, skincare, bath & body, male grooming and fine fragrance. 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.

Consumers purchase our products through a range of retail and digital outlets, from high quality department stores to value driven discounters, with the High Street supermarkets and drug stores in the middle. A significant amount of the Group's products are sold in the UK. Additionally, amounts are sold overseas, either direct to retailers or through distributors.

Producers and manufacturers providing products in this marketplace range from major multinational corporations to small businesses. Production is now world-wide, with many competitors sourcing a

Group strategic report

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significant proportion of their products from outside the UK, either due to greater economies of scale or due to a lower cost base.

The Group purchases its raw materials and components from an extensive range of suppliers in the UK and internationally and has built up a significant contact network to keep up to date with prices and market developments. We have a skilled team of employees working throughout the supply chain, including procurement, technical, manufacturing and logistics.

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

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. These sales are increasingly made direct to consumers. All stock is manufactured to forecast. Key brands include internally developed brands such as; Feather & Down, and The Curl Company. This is in addition to the acquired brands Balance Active Formula, Emma Hardie and TZone.

- private label business which focuses on high quality private label products for major high street retailers and supermarket chains, with the majority of stock manufactured to forecast.

- contract manufacturing business, which develops and manufactures products on behalf of third-party brand owners and typically manufactured to order.

Each of these business streams is supported by commercial and marketing teams.

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.

In addition to developing the existing branded portfolio, the Group considers the acquisition, development and investment in new brands to be key in adding value to the business. We will dispose of brands which we have successfully grown but are no longer part of our core business.

Group strategic report

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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.

Current operations

The Group operates through the three main business streams described above, utilising its extensive brand management, product development and manufacturing capabilities encompassing bath and body toiletries, skincare, hair care, fragrances, and male grooming. 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 UK adopted international accounting standards.

The Group has continued its aggressive development programme of new ranges of branded bath and body toiletries, haircare and skincare products. Feather & Down illustrating the potential that can be derived from this investment. The Group continues to extend and develop those recently acquired, such as Emma Hardie, T Zone and Balance Active, or developed internally and successfully launched such as Feather and Down and The Curl Company.

The Group invests significant resources in developing new products, ensuring the Group adheres to regulations in all of the markets it operates in and is forward looking to address future developments in what is a highly regulated market.

Strategy, objectives and future developments

The primary focus for our strategy is returning the Group to sustainable growth in revenues and profits to deliver a consistent growing return for shareholders whilst safeguarding against commercial risks.

We aim to deliver this by pursuing the following broad strategies:

- Building brands focusing on our core skills in skin care, haircare, and bath and body, utilising our extensive R&D and product development expertise.

- Expanding the private label business and contract manufacturing for third-party brands owners by focusing on customers and product categories that utilise our market knowledge, technical strengths in product development and flexible manufacturing capabilities.

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- Creating a positive, supportive environment where all our employees can develop their skills to fulfil their ambitions, and to enable them to contribute to achieving the Group's target of delivering sustainable growth.
- Invest in the business to ensure the Group can meet our customers' requirements and continuously improve productivity in a safe and secure environment.
- Ensure the Group's costs and asset base match demand, environmental and safety requirements.
- Continuously review our operating procedures to ensure we meet our requirements, reduce complexity and utilise improvements in technology.
- Continue to embed social responsibility, environment impact and product and employee safety into the Groups' policies and decision-making.

The near-term priorities are:

- Develop and expand our sales team to enable sales growth.
- Leverage the benefits of the successful work to date to improve gross margins, align costs with revenue and reduce operational costs.
- Utilise our Research and Development capabilities to support the drive into higher value skincare and suncare categories.
- Review our investment in Information Systems to streamline and simplify processes.
- Review the use of our sites to ensure the most cost-effective utilisation of the Group's capabilities.
- Develop our employees (some of our best employees have grown with the business), through formal training programmes and in house mentoring and development.

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Key performance indicators

Management and monitoring of performance

The Directors are mindful that although Creightons PLC is a UK Listing Authority "premium" listed Company, given its size 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 Group has committed to set a near-term Science Based Targets initiative (SBTi) validated emissions reduction target. We commit to reduce Scope 1 and 2 emissions by 42% by 2030 from a 2022 base year. In addition, we commit to reduce Scope 3 emissions by 25% by 2030 from a 2022 base year.

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

These Key Performance Indicators are used to gauge and compare performance in terms of meeting our strategic and operational goals.

- Revenue shows the performance of the business.
- Gross margin % (revenue less cost of goods sold, over revenue) indicates production and purchasing efficiencies.
- Profit for the year shows the return to shareholders.
- Operating profit before exceptional items (gross profit less operating expenses) shows profit earned from the normal business operations.
- EBITDA (Earnings before Interest, Tax, Depreciation & Amortisation) provides a reflection of the operating profitability of the business.

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- Return on capital employed (Operating profit/Employed Capital + Long- & short-term debt) ensures that the business generates sufficient returns to pay for its cost of capital.
- Net Gearing (Total net debt/Shareholders' funds) shows the extent to which operations are funded by lenders versus shareholders. Indicating potential exposure to external interest rate fluctuations (financial risk) alongside shareholder investment in the business.
- Net cash on hand is defined as Cash and cash equivalents less current lease liabilities and borrowings. This shows the immediately available cash for use in operating activities or available for investments.
- Stocking levels shows the working capital currently invested in inventory. High levels indicates lock up of working capital.

	2024 £000	2023 £000	Movement
Sales	**53,194**	58,567	Decrease of 9.2%
Gross Margin	**42.9%**	41.6%	Increase of 1.3%
(Loss) / Profit after tax for the year	**(3,527)**	514	Decrease of 786.2%
Operating profit before exceptional items	**1,538**	1,584	Decrease of 2.9%
Operating margin before exceptional items	**2.9%**	2.7%	Increase of 0.2%
EBITDA before exceptional item - impairment	**3,239**	3,001	Increase of 7.9%
Return on capital employed	**5.9%**	4.3%	Increase of 1.6%
Net gearing (including obligations under leases)	**3.5%**	22.1%	Decrease of 18.6%
Net cash on hand	**2,167**	(1,222)	Increase of 277.3%
Stocking levels	**8,225**	10,228	Decrease of 19.6%

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EBITDA is calculated by adjusting the operating profit for depreciation and amortised development costs as detailed below.

	2024 £000	2023 £000	Movement
Operating Profit	**(2,928)**	1,419	Decrease of 306.3%
Depreciation	**1,360**	1,294	Increase of 5.1%
Amortisation	**358**	288	Increase of 24.3%
Exceptional items – Impairment	**4,449**	–	Increase of 100%
EBITDA	**3,239**	3,001	Increase of 7.9%

Net Gearing is calculated by taking the total net borrowings over the total equity as detailed below.

	2024 £000	2023 £000	Movement
Total Lease liabilities	**984**	1,290	Decrease of 23.7%
Total Borrowings	**2,935**	5,990	Decrease of 51.0%
Less cash on hand	**3,138**	1,653	Increase of 89.8%
Total net borrowings	**781**	5,627	Decrease of 86.1%
Net equity attributable to the equity shareholders of the parent Company	**22,055**	25,479	Decrease of 13.4%
Net gearing %	**3.5%**	22.1%	Decrease of 18.6%

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Return on Capital Employed is calculated by dividing operating profit by net equity plus lease liabilities and borrowings. See below.

	2024 £000	2023 £000
Operating Profit before exceptional items	**1,538**	1,584
Net Equity	**22,055**	25,479
Total Lease liabilities	**984**	1,290
Total Borrowings	**2,935**	5,990
Return on Capital Employed	**5.9%**	4.8%

Health and Safety

This Non-financial key performance indicators is a metric that reflects the operational health and commitment to the well-being of employees. A culture of safety reduces workplace accidents and injuries which would ultimately impact the productivity of the business. There was 1 incident involving an employee which required reporting to the HSE. This did not result in adverse HSE reports or recommendations. In the previous year there were 5 reported incidents. The individuals 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 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 on page 4.

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.

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Capital structure, cash flow and liquidity

The Group has a strong balance sheet. 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. Further details are set out in notes 23 and 24.

At 31 March 2024 the invoicing financing is in a surplus position of £6,100 as the facility is not being utilised. The operations have generated sufficient cash to improve its liquidity. In the year to 31 March 2023 the facility was utilised to fund the activities during the year (2023: £1,557,000). At 31 March 2024 the Group has utilised its overdraft facility by £37,000 (2023: £26,000). Further details are set out in note 21 in relation to cash flow and liquidity risk.

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. All customers are credit insured or pay on proforma basis before supply.

Quality and Safety

The Group treats quality as its key requirement for all products and strives to deliver performance 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

The cost-of-living crisis in the U.K. continues to abate consumer demand. The Group strategy of pursuing a multi-channel approach to the market and a broad multi-category product offering continues to serve us well during times when consumer demand is impacted by a cost-of-living crisis.

The BOE base interest rates have increased by 1.25% to 5.25% 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

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the prospect of prolonged higher interest rates remains a cause for concern. The rate of domestic inflation has reduced but not to the levels expected which has meant the BOE have held their base rate. Please see note 21 for impact of interest sensitivity on our current level of gearing.

The global supply chain continues to be impacted by the war in Ukraine and the Red Sea issues due to the ongoing conflict in the Middle East. The cost of importation of goods has increased as well as delivery lead times. These continue to be closely managed by working collaboratively with our supply base.

The Group monitors C.P.I's across all categories of supply. Mitigation measures included product re-engineering, re-formulating, and increasing customer selling prices where appropriate.

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.

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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 is exposed to the risk of sophisticated cyber-attacks aimed at causing direct financial loss from theft of funds, ransom payments, and costs associated with system recovery and data restoration. Such attacks also lead to business interruption, causing lost productivity and revenue. There is also a heightened risk of theft and encryption of confidential data for financial gain and reputational damage.

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. The Group has an insurance policy in place to minimise its exposure to cybercrime.

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Section 172 statement

In accordance with the requirements of Section 172 of the Companies Act 2006 the Directors are aware of their duty to act in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefits of its members in the long term and in doing so have regard to:

- the likely consequences of any decisions in the long term;
- the interests of the Group's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the reputation for a high standard of business conduct; and
- the need to act fairly between members of the Company.

Whilst the importance of giving due consideration to our stakeholders is not new, we are explaining in more detail how the Board engages with our stakeholders to comply with the Section 172 requirement to include a statement setting out how our Directors have discharged this duty.

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

A key objective of the Board is to deliver long-term sustainable growth for our shareholders and to maintain effective communication with our shareholders to explain business performance and strategy. The Group's principal means of communicating with shareholders is through the Annual Report and Financial Statements. The AGM also provides an opportunity for shareholders to ask questions of the Directors.

