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

Creightons plc
Unaudited interim financial report
for the six months ended 30 September 2023

Financial highlights

- Sales for the first half of the financial year were £27.6m (2022: £29.7m). The Private label division saw an increase in sales of 9.8% to £12.3m (2022: £11.2m). The Contract division has seen a decline in sales of 37.1% to £4.9m (2022: £7.7m).
- The gross profit margin increased to 42.2% (2022: 40.4%).
- Administrative costs have decreased by 5.1% to £9.3m (2022:£9.8m).
- The operating profit before exceptional costs increased to £0.5m (2022: £0.3m). Operating profit before exceptional costs as a percentage of sales increased by 0.9% points to 1.8% (2022: 0.9%).
- EBITDA (excluding exceptional) for the first half of the financial year 2024 was £1.4m (2022: £1.1m).
- Diluted EPS was positive 0.37p (2022: negative 0.48p).
- Net short-term borrowings (cash and cash equivalents less short-term element of obligations under finance leases and borrowings) at 30 September 2023 were £1.7m (2022: £4.7m). Net debt for the Group has reduced to £6.0m (2022: £9.0m).
- Revenue generated from past acquisitions were split as follows; Brodie and Stone brands £1.5m (2022: £1.2m), Emma Hardie Ltd £1.5m (2022: £1.4m).

Operational highlights

- The Group has responded proactively to the unprecedented challenges facing the business due to supply chain constraints, higher commodity, and energy prices. The remedial measures were intended to restore profitability, reduce costs and inventory and to return to positive cash flow. Specifically, actions were taken in the following six areas:
    - Sales team 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 the customers. This has proved successful.
    - Manufacturing team reducing to one shift at both Peterborough (September 2022) and Devon (September 2023).
    - The one shift policy continues to reduce energy costs.
    - Increasing efficiency has increased capacity in each factory so as to maximise the benefit of single shift working.
    - Restructuring warehousing and logistics to bring in house picking and packing of finished goods; a task that has made progress in the six months.
    - We have achieved stock reductions of £2.4m to the end of September 2023, achieving a closing stock balance of £10.4m when compared to the same period in the previous year (2022: £12.8m) without any reduction in effective service levels to customers.

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Financial overview

Sales

Net sales movements for Branded sales reduced to £10.4m (2022: £10.8m), Private label sales increased to £12.3m (2022: £11.2m) and Contract sales reduced to £4.9m (2022:£7.7m).

	Six months ended 30 September 2023 (Unaudited)	Six months ended 30 September 2022 (Unaudited)	Movement vs Same Period Last Financial Year	% Change vs Same Period Last Financial Year
	£000	£000	£000	
Branded	10,417	**10,774**	(357)	**(3.3)%**
Private Label	12,259	**11,165**	1,094	**9.8%**
Contract	4,868	**7,737**	(2,869)	**(37.1)%**
Other	11	**-**	11	**-**
Net sales	**27,555**	**29,676**	**(2,121)**	**(7.1)%**

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

When observing gross sales, the Branded sales stayed comparable year on year at £11.6m, Private label sales increased to £12.4m (2022: £11.4m) and Contract sales reduced to £4.9m (2022:£7.8m).

At a gross sales level, Branded sales have not experienced a decline, the Group has sacrificed revenue to foster the growth of Branded sales through Retailer support and promotions. This marketing approach is part of a long-term strategy aimed at expanding the Branded division.

Gross Profit Margin

Gross profit margin increased in the period to 42.2% (2022: 40.4%) due to the recovery from our customers of higher input costs. 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.

Overheads

Distribution costs have decreased by 3.9% to £1.9m (2022: £2.0m) and now represent 6.8% of sales (2022: 6.6%). Underlying costs associated with outsourcing the warehousing and third-party storage have decreased by £0.2m to £0.4m (2022: £0.6m). Progress has been slower than anticipated, however a phased approach was undertaken to ensure consistency of supply and service levels. Progress will continue to be made in the second half of the year which will have a positive impact on both costs and the efficiencies of the business going forward. Outward freight has increased by 14.3% to £0.8m (2022: £0.7m), due to increased cost of freight and the sales mix.

Administration costs have decreased by 5.2% to £9.3m (2022: £9.8m). A huge driver of the decrease in overheads was the decision made by the Group to move to a single shift. The reduction in head count accounted for £0.3m of the decrease when comparing the 6 months ending September 2023 to the corresponding period to September 2022. The reduction in labour has not had an impact on the output of the factory and thus has not impacted on the ability to meet customer demand. 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 to £0.3m (2022: £0.5m).

Financial overview (continued)

Operating profit before exceptional costs

Operating profit before exceptional costs was £0.5m (2022: £0.3m), which represents an increase of £0.2m. This is a direct result of the improvement in the gross profit margin. 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. As a result, a greater percentage of revenue is translated into profit after covering operating expenses. Operating profit margin before exceptional costs increased to 1.8% (2022: 0.9%).

Tax

The tax charge provided in the accounts is £0.02m (2022: £0.03m).

Earnings per share

The diluted earnings per share was positive 0.37p (2022: Negative 0.48p).

Dividend Payments

The Board does not propose an interim dividend (2022: Nil), reflecting the challenging and volatile economic conditions facing the Group and the need to be prudent about utilisation of cash resources. This is consistent with the directors' objective to align future dividend payments to the future underlying earnings and cash requirements of the business.