Customers

The Directors believe that good relationships with our customers are a key component in the long-term success of the Group. These relationships are based on our commitment to provide our customers with

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quality, service and innovation. We engage with a diverse range of customers from high quality department stores to value-driven discounters and also brand owners within our contract division. Through the combined efforts of our specialist commercial and technical teams we aim to provide a product offering suited to the needs of our 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. Our customers include consumers who purchase through a variety of digital platforms and we recognise the increasing importance of effective communication with this expanding customer group.

Employees

The Directors recognise the crucial role of all our employees in the success of the Group and are committed to enhancing 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 offers an open and inclusive culture where employees are offered the opportunity to progress within the business.

Suppliers

Raw material and component prices constitute the significant proportion of the Cost of Goods Sold (COGS) and supply chain issues in terms of pricing and delays have a major impact on business performance and continuity. We aim to work responsibly with our suppliers and seek to maintain mutually beneficial and strategic relationships over the long term. A due diligence exercise is carried out with new suppliers and ongoing suppliers' performance is monitored including adherence to our Modern Slavery and Human Trafficking Statement. We ensure all suppliers are treated fairly when negotiating trading terms, including prompt payment for goods and services. We work proactively with our suppliers to support our vegan and cruelty-free claims on our products and to ensure we are up to date with the latest technology and market trends.

Community

The Directors recognise the importance of having no detrimental effect on the local communities in which the business operates. To support the local community wherever possible, we engage local contractors and suppliers. We also contribute to local charities by supplying product free of charge. The Directors are aware of the challenges of climate change and have put in place mechanisms to ensure climate change considerations are incorporated into the strategic decisions of the business. These are more fully described in the TCFD report on pages 40 to 57.

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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
Changes to Board structure • *Appointment of new Managing Director* • *Appointment of new non-Executive Directors*	• These appointments and amendments to the Board supplement the wide experience of the existing Directors, thereby enhancing the quality of decision-making at board level, for the benefit of all stakeholders in the long term.
Full integration of Emma Hardie into the Groups' operations	• In December 2023 the decision was made to integrate the operations of Emma Hardie within the main operating business in Peterborough. This has reduced the costs attributable to the brand for the longer term and will ensure the same rigorous control environment will be applied to this business for the benefit of shareholders, employees, customers and suppliers.
Impairment of Emma Hardie Brand	• As required by IAS 36, the Group reassesses its capitalised intangible assets for impairment on an annual basis. Following the difficult trading years of the Emma Hardie subsidiary, the Board have assessed that the brand value acquired on acquisition in relation to Emma Hardie has been impaired by £4.4m. • This is shown as a separate line item in the consolidated profit and loss account as it is an expense that is not in line with the normal trading operations of the Group.
Dividend policy	• Having faced the challenging and volatile economic conditions over the past couple of years the Directors now consider it appropriate to reward shareholders with a prudent final dividend payment for the year ended 31 March 2024. This is consistent with the Directors' objective to align future dividend payments to the future underlying earnings and cash requirements of the business and the need to be prudent about utilisation of cash resources.

Group strategic report

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Reducing Net Gearing	• Given the improved operating profit of the Group and its ability to generate positive cash, the Board deemed it appropriate to reduce the level of borrowing within the Group. Specifically, loans that attracted a high rate of interest. As a result, the Board made a decision to repay 50% of the remaining Term loan balance.
Renewal of Bank Facilities	• Bank facilities were renewed which provided adequate resources for the business to ensure the Group can continue to operate for the benefit of all stakeholders.

The Board ensures that items requiring Board approval highlight relevant stakeholder considerations to be reviewed 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.

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.

The Group is committed to operating in an honest way and without the use of corrupt practices or acts of bribery to obtain an unfair advantage. The Group has an Anti-bribery policy which prohibits bribes, gifts, inappropriate entertainment and hospitality as well as the avoidance of conflict of interest through personal or other relationships.

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. 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

Group strategic report

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legislation. The Group uses significant amounts 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 a member of Roundtable for Sustainable Palm Oil, holding their supply chain accreditation. 99.9% 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.
- Progress on TCFD measures reporting was made during the year. We have continued to engage with consultants to assist in the formulation of a strategy and science-based targets.

The tables below show the number of employees by gender in the Group as at 31 March 2024 and 31 March 2023.

	Group 2024		Company 2024	
	Female	Male	Female	Male
Directors, including Non-executive Directors	1	6	1	6
Senior Managers	2	5	–	–
Other employees	235	141	–	–

	Group 2023		Company 2023	
	Female	Male	Female	Male
Directors, including Non-executive Directors	1	6	1	6
Senior Managers	3	5	–	–
Other employees	260	146	–	–

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.

Group strategic report
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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.

Task Force on Climate-Related Financial disclosures (TCFD) reporting
The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board to improve reporting of climate-related risks and opportunities (CROs). Creightons PLC has structured its climate disclosures according to the TCFD recommendations.

According to the Financial Conduct Authority listing rule LR 9.8.6 R(8), reporting is on a 'comply or explain' basis. Creightons PLC is consistent with the TCFD recommendations and recommended disclosures, with the exception of Strategy 2c.

Pages 40 to 57 covers the work completed to ensure consistency with the TCFD recommendations and sets out the activities Creightons PLC has planned during the financial year ending 31 March 2025.

Governance
The Board's oversight of climate-related risks and opportunities
The Board
The Board is responsible for providing strategic guidance in respect of Creightons PLC's Environmental, Social and Governance (ESG) programme, including actions to address climate-related matters and consider potential CROs. It reviews climate-related reporting as part of the overall assessment of the Annual Report. An update on ESG-related topics is presented to the board on a six-monthly basis by the chair of the ESG Committee, the Group Deputy Managing Director.

The Board considers climate-related risks and opportunities when setting strategy, budgets (including capex) and presently the Board does not yet see significant climate-related impacts on budgets, financial planning, and capex within the timescale of the planning and budgeting process.

Creightons PLC has delayed setting more detailed emissions targets which were originally planned to be set by October 2023. This decision was taken to allow the onboarding of Qonstrue (third-party consultants) and their sustainability platform which is giving a more structured approach to climate-related risks and GHG targets. Also working with Qonstrue the Group is committing to participate in the Carbon Disclosure Project (CDP) by completing the climate module in the FY2024/25 disclosure cycle.

Group strategic report

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The Group has committed to set a near-term Science Based Targets initiative (SBTi) validated emissions reduction target. We commit to reduce scope 1 and 2 emissions by 42% by 2030 from a 2022 base year. In addition, we commit to reduce Scope 3 emissions by 25% by 2030 from a 2022 base year.

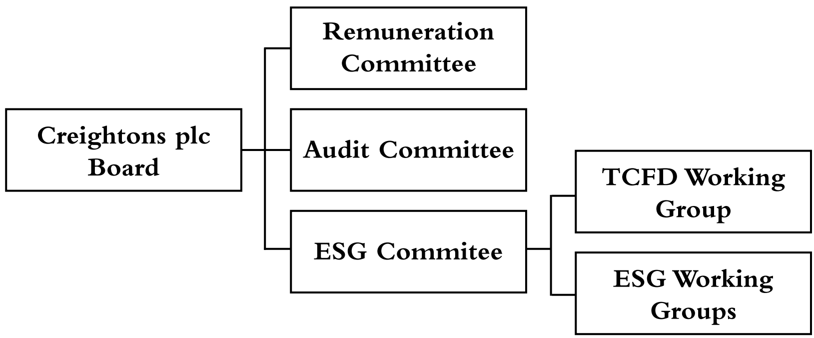
Governance Framework

The governance structure provides updates and information to the Board to ensure it can make informed decisions. The Board is also responsible for overseeing and monitoring the management of all business risks and opportunities, including CROs.

In terms of reporting lines, the TCFD Working Group identifies CROs and develops climate-related financial disclosures, which are reported to the Environmental, Social and Governance Committee which has direct responsibility for principal risks and uncertainties as well as challenging the outputs of the TCFD Working Group. This committee is led by the Group Deputy Managing Director, who is a Creightons PLC board member with direct influence at board level.

The governance of climate-related issues is set out in the graphic below.

TCFD Governance Structure



Role of Senior Management

ESG Committee

The ESG Committee is responsible for all matters pertaining to environmental, social and governance issues. Each committee member is responsible for the execution of an action plan within a key business area. The key responsibilities of the ESG Committee are:

Group strategic report
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- Delivery of the ESG action plan and monitoring progress.
- Developing and adhering to a board-approved roadmap of emissions reduction opportunities and developing and monitoring progress.
- Collaborating with subject matter experts within the business to deliver objectives around responsible sourcing, waste, plastics, and packaging.
- The ESG committee adopted the Qonstrue platform to build on, record and monitor the ESG action plan and net zero commitment and use this platform to provide structure to a board approved roadmap of emissions reduction opportunities and developing and monitoring progress.

TCFD Working Group
Reporting to the ESG Committee is a TCFD Working Group which is responsible for the development of climate-related financial disclosures including identifying climate-related risks and opportunities and assessing their business and financial impacts, identifying potential responses, and ensuring appropriate stakeholder input.

The TCFD Working Group works in collaboration with the ESG Committee in developing and adhering to emission reduction opportunities and developing and monitoring progress for the purposes of consistency with the TCFD recommendations.

External Advice
Creightons PLC engaged third-party consultants for expert external advice to supplement the capabilities within the Group and assist in establishing initial data systems and reporting frameworks for our Scope 1, 2 and 3 emissions, as well as, assisting in identifying and analysing CROs and to understand the potential impacts from physical climate change risks and risks associated with the transition to a decarbonised economy.

Key Activities
Board Level
Key Activities Financial year ended 31 March 2024

- The Board reviewed the CROs identified by the TCFD Working Group.
- The Board, having reviewed progress has decided to on-board Qonstrue and their sustainability platform to allow setting of accurate targets.

Group strategic report

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- The TCFD statement, including CRO and climate-related activities are reviewed as part of the annual report.

Focus Financial year ending 31 March 2025

- Due to the volatility in energy markets over the past few years the Group has been in an energy contract with a specific supplier. Contract ends in October 2024, and we will review options for certified green energy.

- The Group is evaluating a capex plan to start installation of solar power from 2025 with the programme to continue to 2030.

Senior Level

Key Activities Financial year ended 31 March 2024

- Completed the Envantage Carbon Roadmap programme to provide training and remain up to date.

- Annual review of climate-related risks and opportunities.

- The board commissioned an Earth Scan analysis to determine the physical climate-related risks associated with both manufacturing sites.

Focus Financial year ending 31 March 2025

- We have decided to take a very structured approach to sustainability and our understanding and improving our carbon footprint. Hence the onboarding Qonstrue's net zero platform to add focus to our journey.

- Prepare SBTi data for validation in FYE 31 March 2026.

- Complete CDP climate module in the FY2024/25 disclosure.

- Continually review CRO where required.

- Maintain transparency with customers on climate-related matters by continuing to complete their questionnaires and answer their queries.

- Preparation for ISO14001 for May 2025 integrated with the renewal of ISO9001.

Group strategic report

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Operational Level

Key Activities Financial year ended 31 March 2024

- Continued energy savings and education initiatives throughout the business.
- Top 200 suppliers across raw material and packaging have been surveyed in relation to their GHG emissions across scope 1, 2 and 3 as well as their approach to climate-related risks.

Focus Financial year ending 31 March 2025

- Analysis of all data from the top 200 suppliers by including supplier specific data into our sustainability platform and then using this to set a possible action plan.
- ESOS phase 3 report was finalised ready for submission by the required deadline.
- Continue to maintain energy monitoring across production sites.
- Reviewing GHG emissions from upstream and downstream transportation and working on initiatives to reduce these.
- Using Qonstrue platform to establish a revised environmental manual and associated polices and standard operating procedures.

Strategy

The climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Creightons PLC conducts an annual review of climate-related risks and opportunities under the below categories, evaluating their short, medium and long-term likelihood, along with their financial, operational, and reputational impacts.

A comprehensive risk analysis has taken place looking at the following risk categories: Current regulations, future regulations, legal, technology, market, reputation, physical risk (acute and chronic) as well as these opportunities categories: resource efficiency, energy source, products and service, market, and resilience.

These risks and opportunities have been identified over short (before 2025), medium (2030) and long-term (post 2030 - 2050) time horizons.

Group strategic report

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Consideration was given to the likelihood (time horizon) of the risk impacting Creightons PLC. A risk score was generated (impact x likelihood) and those scoring greater than 12 were classed as substantive (indicated in table below).

A summary of the substantive risks and their primary financial impacts are in the table below and remain unchanged from the previous financial year.

Risk Category	Risk Type	Primary Financial impacts	Impact	Likelihood	Time Horizon	Score
Technology	Substitution of existing products and services with lower emissions options	Increased direct costs	3	5	Short-term	15
Market	Changing customer behaviour	Decreased revenues due to reduced demand for products and services	4	3	Medium-term	12
	Increased cost of raw materials	Increased indirect (operating) costs	4	4	Short-term	16
Reputation	Increased stakeholder concern or negative stakeholder feedback	Decreased revenues due to reduced demand for products and services	4	3	Medium-term	12

A summary of the substantive opportunity and its primary financial impact are in the table below.

Opportunity Category	Opportunity Type	Primary Financial impacts	Impact	Likelihood	Time Horizon	Score
Energy Source	Use of lower-emission sources of energy	Reduced indirect (operating) costs	3	5	Medium-term	15

Group strategic report

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Risk Category - Regulatory and Legal

Impact Assessment

- Short term
    - Developing a transition plan in-line with the potential Mandatory Climate Transition Plan for businesses.
    - Creightons is within the scope of packaging waste, EPR and plastic tax commitments.
- Medium term
    - Based on our Scope 1 and 2 emissions, the impact on Creightons PLC caused by carbon taxation or changes in carbon pricing mechanisms would be minor as this would be offset by future investment in solar power and anticipated recovery by price increases where required.
    - Following our scope 3 emissions screening, the indirect cost of carbon taxation through the wider supply chain both within the UK and abroad would materially impact Creightons PLC.
    - The Group are under increased reporting obligations as a premium listed Group. Implementation of the TCFD recommendations is supported by external consultants and takes internal resources to deliver this.
- Long term
    - Creighton's PLC has taken steps to minimise its exposure to greenwashing claims. It has controls in place to ensure it does not overstate its environmental claims on products and is working with industry experts on ensuring the quality of its climate-related data.
    - Creighton's PLC provides guidance for its customers and is well prepared for mitigating this risk and avoiding potential reputational exposure.

Risk Category – Technological, Market and Reputational

Impact Assessment

- Short Term
    - Increased expenditure around the replacement of energy inefficient production and office equipment.

Group strategic report

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    - As customers look to become more sustainable and address climate change, it is likely that demand for products with lower emissions and more sustainably sourced raw materials could increase. There can be challenges with some of the 'more sustainable' raw material substitutions.

- Medium Term
    - Several key customers have signed up to the British Retail Consortium Climate Action Roadmap. This sets an ambition for them to achieve Net Zero emissions by 2040. If we do not work in conjunction with them, there is a risk that they may choose to work with other suppliers that match their ambition.
    - Increased requests for information from customers around climate action and its impact on internal resources.
    - Increased demand for sustainable materials affecting availability in the supply chain.
- Long term
    - Creighton's PLC has a robust capital expenditure review process; however, there is a longer-term risk of installing a technology that is quickly overtaken by newer advancements in low emission technology.

Risk Category – Physical (Acute and Chronic)

Impact Assessment

- Medium Term
    - Impact to raw material availability and delays in supply chain and distribution.
    - Heat stress caused by the rise in mean temperatures may lead to increased capital expenditure may be required to provide safe and comfortable working environments for employees.
- Long Term
    - Reduced labour and equipment productivity due to extremes in temperature.
    - Disruption due to potable and process water supply reduction could impact manufacturing and commercial operations, coupled with high water costs.

Group strategic report
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- Factory and infrastructure damage.
- The operating risk have low to medium risk scores in terms of flooding, with procedures in place to minimise risks.

Opportunity Category – Resource Efficiency and Energy Source

- Short Term
  - Reviewing low-emission technologies such as solar panels, fitting air source heat pumps, installing LED lighting / PIR's and efficient compressed air use will require upfront capex costs but could develop cost savings through operating efficiencies over time.
  - Developing products with more Post Consumer Regrind (PCR) recycled content could develop cost savings through operating efficiencies over time.
  - Better pallet utilisation to reduce transportation emissions.
  - To develop transportation efficiencies and reduce costs.
  - Continual training of staff on energy saving opportunities.
  - Re-organisation of internal warehousing to reduce transport costs and usage of third-party warehousing across both manufacturing sites.
- Medium Term
  - Reviewing opportunities to reduce wastewater by improving process department cooling system.

Opportunity Category – Products and Services, Market and Resilience

Impact Assessment

- Medium Term
  - Increasing consumer demand for sustainable products could enable Creightons PLC to increase its market share.

Group strategic report

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- Having Creightons PLC be at the forefront of sustainable formulations, products and packaging design as well as providing good quality accurate sustainability data could help us gain new customers and retain current ones.

- This opportunity will be maximised if sustainable products are affordable to consumers, otherwise consumers may choose more affordable less sustainable products due to budget constraints.

The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

We continue to review and identify the CROs we could be exposed to over different time horizons and described the impact of these CROs on our business. This helps to integrate our management risk response and potential adaptations to strategy and financial planning.

- The board has put in procedures to assess the impact of climate-related issues and all its impacts. We have employed consultants to assist in the formulation of a holistic climate-related strategy.

- The board recognises the increasing importance of climate-related issues on our business and all points in our supply chain. We recognise that climate-related issues are not a standalone activity and we have taken measures to ensure that climate-related processes are integrated into the financial planning and manufacturing processes.

- Following the scope 3 and CRO analysis our substantive risks revolve around changing customer behaviour and requests for information from suppliers. The ESG committee has worked extremely hard to respond to all customer requests for information regarding climate change and climate-related issues. Expertise within the committee is expanding due to continued collaboration with our consultants as well as involvement in industry seminars / webinars and close working with our trade association.

- The ESG committee has started sending out scope 3 questionnaires to our supply base, as well as, looking at the emissions associated with up and downstream transportation and how this can be reduced.

Creightons PLC conducted an EarthScan review to look at the physical risks associated with its main manufacturing sites. These included: coastal and riverine flooding risk, wind risk, precipitation risk, heat stress, drought, and wildfire danger.

Group strategic report

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Assets are given a EarthScan Rating™, from A (very low climate-related risk) to F (extremely high climate-related risk) and are based on the following scenarios, 2°C or lower, business as usual and peak 2040 and includes visualisations of the groups short- (2025), medium- (2030), and long-term (2050) physical risks.

Creightons PLC has two United Kingdom based manufacturing assets that have been assessed for their physical climate risk exposure over the period of 1970 to 2050. Both assets are already rated C or lower in the combined physical hazards category. Currently heat stress is highlighting a risk across this portfolio, rating as a C for both sites. Historically, these assets would have been rated B across combined hazards. Projecting future changes under all the scenarios, the portfolio combined risk score is expected to stay as a C by 2050. However, the Devon site physical risk score is expected to rise to a D due to the increased heat stress score. The combined physical risk score for Peterborough will remain as a C by the mid-century.

Based on the main physical risk being heat stress to both employees and infrastructure, we believe we have assessed these risks addressed these by improving cooling in the factories.

Presently we have only looked at scenario analysis relating to physical risks, this will be expanded into the key areas identified as having substantive risks in our CRO matrix, which come under the risk category 'Technological, Market and Reputational'.

Our assessment is that climate-related issues will not have a long-term impact on the viability of the business, however we are committed to acting in a responsible manner to meet all our obligations.

Risk Management

Processes for identifying and assessing climate-related risks

To assess the identified risks and opportunities, a CRO matrix was completed and considered the following areas:

Risk categories: Current regulations, future regulations, legal, technology, market, reputation, Physical risk (acute and chronic)

Opportunities categories: Resource efficiency, energy source, products and service, market, and resilience.

Substantive risks were highlighted along with the management / mitigation methods, as well as the financial impact. A detailed explanation of this can be found in sections 2a and 2b. These are reviewed at least annually, or as new or emerging climate risks are identified.

Scope 1 and 2 emissions have reduced from 1076.6 tonnes CO2e (FY22) to 909.4 tonnes CO2e in FY23.

Group strategic report

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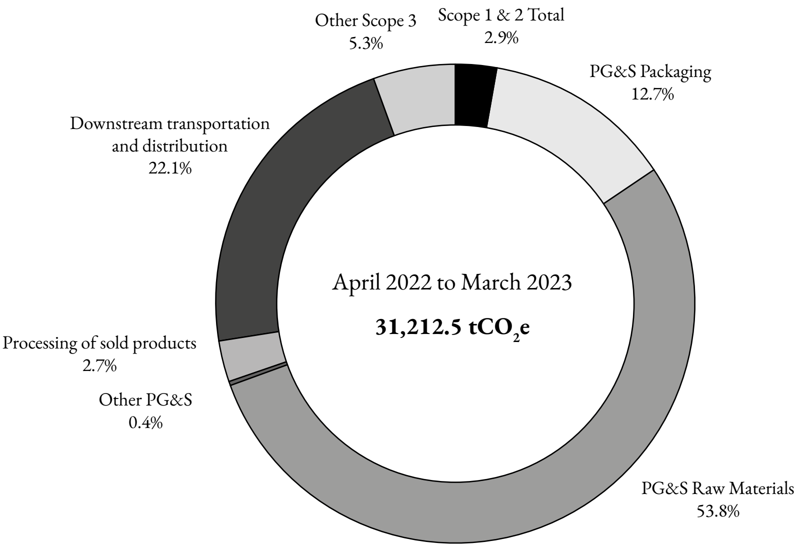
Presently scope 3 emissions are calculated a year in lieu. They were screened using a hybrid model using a combination of financial data and actual weights for packaging materials for the financial year ending 31 March 2023. This is an inherently difficult and time-consuming process, and we are constantly striving to improve the quality and accuracy of the data used to generate the report. For FY23 the data used for packaging has transcended from a mixture of weight and financial screening to one based on actual packaging weight purchased. Packaging has been the initial focus on weight as it was also required to be compliant with UK plastic tax. The remaining scope 3 categories are based on financial spend. Moving forward we anticipate transcending raw material purchases from financial spend to weight in FY2024/25 which contributes the largest proportion of scope 3 emissions.

Total emissions in FY23 totalled 31,215.5 tonnes CO2e. Scope 3 emissions total 30,306.1 tonnes CO2e, accounting for 97.1%. The most impactful areas of Creightons PLC's value chain are, purchased goods and services, accounting for 20,890.6 tCO2e and services including emissions from packaging and raw materials, and the downstream transportation and distribution of finished products accounting for 6,904.3 tCO2e. These key areas account for almost 90% of the inventory total.



Group strategic report

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This is a major decrease in our overall GHG emissions compared to the previous base line financial year (ending 31 March 2022), where total emissions were 45,369.6 tonnes CO2e with scope 3 emissions of 44,293.0 tonnes CO2e, accounting for 97.6%. See breakdown below.

		Emissions (tCO_23)		
Scope	**Category**	**FY23**	**FY22**	**YOY %**
Scope 1	Natural gas	534.2	629.0	(15%)
	Gas Oil	1.0	–	100%
	HFCs	12.3	12.5	(1%)
	Company vehicles	0.2	–	100%
Scope 2	Electricity (LB)	361.6	435.1	(17%)
Scope 1 & 2 Total		**909.3**	**1,076.6**	**(16%)**
Scope 3	Purchased goods and services	20,890.7	35,225.8	(41%)
	Raw Materials	16,798.5	30,235.8	(44%)
	Packaging	3,966.0	4,861.7	(18%)
	Other PG&S	126.2	128.3	(2%)
	Downstream transportation and distribution	6,904.3	6,739.3	2%
	Customer Retailing	4,778.4	4,947.6	(3%)
	Client Distribution	2,125.9	1,791.6	19%
	Third-party upstream transportation	638.2	1,010.9	(37%)
	Capital goods	215.0	321.3	(33%)
	Employee commuting	334.1	310.7	8%
	End of life treatment of sold products	54.8	67.6	(19%)
	Processing of sold products	857.5	342.1	15.1%
	Fuel – and energy – related activities	218.8	152.1	44%
	Waste generated in operations	155.9	111.7	40%
	Business Travel	37.0	11.5	222%
Scope 3 Total		**30,306.2**	**44,293.0**	**(32%)**
Total GHG Emissions		**31,215.5**	**45,369.6**	**(31%)**

Group strategic report

continued

It is important to note that the Scope 3 Assessment has been done in line with the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Standard. The original Scope 3 emissions figures for our base year ending 31 March 2022 were originally calculated using the Quantis Scope 3 Evaluator. This tool has now been retired. The new emission factors for FY23 have been provided by Exiobase. This tool has also been used to recalculate the base year FY22, so comparisons above remain valid.

Processes for identifying, assessing, and managing climate-related risks

Risk Category - Regulatory and Legal

Risk Response

- Short Term
    - We work with government bodies and external consultants to ensure we are fully compliant with our plastic tax, EPR and packaging waste obligations.
    - Developing and refining Net Zero and science-based targets, along with a detailed action plan in conjunction with Qonstrue.
    - Continue to monitor new and amended legislation via working with industry groups and external consultants.
    - The business is aware of UK Deforestation and EU deforestation legislation.
- Medium Term
    - To mitigate carbon pricing mechanisms, we will be evaluating renewable energy alternatives to natural gas and procure energy from renewable sources.

Risk Category – Technological, Market and Reputational

Risk Response

- Short Term
    - Continue to review the available lower emission technologies appropriate to our production requirements and build this into the capital expenditure plan.
    - Creightons PLC have been members of the Roundtable of Sustainable Palm Oil (RSPO) since 2014. Currently 99.9% of the palm oil derivatives (which are key in many personal care products) we purchase are from RSPO sources, decreasing their environmental impact.

Group strategic report
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  - The Group is also actively involved with EFECA. EFECA facilitates the UK sustainable commodities initiative (UK SCI), a pre-competitive, cross supply chain group convened by UK government, with the collective goal of achieving sustainable, resilient forest risk commodity supply chains to the UK market.
  - We will continue to work with industry experts on the packaging materials that currently are unable to contain PCR (further information on PCR can be found in section 3c).
  - Continue to work with consultants, in particularly Qonstrue, to develop a carbon management strategy aligned with the TCFD recommendations and evaluating setting science-based emission reduction targets, with the involvement of SBTi.
  - We will be completing the climate module of the Carbon Disclosure Project (CDP), in the 2024 disclosure cycle.
  - There continues to be an increased number of requests from customers on climate-related information, coupled with the demands of quantifying our scope 3 emissions. We continually reviewing our internal resource and consultancy to meet these demands.
- Medium Term
  - Continue to build sustainability and carbon impact into new product development processes.

Risk Category – Physical (Acute and Chronic)

Risk Response

- Short Term
  - Continue to encourage energy and water saving by employees.
  - South West Water has reviewed and installed water saving devices around the Devon factory.
  - Continually review business continuity plan in relation to wind, drought, heat stress, flooding, and sea level rise risks.
- Medium Term
  - Understand suppliers' preparedness for future wind, drought, heat stress, flooding, and sea level rise risks.

Group strategic report
continued

    - Explore options for water saving in the manufacturing process.
    - Exploring specific cooling and ventilation in process areas.
- Long Term
    - Consider introduction of natural cooling and ventilation solutions.

Opportunity Category – Resource Efficiency and Energy Source

Opportunities Response

- Closely monitor technological developments and major brand behaviour to be able to act as an innovator and a fast follower.
- Phased investment in on-site solar, coupled with the purchase of certified renewable electricity to counter reliance on non-renewable energy and volatility in the market.

Opportunity Category – Products and Services, Market and Resilience

Opportunities Response

- Short Term
    - Continue monitoring consumer demand for sustainable products.
    - Ensure continued capex investment in sustainable technology to ensure readiness to meet rising demand.
    - To be able to retain current customers and gain new ones with the quality of our sustainable formulations and the accuracy of our climate data we are:
        - Continuing climate-related education activities in conjunction with external consultants for all staff to ensure they remain at the forefront of this topic.
        - R&D researching all manner of green technologies, formulation design and packaging types.

Processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Group strategic report

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Creightons PLC has detailed and robust risk management processes around the design, procurement, and safety of all personal care products it manufactures. As previously mentioned, these would currently cover sustainability and legislative topics relating to the use of:

- The Qonstrue platform is being populated and will be actively used from July 2024.
- RSPO palm oil. Creightons PLC holds the RSPO chain of custody accreditation which is completely integrated into the Group's quality management system and is independently audited on an annual basis. Presently 99.9% of palm derivatives used are from an RSPO sustainable source.
- UK Deforestation and EU Deforestation legislations – regarding the EU deforestation regulation, based on the advice from the CTPA our products are exempt. Regarding the UK Deforestation regulation, the Group believes we are in a strong position to be compliant with this regulatory framework by December 2024 regarding palm and cocoa derivatives, the other commodities covered in this legislation are not relevant to our Group.
- Prohibiting or restricting materials derived from species on the IUCN Red List. All materials are reviewed as part of our R&D development process to ensure there are no sustainability issues with ingredients used in formulations.
- We are actively involved in increasing the amount of PCR inclusion within our products. At the end of the financial year ending 31 March 2023, 34% of plastic components contained PCR (equivalent to 139.5 tonnes of PCR plastic, out of a total of 983.8 tonnes – 14.2%). After evaluation, moving forward we believe the best way to record the amount of PCR used by the business is by weight. In the financial year ending 31 March 2024, we use 203.9 tonnes of total PCR plastic out of a total of 1046.3 tonnes – 19.5%, an increase in actual PCR of 5.3%.
- In other areas, the business continuity plans include extreme weather and climate events, and our capital expenditure review process considers the energy efficiency savings on new equipment.

We continue to use the CRO matrix, scenarios, resilience, and emissions screening data to further integrate climate-related risks into the organisations overall risk management strategies or add additional process where required.

Group strategic report

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Metrics and Targets

Creightons PLC measure several sustainability metrics, energy usage, sourcing of renewable electricity, the use of responsibly sourced palm oil and tracking the use of post-consumer resin. This information is reported to the board and is linked into the strategy and risk management processes. A summary is in the table below.

Metric	Target	Link to identified Substantive CRO	Performance FYE2024	Performance FYE2023	Performance FYE2022
Reduction of Scope 1 and 2 emissions	Reduce tonne CO2e scope 1 and 2 emissions by 42% by 2030 from the 2022 base year	Reputation / Energy Source	838.4	909.4	1,076.6
Reduction of Scope 3 emissions	Reduce tonne CO2e scope 3 emissions by 25% by 2030 from the 2022 base year	Reputation	Calculated a year in lieu	30,306.1	44,293.0
Renewable electricity	100% renewably sourced by 2025	Technology / Energy Source	0%	0%	0%
Use of RSPO palm	100% from RSPO sustainable sources by 2025	Reputation	99.9%	99.9%	99.6%
Recycled plastic content	25% recycled plastic (tonne) by FY 2026/27	Technology / Reputation	19.5%	14.2%	9.8%

We calculate our Scope 1 and Scope 2 GHG emissions annually as part of the Streamlined Energy and Carbon reporting requirements, these are calculated in accordance with the GHG Protocol and the SECR guidelines. Details of the Group's Scope 1 and 2 carbon emissions for the financial year ending 31 March 2024 are set out on page •. Details on of scope 3 GHG emissions are reported in section 3a of the TCFD statement, this was screened using a hybrid model using a combination of financial data and actual weights for packaging materials and are calculated a year in lieu.

Following commitment to SBTi targets and the validation of our data in FYE 31 March 2026, we will then be able to set and report metrics based on scope 1,2 and 3 reductions. We will carry out an impact assessment in FY 2024/25 which will compare these figures to tonnage of product produced.

Group strategic report

continued

Non-financial and Sustainability information statement

This Annual Report and in particular this Strategic Report, contains the information required to comply with the Companies, Partnerships and Groups (and Non-Financial Reporting) Regulations 2016, as contained in sections 414CA and 414CB of the Companies Act 2006.

The table below provides key references to information that, in conjunction with the TCFD Report, comprises the Non-Financial Information Statement for the year ended March 2024.

Reporting requirement	Group Policies that guide our approach	Information and risk management, with page references
Environmental matters	Group Environmental, Health, Safety, Energy and Sustainability Policy	• TCFD report on pages 40 to 57 • Section 172 statement on pages 35 to 37 • Strategy, objectives and future developments on pages 26 to 27
Employees	Group Environmental, Health, Safety, Energy and Sustainability Policy	• Section 172 statement on pages 35 to 37 • Disabled persons on page 40 • Health and Safety on page 31 • Diversity policy on page 41 of the financial statements
Social matters	Corporate and social responsibility policy	• Corporate and social responsibility on page 38
Respect for human rights	Modern Slavery and Human Trafficking Policies	• Corporate and social responsibility on page 38 • Suppliers on page 36
Anti-corruption and anti-bribery matters	Group Anti-Bribery and Corruption Policy	• Corporate and social responsibility on page 38

Group strategic report

continued

Description of the business model	*Environmental* As a manufacturing business we understand that we must continue to evolve in order to meet the needs of our stakeholders. The Group continues to improve its environmental credentials in a commercially viable manner. We are taking proactive steps to build on this as set out in our third report under the TCFD framework on pages 40 to 57. *Social* The foundation of the Group's strength is its people. The Group's policy is to employ people who embody its core values of quality, service and innovation. These values apply to all employees regardless of position. *Governance* The Group's arrangements are set out in the Corporate Governance section on pages 40 to 43 of the financial statements.	
Description of the principal risks in relation to the above matters, including business relationships, products and services likely to affect those areas of risk, and how the Group manages the risks		• Principal risks and uncertainties on pages 31 to 34
Non-financial key performance indicators		• TCFD report on pages 40 to 57

The Modern Slavery policy can be located at www.creightonsplc.com

Going concern

The Directors are pleased to report that the Group has renewed its bank facilities and continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The Group's cash on hand at 30 June 2024 is positive £2.9m. We have carried out a review of our cash requirements for the next 12 months. Scenarios modelled included the removal of the Group's largest customer and increases of 20% in costs of raw materials or overheads. These models are more extreme than the conditions prevailing during the last 12 months but demonstrate that even without management tackling current overhead levels or increasing prices to customers, the Group would not fully utilise available bank facilities over the next 12 months. The Directors have therefore formed a judgement, at the time of

Group strategic report
continued

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 16 July 2024 and signed on its behalf by:

Philippa Clark
Managing Director

Supplementary material

Directors' remuneration report

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 Chair of the Committee, Nicholas O'Shea who is a Non-Executive Director, and acts as secretary to the committee and Paul Forster.

The report is divided into three sections as set out below

- The Remuneration Committee Chair Statement providing a summary of key reward activity during the year.
- The proposed new Directors Remuneration policy (the Policy) setting out proposals for the new Policy following a review after the Board Changes during the year. The policy will be subject to a binding vote at our 2024 Annual General Meeting.
- The Report of Directors remuneration setting out the remuneration during the year ended 31 March 2024 and how our new Policy will be applied for the year ended 31 March 2025.

Remuneration Committee Chair Statement

Role of the Committee

The role of the Committee is to:

- set and review the implementation of the Director' Remuneration Policy for the Executive Directors and senior Executives, having regard to the remuneration principles of the Group and the remuneration of the wider employee population.
- evaluate the performance packages for each Executive Director, the Chair, the Company Secretary and other senior Executives.
- maintain a dialogue with shareholders when setting the remuneration of senior Executives and Board members.

Business Context

The Group is coming to the end of a programme of significant change following two years of disruption caused by economic weakness together with high inflationary pressures. This has been successful in delivering a business that has reduced its cost base to match a fall in revenue, recovered gross margins, reduced overheads and rationalised our distribution operations. The impact is improved operating profits

Supplementary material

continued

and cash generation over the period and places the Group in a strong position to generate profitable growth as revenues increase. The departure of the previous Managing Director resulted in an opportunity for the Board to overhaul the existing structure.

Remuneration committee decisions in the year ended 31 March 2024.

The three key decisions made during the year ended 31 March 2024 were:

- To approve the bonus payments of £39,000 to Mr McIlroy and Mr Johnson in respect of the year ended 31 March 2023.
- To assess the performance of Philippa Clark and Martin Stevens as they managed the business in the period following the departure of Bernard Johnson.
- To review the structure of the Board following the departure of Mr Johnson as Managing Director and the decision of Mr McIlroy to retire from his Executive positions as Chairman and Chief Executive Officer. The outcome of the decision to review the Board structure was announce on 7 March 2024 and included the appointments of:
    - Mr William McIlroy as a Non-Executive Director following his retirement as Executive Chairman and Chief Executive Officer
    - Mr Paul Forster, previously Non-Executive Director, as Non-Executive Chair of the Board.
    - Ms Philippa Clark as Group Managing Director
    - Mr Martin Stevens as Deputy Group Managing Director
    - Mr Brian Geary as a Non-Executive Director
- To update the Remuneration Policy following the re-organisation of the Board.

Review of the Remuneration Policy

The existing Remuneration Policy, which was approved at last year's Annual General Meeting, has not been significantly reviewed for several years. The Committee decided to undertake a more thorough review of the Remuneration Policy.

The members of the Committee during the year were Nicholas O'Shea, William Glencross and Paul Forster. In determining the Directors' remuneration, the Committee consulted the Chairman, Mr McIlroy. The Committee reviewed the remuneration for the Executive Directors and Non-Executive Director and considered:

Supplementary material

continued

- market rates in similar businesses
- the performance of the directors
- the increased responsibility for any new roles, and
- increases awarded to all employees.

In determining the remuneration for the Executive Directors the Committee has not sought advice from any consultants during the period.

The key elements of the new Remuneration policy, applicable to Executive Directors are:

- Increased base salary to recognise the role and responsibility undertaken by the Executive Directors.
- The maintenance of existing benefits which includes, pension contribution, Private Healthcare and Group life Insurance.
- Introduction of a new profit-related bonus scheme for the Executive directors, with bonus of £30,000 payable on achieving the budgeted profit for the current year and a further £30,000 payable on achieving profits more than the budget up to a maximum of £60,000. The payment of these bonuses is conditional on the Group having a positive operational cash flow.
- Continue to utilise the existing 2018 Share Option Scheme, to issue Options over shares in the Company as part of a Long-Term Incentive Programme to align Executives with shareholder interests.

The Committee determined that Non-Executive Director Fees should be increased to reflect the changing structure of the Board and higher level of fees required to attract new non-Executive directors. The existing share options held by Non-Executive directors, arising largely from their previous roles as Executives, will be retained. Mr Paul Forster and William Glencross will also retain their current benefits under the Group Health Care Scheme. The Committee will review the application of this Policy to ensure it is achieving its aims and propose change next year, if appropriate.

In conclusion, our approach in developing this new Policy is to ensure the Policy facilitates the recruitment and retention of talent and to align remuneration with our shareholder and wider stakeholder requirements. I look forward to your support at the upcoming AGM.

William Glencross
Chair of Remuneration Committee
16 July 2024

Supplementary material

continued

Summary of changes to Directors' Remuneration

Following the Board changes announced on 7 March 2024 the Committee undertook a review of the Directors' remuneration Policy. No Executive Director was present when their remuneration was discussed.

The Committee considered changes in responsibilities, data from similar sized businesses with similar levels of complexity and data on remuneration and employment conditions within the Group. The aim was to ensure that the employees are fairly rewarded for their role. The Committee was mindful of the need to not inadvertently encourage risky or irresponsible behaviour, including behaviour that could raise environmental, social or governance issues. The Committee considered the balance of the remuneration package between, fixed and variable remuneration and the need to incorporate Long-Term Incentives to align performance with improvements in shareholder value.

Under the previous Remuneration Policy, a significant portion of the remuneration was variable for the CEO and Managing Director who had relatively low base salaries with a high uncapped bonus based on the level of pre-tax profit. The other Executive Directors had higher base salaries with a much lower bonus entitlement, limited to 7.5% of base salary. The new Remuneration Policy introduces higher base salaries and a variable capped bonus scheme for Executive Directors which is directly linked to the profit of the Group.

The following table sets out a summary of the key changes to the Remuneration Policy and how they will be implemented for the current directors during the year to 31 March 2025.

Key Policy Feature	Approach for 2024	Proposed approach for 2025 and key changes
Salary		
The Executive Directors base salaries are normally raised annually taking into account the nature of the role and performance and experience of the individual director and the pay increase across the wider workforce	Salaries from 01 April 2023 Group MD - £126,000 Deputy Group MD £120,000	Salaries from 01 April 2024 Group MD - £150,000 Deputy Group MD £130,000 These changes reflect the changes in roles and responsibilities.

Supplementary material

continued

Key Policy Feature	Approach for 2024	Proposed approach for 2025 and key changes
Pension benefits		
The Executive Directors receive a pension contribution in addition to pension contributions to the Groups Workplace Pension Scheme	Group MD – Fixed Pension Contribution of £2,000 plus an additional 3% of salary in line with all employees of the Group. Deputy Group MD - Fixed Pension Contribution of £6,000 plus 3% of salary in line with all employees of the Group.	There are no changes for the year to 31 March 2025.
Other benefits		
Both Executive Directors are members of private healthcare and group life insurance schemes.		There are no changes for the year to 31 March 2025.
Annual Bonus		
The annual bonus is focused on the delivery of improvements in profits in line with the longer-term aims of improving shareholder value.	Bonus schemes applicable up to 31 March 2024 for both Group MD and the Deputy Group MD – 7.5% base salary on achieving a set pre-tax profit.	The opportunity under the new bonus scheme for the year to 31 March 2025 for both the Group MD and the Deputy Group MD is an initial payment of £30,000 and an additional payment of up to a further £30,000 on achieving a set pre-tax profit target.
Long-Term Incentive Plans (LTIP)		
The LTIP focuses on generating sustained shareholder value over the longer term and aligning Directors' interests with those of the Company's shareholders. The Groups Share Option Scheme approved by Shareholders in 2018, remains the best method of achieving this aim.	No share options were issued in the year to March 2024.	The opportunity in the year to March 2025 is to review the existing options granted to the Executive Directors and members of the Senior Management Team to ensure they are realistic and will motivate directors' performance in line with growing shareholder value.

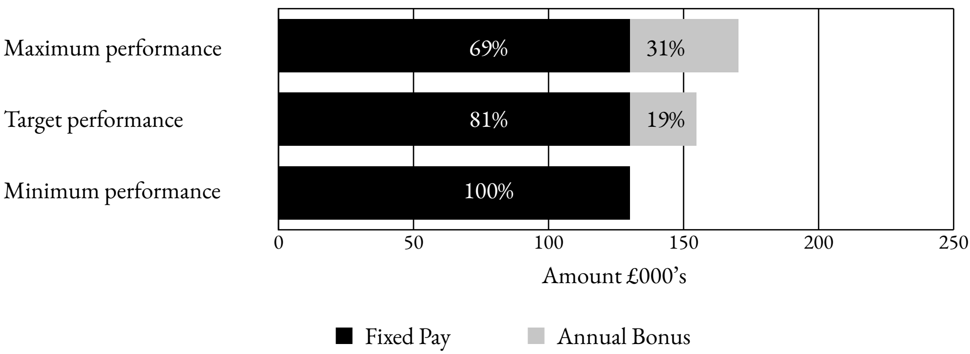
Supplementary material
continued

Directors' Remuneration Policy

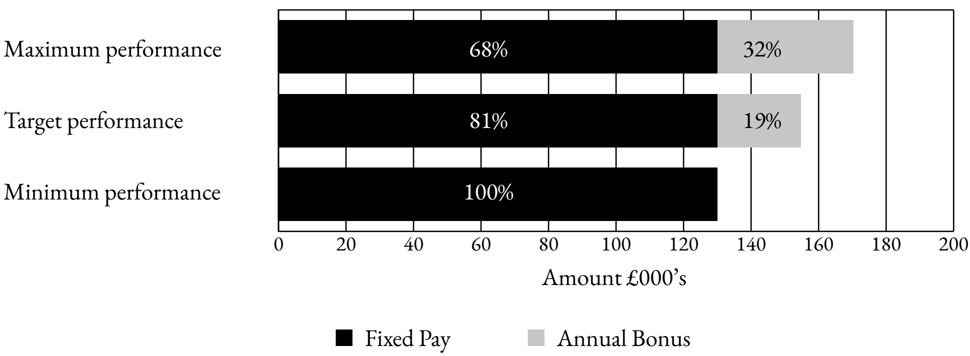
Illustrations of application of the Remuneration Policy

The charts below indicate the level of remuneration that could be received by each Executive Director in accordance with the updated Directors' Remuneration Policy. This is based on the level of profit as at 31 March 2024 and an increase in profit of 50% from this level. These bonuses are not impacted by any changes in the share price.

P Clarke (Group Managing Director – from 7 March 2024)



M Stevens (Group Deputy Managing Director)



Supplementary material
continued

In illustrating the above, the following assumptions have been made:

Scenario	Description	Assumptions
Minimum Performance	Minimum remuneration receivable	Fixed elements of remuneration only – Salary, benefits and pension
Target Performance	Remuneration receivable for achieving performance in line with expectations	Fixed elements of remuneration (as above), 50% of maximum annual bonus earned
Maximum Performance	Remuneration receivable at maximum performance targets	Fixed elements of remuneration (as above), 100% of maximum annual bonus earned

Statement of implementation of remuneration policy in the following financial year
The remuneration under the new Remuneration Policy is effective from 01 April 2024.

Policy on Directors' remuneration
This report sets out the Directors' Remuneration Policy and complies with relevant provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (accounts and Reports) Regulations. It has been prepared taking into account the 2018 UK Corporate Governance Code (the 2018 Code) and the requirements of the UK Listing Rules.

The remunerations have clear defined parameters which are communicated to shareholders and other stakeholders. The remuneration framework incentivises short-term objectives through the annual bonus and long-term objective of shareholder value creation though the LTIP.

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 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 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.

Supplementary material

continued

The component of the Executive Directors Remuneration fixed remuneration is described below:

Element	Purpose	Operation
Fixed remuneration		
Base Salary	To provide an appropriate level of fixed income to recruit and retain talent	Base salaries are reviewed annually considering: • The scope of the role and the markets the Group operates in • The performance and experience of the individual • Pay levels in other comparable organisations • Pay increases with in the Group
Benefits	Recruitment and retention of Executives through the provision of cost-effective benefits package	Benefits that may be provided include, health insurance, life assurance for the Executive and family members.
Provision for retirement	Designed to enable an Executive Director to generate an income in retirement and to provide a competitive remuneration package.	Participation in the Group defined contribution scheme supported by fixed payments to an Executive Pension Scheme.

Pensions

Ms Clark and Mr Stevens pension contributions include contributions to an auto-enrolment pension in line with the wider workforce and fixed defined contributions to Company pension schemes. Pension contributions for the year ended 31 March 2024 were as follows; Ms Clark £6,000 and Mr Stevens £9,000.

Supplementary material

continued

The component of the Executive Directors variable remuneration is noted below:

Element	Purpose	Operation
Variable remuneration		
Annual bonus	Designed to motivate Executive Directors to focus on annual goals that are consistent with the longer-term strategic aim to improve shareholder value.	Measures and targets are set at the beginning of each financial year and pay out levels are determined by the Committee after approval of the annual financial report based on performance against those targets. The Committee may apply discretion to amend the bonus pay out should this not, in the view of the Committee, reflect the underlying business performance or individual contribution.
Share Options	The current Share Option scheme is designed to incentivise and align Executive Directors and employees with the delivery of shareholder value through sustainable share growth and dividend payments.	Annually the Committee will review the Share Options held by the Executive Directors and will decide whether the options remain at levels appropriate to motivate the Executive to meet the long-term growth aspirations of shareholders. This review may include the cancelation and re-issue of options that align with the purpose. Share options have a vesting period of three years following the date of grant and are typically granted at the closing mid-market price immediately prior to the date of grant. The Committee does have the option to issue options at a discount to the market price.

Supplementary material

continued

Remuneration should support and align with shareholders long-term interests by linking the annual performance to growing shareholder value. It is the intention of the Committee to cascade the New Policy to the Senior Executive Team to ensure they are supporting the Executive Directors in shared goals and outcomes.

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 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.

Directors' bonuses

The Executive contract for Mr McIlroy's services as an Executive Director, who retired from his Executive roles on 6 March 2024, provided for a bonus to be paid after the deduction of tax and National Insurance 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. During the year no bonus is payable (2023: £39,000) to Mr McIlroy for the period he was an Executive Director.

The new bonus Policy for Ms Clark and Mr Stevens include Executive bonus scheme, where senior Executives are entitled to a maximum bonus, in the case of Ms Clark and Mr Stevens this is £60,000, based on hitting certain Group pre-tax profit targets. Previously the bonus scheme was 7.5% of basic pay if the Group hits the profit target for the period and additional payments of up to 14% of earnings (10% for other employees) in relation to key performance indicator targets which were not achieved during the year. No bonus was payable to either Ms Clark or Mr Stevens in respect of the years ended 31 March 2024 or 31 March 2023.

None of the Executive Directors remuneration is paid or payable in shares, therefore a 50% increase in share price would have a nil effect on remuneration.

Recruitment

On appointment or promotion, base salary levels will be set taking into account a range of factors including market levels, experience, internal relativities and cost. If an individual is appointed on a base salary below the desired market positioning, the Committee retains the discretion to re-align the base salary, contingent on individual performance, which may result in a higher rate of annualised increase above ordinary levels.

Supplementary material
continued

Loss of office

Any loss of office payment will be approved by the Remuneration Committee. Any payment will be made at the discretion of the remuneration committee and on a case-by-case basis. Any payments made beyond contractual and statutory obligations would be exceptional in nature either due to additional obligations taken on by the departing Director or due to specific circumstances and always benchmarked against market practice.

The components of the Non-Executive Directors Remuneration are described below:

Element	Purpose	Operation
Non-Executive Director Fees	To reflect the time commitment in preparing for and attending meetings, the duties and responsibilities of the role and the contribution expected from Non-Executives Directors.	Fees are reviewed annually and may be amended to reflect changes in the market and in responsibilities. Any additional time commitments in excess of the contracted time will be paid pro-rata on a per diem basis. The Committee recommends the remuneration of the Chair to the Board. Fees paid to Non-Executive Directors are determined and approved by the Board as a whole. The Company covers the cost of attending meetings and Non-Executive Directors may be re-imbursed for any business expenses incurred in fulfilling their duties.
Benefits		Mr Forster ad Mr Glencross receive group Health Insurance cover as a legacy from their former roles as Executive Directors.
Share Options	To encourage Non-Executive Directors to align interests with those of Shareholder value.	Expectation that Non-Executive Directors build an interest in the Company's shares.

Supplementary material

continued

Service contracts

All contracts were revised to be effective from 7 March 2024 to reflect the new roles and responsibilities of the directors.

Name of Director	Date of service contract effective	Notice period
Executive Director		
P Clark (Group Managing Director)	7 March 2024	6 months
M Stevens (Deputy Group Managing Director)	7 March 2024	6 months
Non-Executive Director		
P Forster (Non-Executive Chair)	7 March 2024	6 months
WO McIlroy	7 March 2024	6 months
NDJ O'Shea	7 March 2024	6 months
WT Glencross	7 March 2024	6 months
B Geary (from 7 March 2024)	7 March 2024	6 months

Mr Geary was appointed as a Non-Executive Director by the Board on 7 March 2024 and in accordance with the Articles of Association intends to retire and offer himself for re-election at the forthcoming Annual General Meeting.

Executive Directors contracts are for an indefinite period, terminable by either party with a maximum period of notice of 6 months. Any payments in lieu of notice should not exceed the Director's fixed remuneration for the unexpired term of the notice period.

Non-Executive Directors will retire and stand for re-election at each Annual General Meeting in accordance with the requirements of UK Corporate Governance Code 2024, which comes into effect from 01 January 2025.

Approval

The Directors' Remuneration Report was approved by the Board of Directors on 16 July 2024 and signed on its behalf by:

William Glencross
Non-Executive Director

Supplementary material

continued

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 2024 and 31 March 2023. 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

		2024				
Director	**Note**	**WO McIlroy £000's**	**BJM Johnson £000's**	**P Clark £000's**	**M Stevens £000's**	**Total £000's**
		Note 2	**Note 3**			
Salary		25	66	126	120	337
Pension		–	–	6	9	15
Benefits		–	–	–	2	2
Total fixed		**25**	**66**	**132**	**131**	**354**
Total variable	**Note 1**	–	–	–	–	–
Total		**25**	**66**	**132**	**131**	**354**

Supplementary material

continued

Director	Note	WO McIlroy £000's	BJM Johnson £000's	P Clark £000's	M Stevens £000's	Total £000's
		2023				
Salary		27	92	119	116	354
Pension		–	–	6	9	15
Benefits		–	–	–	2	2
Total fixed		**27**	**92**	**125**	**127**	**371**
Total variable	**Note 1**	**39**	**39**	–	–	**78**
Total		**66**	**131**	**125**	**127**	**449**

Note

1 No bonuses were earned in the year ended 31 March 2024. In the year ended 31 March 2023 Mr McIlroy and Mr Johnson both earned bonuses of £39,000. A provision of £45,000 was made in the prior year.

2 Mr McIlroy's salary covers the period to 6 March 2024, when he resigned from his Executive roles.

3 Mr BJM Johnson's salary covers the period to 23 November 2023 when he ceased to be a director of the Company.

4 Equity settled share-based payments would be included within the bonus figure, calculated as their intrinsic value as at the date of grant. No grants in the year ended 31 March 2024 or 31 March 2023.

Supplementary material

continued

Non-Executive Directors' remuneration as a single figure

Director	Note	P Forster £000's	WO McIlroy £000's	ND O'Shea £000's	WTG Glencross £000's	B Geary £000's	Total £000's
				2024			
		Note 2	**Note 3**				
Fees		20	2	**19**	19	2	62
Pension	**Note 6**	1	–	–	–	–	1
Benefits	**Note 5**	2	–	–	2	–	4
Total fixed		**23**	**2**	**19**	**21**	**2**	**67**

Director	Note	P Forster £000's	ND O'Shea £000's	WTG Glencross £000's	Total £000's
			2023		
Fees		18	**18**	18	54
Pension	**Note 6**	1	–	–	1
Benefits	**Note 5**	2	–	2	4
Total fixed		**21**	**18**	**20**	**59**

Notes

1 The Non-Executive Directors received no variable remuneration in the years ended 31 March 2024 or 31 March 2023.

2 Mr Forster's Fees includes an increase following his appointment as Non-Executive Chair from 7 March 2024.

3 Mr McIlroy's Fees include those earned as a Non-Executive Director from 7 March 2024, following his retirement from his Executive roles.

4 Mr Geary's Fees include those he received following his appointment as a Non-Executive Director from 7 March 2024.

5 The benefits earned by Mr Forster and Mr Glencross relate to their membership of the Group Private health insurance scheme, which continued following their retirement as Executives.

6 The pension earned by Mr Forster relates to his membership of the Group Pension scheme, which continued following his retirement as an Executive.

Supplementary material

continued

Payments for loss of office

A single Director left the Company during the year ended 31 March 2024 and no payments in respect of compensation for loss of office were paid or payable to any Director (2023: £Nil).

Share options

No share options were exercised by Directors during the year ended 31 March 2024 (2023: Nil).

There is a vesting period of 3 years for all share options. The share options were awarded to the Directors as part of the Company's ongoing 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.

Directors' shareholdings

The Directors who held office at 31 March 2024 had the following beneficial interests in the 1p ordinary shares of the Company:

	At 31 March 2024					
	Shares	Share Options				
Director	Number of shares	Exercise period of 2017 – 2024 price 5.50p Vested	Exercise period of 2021 – 2028 price 26.80p Vested	Exercise period of 2023 – 2030 price 36.00p Not vested	Exercise period of 2024 – 2031 price 97.73p Not vested	Total Options held
Mr W O McIlroy	16,219,275	1,300,000	900,000	–	225,000	2,425,000
Mr N DJ O'Shea	115,000	–	135,000	–	–	135,000
Mr W T Glencross	86,000	–	131,500	–	–	131,500
Ms P Clark	851,818	–	500,000	200,000	–	700,000
Mr M Stevens	993,758	–	218,060	100,000	–	318,060
Mr P Forster	951,318	–	300,000	100,000	–	400,000
Mr B Geary	7,403,259	–	–	–	–	–
Mr B Johnson	5,245,844	–	–	–	–	–

Supplementary material

continued

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

Mr Forster disposed of 36,000 shares on 23 August 2023 and 45,000 shares on 22 September 2023. There have been no other sales of ordinary shares during the period between 31 March 2024 and 30 June 2024.

	At 31 March 2023					
	Shares	Share Options				
Director	Number of shares	Exercise period of 2017 – 2024 price 5.50p Vested	Exercise period of 2021 – 2028 price 26.80p Vested	Exercise period of 2023 – 2030 price 36.00p Not vested	Exercise period of 2024 – 2031 price 97.73p Not vested	Total Options held
Mr W O McIlroy	16,219,275	1,300,000	900,000	–	225,000	2,425,000
Mr B JM Johnson	5,245,844	–	700,000	–	225,000	925,000
Mr N DJ O'Shea	115,000	–	135,000	–	–	135,000
Mr W T Glencross	86,000	–	131,500	–	–	131,500
Ms P Clark	851,818	–	500,000	200,000	–	700,000
Mr M Stevens	993,758	–	218,060	100,000	–	318,060
Mr P Forster	1,032,318	–	300,000	100,000	–	400,000

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 2024	Lowest during period	Highest during period
25.0p	18.0p	37.0p

Mr McIlroy's holding noted above includes 14,450,000 (2023: 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.

Supplementary material

continued

The information provided in this part of the Annual Report on remuneration is not subject to audit

Performance graph and CEO remuneration table

The following graph shows the Group's performance, measured by total shareholder return, compared with the FTSE All-Share index, which the Directors have always considered the most suitable comparator given the small number of quoted companies of a similar size in the Company's sector; and the typical portfolio style of management for most investors, meaning that investments in the Company would be compared against investment portfolios based on FTSE All-Share index performance.

Supplementary material
continued

Table of Historical Data

The Group does not currently have a CEO.

The table below sets out the remuneration of the highest paid Director for the previous ten years.

Year	Single figure of total remuneration £000s	Annual bonus pay-out against maximum %	Share option scheme exercised against maximum %
2024	132	n/a	n/a
2023	137	100%	n/a
2022	163	40% after waiver	22%
2021	291	100%	n/a
2020	291	100%	100%
2019	301	100%	0%
2018	177	100%	n/a
2017	170	100%	n/a
2016	156	100%	n/a
2015	47	100%	n/a

Supplementary material

continued

Percentage change in remuneration of the Directors and employees

The table below shows the percentage increase in remuneration of the Directors and the Group's employees as a whole between the years ended 31 March 2021 and 31 March 2024.

	2024				2023			
	Salary and fees	All taxable benefits	Annual bonus	Total	Salary and fees	All taxable benefits	Annual bonus	Total
W McIlroy	0.0%	–	(100%)	**(62.5%)**	0.0%	–	(36.6%)	**(26.5%)**
B Johnson	(28.3%)	–	(100%)	**(51.8%)**	0.0%	–	(36.6%)	**(16.0%)**
P Clark	5.9%	–	–	**5.6%**	4.4%	–	(100%)	**1.6%**
M Stevens	3.4%	–	–	**3.2%**	17.2%	–	(100%)	**12.6%**
P Forster	11.1%	–	–	**10.5%**	(10.0%)	–	(100%)	**(13.6%)**
N O'Shea	5.6%	–	–	**5.6%**	0.0%	–	(100%)	**(5.3%)**
W Glencross	5.6%	–	–	**5.6%**	5.6%	–	(100%)	**0%**
B Geary	100%	–	–	**100%**	–	–	–	–
Average Employee	7.5%	7.5%	(62.5%)	**6.5%**	11.7%	–	(50.2%)	**6.2%**

	2022				2021			
	Salary and fees	All taxable benefits	Annual bonus	Total	Salary and fees	All taxable benefits	Annual bonus	Total
W McIlroy	3.8%	–	(73.2%)	**(66.3%)**	4.0%	–	33.2%	**29.9%**
B Johnson	0.0%	–	(46.6%)	**(27.6%)**	0.0%	–	(33.2%)	**(22.7%)**
P Clark	4.6%	–	(91.9%)	**(19.1%)**	18.5%	50.0%	362.5%	**46.2%**
M Stevens	3.1%	–	(87.0%)	**(13.3%)**	11.6%	–	187.5%	**24.3%**
P Forster	(71.4%)	(66.7%)	(95.7%)	**(77.1%)**	(16.7%)	(62.5%)	228.6%	**(3.0%)**
N O'Shea	5.9%	–	–	**11.8%**	(22.7%)	–	–	**(22.7%)**
W Glencross	(10.5%)	–	–	**(5.3%)**	5.6%	–	–	**5.6%**
Average Employee	6.7%	0.0%	14.3%	**7.3%**	6.5%	–	(1.8%)	**5.8%**

Supplementary material

continued

Pay ratios

The table below sets out the ratio of the highest paid Director to the median, 25th and 75th percentile full-time equivalent remuneration of the Group's employees.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	Option B	6:1	5:1	4:1
2023	Option B	6:1	5:1	4:1
2022	Option B	8:1	7:1	6:1
2021	Option B	14:1	14:1	12:1
2020	Option B	15:1	13:1	11:1

The pay ratio has reduced slightly from previous years due to the reduction in the profit-related bonus of the Directors.

Option B under the reporting requirements has been chosen to identify the employees at the median, 25th and 75th percentiles as it provides the most effective method to identify the reference employees for calculation purposes. The reference employees pay has been calculated from their annual salary, bonuses and pension at the close of the financial year.

In line with the regulations, the following table sets out the total pay and benefits, and the salary element for the highest paid Director and employees at each percentile. The Group does not currently have a CEO.

	Base salary £000's	Total pay and benefits £000's
Highest paid Director	126	132
75th percentile employee	31	33
50th percentile employee	26	27
25th percentile employee	23	24

Supplementary material

continued

Relative importance of spend on pay

The table below shows the total expenditure of the Group for all employees compared to retained profits and distributions to shareholders for the years ended 31 March 2024 and 31 March 2023 and the year on year change.

	Year ended 31 March 2024 £000's	Year ended 31 March 2023 £000's	Change %
Employee costs	14,414	15,173	(5%)
(Loss) / Profit after tax for the year	(3,527)	514	(786%)
Dividends paid	–	–	–
Dividends proposed (2024: 0.45p per share)	315	–	100%

Voting at general meeting

The Group is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the reasons for any such vote will be sought, and any actions in response will be detailed here.

The following table sets out actual voting in respect of the approval of the Directors' Remuneration report and policy in respect of the year ended 31 March 2023:

Resolution	Number of votes cast for	% of votes cast for	Number of votes cast against	% of votes cast against	Total votes cast	Number of votes cast withheld
Directors' Remuneration Report	25,805,686	96.11%	1,040,484	3.88%	26,846,170	58,548
Directors' Remuneration Policy	25,692,226	99.45%	134,752	0.52%	25,826,978	1,076,490

Mr WT Glencross
Remuneration Committee
16 July 2024

Supplementary material

continued

Consolidated income statement

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Revenue	**53,194**	58,567
Cost of sales	**(30,364)**	(34,219)
Gross profit	**22,830**	24,348
Distribution costs	**(3,488)**	(3,902)
Administrative expenses	**(17,804)**	(18,862)
Operating profit before exceptional items	**1,538**	1,584
Exceptional items – Redundancy costs	**(17)**	(165)
Exceptional items – Impairment	**(4,449)**	–
Operating profit	**(2,928)**	1,419
Exceptional items – Acquisition costs	–	(312)
Finance costs	**(349)**	(420)
Profit before tax	**(3,277)**	687
Taxation	**(250)**	(173)
(Loss) / Profit for the year attributable to the equity shareholders	**(3,527)**	514

Supplementary material
continued

Consolidated statement of comprehensive income

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
(Loss) / Profit for the year	**(3,527)**	514
Items that may be subsequently reclassified to profit and loss:		
Exchange differences on translating foreign operations	**13**	(9)
Other comprehensive income for the year	**13**	(9)
Total comprehensive income for the year attributable to the equity shareholders	**(3,514)**	505

Dividends

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Final dividend paid – £Nil (2023: £Nil) per share	–	–
Interim dividend paid £Nil (2023: £Nil) per share	–	–
Total dividend paid in year – £Nil (2023: £Nil) per share	–	–
Proposed – 0.45 pence (2023: Nil) per share	**315**	–

Earnings per share

	Year ended 31 March 2024	Year ended 31 March 2023
Basic	**(5.15p)**	0.74p
Diluted *	**(5.15p)**	0.65p

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

Supplementary material

continued

Adjusted Earnings per share – alternate performance measure

The following calculation of the basic and diluted earnings per share excluding exceptional items has been calculated based on adding back the following deductions from (loss) / profit after tax:

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
(Loss) / Profit for the period from operations attributable to the equity shareholders of the parent Company	**(3,527)**	514
Exceptional items – Impairment	**4,449**	–
Exceptional items – Deferred tax charge not previously recognised	**165**	–
Exceptional items – Acquisition costs (disallowed for tax provision)	–	312
Adjusted Earnings excluding exceptional items	**1,087**	826

	Year ended 31 March 2024	Year ended 31 March 2023
Adjusted Basic earnings per share – excluding exceptional items	**1.59p**	1.19p
Adjusted Diluted earnings per share – excluding exceptional items	**1.42p**	1.05p

Supplementary material
continued

Consolidated balance sheet

	31 March 2024 £000	31 March 2023 £000
Non-current assets		
Goodwill	**1,575**	2,857
Other intangible assets	**6,374**	10,894
Property, plant and equipment	**5,219**	5,890
Right-of-use assets	**1,093**	1,285
	14,261	20,926
Current assets		
Inventories	**8,225**	10,228
Trade and other receivables	**10,518**	12,733
Cash and cash equivalents	**3,138**	1,653
	21,881	24,614
Total assets	**36,142**	45,540
Current liabilities		
Trade and other payables	**8,265**	9,836
Corporation tax payable	**105**	3
Lease liabilities	**351**	373
Borrowings	**620**	2,502
	9,341	12,714
Net current assets	**12,540**	11,900

Supplementary material

continued

Consolidated balance sheet

continued

	31 March 2024 £000	31 March 2023 £000
Non-current liabilities		
Deferred tax liability	**1,798**	2,942
Lease liabilities	**633**	917
Borrowings	**2,315**	3,488
	4,746	7,347
Total liabilities	**14,087**	20,061
Net assets	**22,055**	25,479
Equity		
Share capital	**700**	700
Share premium account	**2,024**	2,022
Merger reserve	**2,476**	2,476
Treasury shares	**(576)**	(576)
Other reserves	**(211)**	(211)
Translation reserve	**27**	14
Retained earnings	**17,615**	21,054
Total equity attributable to the equity shareholders of the parent Company	**22,055**	25,479

These financial statements were approved by the Board of Directors and authorised for issue on 16 July 2024. They were signed on its behalf by:

Philippa Clark
Managing Director

Supplementary material
continued

Consolidated statement of changes in equity

	Share capital £000	Share premium account £000	Merger reserve £000	Treasury Shares £000	Other reserves £000	Translation reserve £000	Retained earnings £000	Total equity £000
At 1 April 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**
Comprehensive income for the year								

Supplementary material
continued

Consolidated statement of changes in equity
continued

	Share capital £000	Share premium account £000	Merger reserve £000	Treasury Shares £000	Other reserves £000	Translation reserve £000	Retained earnings £000	Total equity £000
Loss for the year	–	–	–	–	–	–	(3,527)	(3,527)
Exchange differences on translation of foreign operations	–	–	–	–	–	13	–	13
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**13**	**(3,527)**	**(3,514)**
Contributions by and distributions to owners								
Exercise of options	–	2	–	–	–	–	–	2
Share-based payment charge	–	–	–	–	–	–	111	111
Deferred tax through Equity	–	–	–	–	–	–	(23)	(23)
Total contributions by and distributions to owners	**–**	**2**	**–**	**–**	**–**	**–**	**88**	**90**
At 31 March 2024	**700**	**2,024**	**2,476**	**(576)**	**(211)**	**27**	**17,615**	**22,055**

Supplementary material
continued

Consolidated cash flow statement

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Profit from operations including redundancy costs	**1,521**	1,419
Adjustments for:		
Depreciation on property, plant and equipment	**992**	1,000
Depreciation on right of use assets	**368**	294
Amortisation of intangible assets	**358**	288
Loss/(Profit) on disposal of Right of Use assets	**59**	34
Share based payment charge	**111**	101
	3,409	3,136
Decrease in inventories	**2,003**	2,250
Decrease in trade and other receivables	**2,215**	776
(Decrease) in trade and other payables	**(1,570)**	(288)
Cash generated from operations	**6,057**	5,874
Taxation paid	**(30)**	(62)
Net cash generated from operating activities	**6,027**	5,812
Investing activities		
Purchase of property, plant and equipment	**(321)**	(825)
Purchase of intangible assets	**(287)**	(315)
Acquisition of Brodie & Stone	–	(75)
Acquisition of Emma Hardie	–	(1,424)
Net cash used in investing activities	**(608)**	(2,639)

Supplementary material

continued

Consolidated cash flow statement

continued

	Year ended 31 March 2024 £000	Year ended 31 March 2023 £000
Financing activities		
Proceeds on issue of shares	**2**	74
Cancellation of leases	**(59)**	(35)
Principal paid on lease liabilities	**(568)**	(436)
Utilisation of invoice financing facilities	–	290
Repayment of invoice financing facilities	**(1,557)**	–
Repayment of amounts borrowed	**(61)**	(600)
Repayment on term loan	**(1,329)**	(816)
Interest paid on term loan	**(123)**	–
Repayment on mortgage loan facility	**(180)**	(252)
Interest paid on mortgage loan facility	**(72)**	–
Purchase of shares - Share buy back	–	(576)
Net cash generated (used in) financing activities	**(3,947)**	(2,351)
Net increase in cash and cash equivalents	**1,472**	822
Cash and cash equivalents at start of year	**1,653**	840
Effect of foreign exchange rate changes	**13**	(9)
Cash and cash equivalents at end of year	**3,138**	1,653

Notice of meeting

We encourage 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.

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 26 August 2024. Questions should include: the shareholder's full name, number of shares held and telephone contact details. Responses will be given at the meeting and either by e-mail or by publication on the Company's website at the appropriate time.

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 28 August 2024 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 2024.

2. To receive and approve the Directors' remuneration report for the year ended 31 March 2024.

3. To approve the Directors' remuneration policy as detailed in pages 67 to 82 of the Directors' remuneration report.

4. To-re-elect Mr William McIlroy, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.

5. To-re-elect Mr Paul Forster, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.

6. To-re-elect Ms Philippa Clark, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers herself for re-election as a director of the Company.

7. To-re-elect Mr Martin Stevens, who is retiring by rotation under the provisions of Article 76 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.

Notice of meeting

continued

8. To elect Mr Brian Geary, who retires following his appointment by the Board on 7 March 2024 under the provisions of Article 74 of the Articles of Association, who, being eligible, offers himself for re-election as a director of the Company.

9. To approve the proposed dividend of 0.45 pence per ordinary share.

10. To re-appoint Forvis Mazars LLP as auditors and to authorise the Directors to determine their remuneration.

11. 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 £233,451.28 (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 the 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."

12. 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 11 above as if Section 561(I) of the said Act did not apply to any such allotment provided that this power shall be limited:

Notice of meeting

continued

(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 £35,017.69 (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 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."

13. 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;

Notice of meeting
continued

(b) the maximum number of Ordinary Shares hereby authorised to be purchased shall not exceed 3,501,769 Ordinary Shares (representing 5% of the company's issued share capital as at 19 July 2024); 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

Ms Philippa Clark
Managing Director

1210 Lincoln Road
Peterborough PE4 6ND
16 July 2024

Notice of meeting

continued

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 23 August 2024. 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 Group, 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 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.

Notice of meeting

continued

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 Group at PXS1, Central Square, 29 Wellington Street, Leeds LS1 4DL by 12 pm on 26 August 2024.

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. If you are an institutional investor you may be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to www.proxymity.io. Your proxy must be lodged by 12 noon on 26 August 2024 in order to be considered valid or, if the meeting is adjourned, by the time which is 48 hours before the time of the adjourned meeting. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

8. 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.

9. 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 & International 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 26 August 2024. 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.

Notice of meeting

continued

10. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & International 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 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.

11. 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.

12. As at 28 July 2024 (being the latest practicable business day prior to the publication of this Notice), the Company's ordinary issued share capital consists of 68,435,383 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 28 July 2024 are 68,435,383.

13. 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.

Notice of meeting

continued

14. 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 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.

15. 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.

16. 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

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

Company Secretary
Saxon Coast Consultants Ltd

Registered Office and number
1210 Lincoln Road
Peterborough
PE4 6ND
Registered in England & Wales No 01227964

Registrars
Shareholder information

Link Group 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

continued

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 Group, Central Square, 29 Wellington Street, Leeds LS1 4DL.


EH
Emma Hardie
amazing face
Vit C Intense
Daily Serum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BEAUTY AWARDS
2022
WINNER
EH
EMMA HARDIE
MORINGA
LUXURY BODY
BUTTER


CREIGHTONS
MADE IN ENGLAND
SALICYLIC
ACID
EXFOLIATING
TONIC
Salicylic Acid + Niacinamide
for a clearer complexion


BALANCE
ACTIVE FORMULA
Niacinamide
BLEMISH RECOVERY SERUM
CALM & CLEAR


CREIGHTONS
MADE IN ENGLAND
VITAMIN C
SUPERFRUITS
GLOW ENZYME
SCRUB
With Vitamin C,
natural fruit acids and enzymes
for clearer, radiant skin
150 ml ℮ 5.07 fl. oz.


MADE IN ENGLAND
Feather & Down
SLEEP
Sleep Spray Trio
SWEET DREAMS
Pillow Spray
Calming Sleep Mist
For Face and Body
BREATHE WELL
With calming lavender and
chamomile essential oils

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PE4 6ND
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www.creightonsplc.com