Working capital and short-term borrowings

Net short-term borrowings were £1.7m (2022: £4.7m). The increase in short term borrowings in the previous period were largely a result of the Emma Hardie acquisition, which resulted in a cash out flow of £2.0m. A combination of improved trading performance and reduction in stock levels has meant cash-flow has improved. The Group continues to set aggressive targets to reduce purchasing commitments. Net debt for the Group have reduced to £6.0m (2022: £9.0m). The Group has access to cash by way of an invoicing finance facility that is currently in place and could support the cash position by up to a further £5.7m.

Chairman's statement

Key pressures faced in the period:

As we indicated in the Chairman's statement in the financial statements to 31 March 2023, this represented among the most challenging trading years ever faced by the Group. Since November 2022 the Group faced significant supply chain and inflationary pressures. These pressures contributed to higher input and overhead costs and reduced profitability. Our response was to embark upon a six-point programme designed to restore margins, reduce costs, lower stocks levels and return the business to positive cashflow. This included moving to a single shift at the Peterborough and Devon site.

The Branded division has been challenged in the current year. There has been a significant decline in a key export market which has suffered a sharp economic downturn. We anticipate this will start to recover during the second half as orders are starting to flow through again.

As highlighted last year, the Contract side of the business continues to see reductions in order demands. This is due to brands being overstocked and therefore, requiring less manufactured stock during 2023. However, both the Private label and Branded divisions continue to gain momentum.

Key achievements in the period:

We remain committed to seeking further cost and overhead reductions and to restoring margin and overall profitability to previous levels. In spite of the significant challenges faced by the Group and the wider economy, I am pleased to report that the Group has been successful in:

- Growing the Private label division by increased Sales by an impressive 9.8% which partially offsets the decline in the Contract manufacturing business for the six-month period to 30 September 2023.
- Restoring the Gross Profit Margin to 42.2%, in line with historic levels.
- Reducing Admin and Distribution costs (excluding exceptional items) by £0.6m to £11.1m (2022: £11.7m).
- Improving EBITDA by £0.3m to £1.4m (2022: £1.1m).
- Reducing stock holding by £2.4m to £10.4m (2022: £12.8m).
- Improving Net cash on hand by £3.0m to a net borrowing balance of £1.7m (2022: net borrowing £4.7m).

The Group is generating positive EBITDA, which indicates it is generating more earnings from its core business operations. Once the financial stability has been successfully achieved, the Group's focus will be to pursue new growth opportunities through continuing to invest in research and development, improving manufacturing efficiencies and expanding into new markets.

Building a team for the future:

Bernard Johnson ceased being a member of the board of directors on 24 November 2023. In addition, he also ceased serving the business in his capacity as Managing Director (MD). The process to replace him is well underway and we anticipate making a comprehensive announcement in due course. In the interim, our dedicated executive team, under the current leadership of Philippa Clark and Martin Stevens, remains fully committed to delivering effective operational management. The team is actively engaged in developing strategic plans aimed at enhancing our sales performance, achieving greater operational efficiencies, and exploring new avenues for business growth. We recognize the importance of maintaining stability and focus during this transitional period, and our collective efforts are geared towards sustaining and advancing the positive trajectory of our organisation.

Continuing to invest and build a strong middle and senior management team remains a key priority. We currently have a diverse and accomplished team which bring a wide range of experience and management across all key operational, finance, sales and marketing areas of the business. This team consists of many long serving colleagues who have developed and grown with the business as it has moved forward and navigated challenges. This has resulted in not only a strong united group working towards the same objectives, but also a team that understand the demands and changing needs of the business.

The Group's performance to date is a tribute to the tenacity and resilience of these teams who continue to demonstrate the ability to take advantage of available opportunities and manage potential risks.

Chairman's statement (continued)

Future Developments:

The Group's dynamic structure continues to give it 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.

Key sales priorities are in the Private Label and Branded divisions, we are therefore diverting resources from the Contract business to take advantage of growing and ongoing opportunities. This includes additional investment in digital platforms, websites and social sites supporting the promotion of our brands.

Our Research and Development team have embarked upon formulation development, attaining market knowledge and manufacturing capabilities to enter the sizeable Suncare and SPF skincare categories. This presents a significant opportunity in both the Private label and Contract manufacturing categories. It will also translate into some of our existing skincare brands.

Developing key markets in both the USA and China with our leading brands Emma Hardie and Feather & Down is a priority. Considerable time and investment has already been undertaken in China with the Emma Hardie brand where we are now launched on a number of digital platforms including Tmall and Douyin. The Feather and Down brand is launching on Amazon in both the USA and German markets, key stepping stones in securing listings with mainstream retail, whilst the Emma Hardie brand already exhibits a presence in those markets, we intend to expand in these strategic areas.

Conclusion

In common with most UK manufacturing businesses, we are operating in a period of significant inflationary pressures and weakening consumer demand. Our objective is to meet our customer expectations and to deliver top line sales growth whilst also relentlessly focusing on the areas within our control including recovery/mitigation of cost price increases, delivery of the cost reduction programme and reduction in stock levels. The margin recovery and pro-active cost reduction measures we have taken will continue to deliver an improved performance in the second half of the year.

I would like to take this opportunity to thank each and every one of the Group's employees who have continued to pull together through an exceptionally difficult period to enable the Group 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.

W O McIlroy
Executive Chairman

01 December 2023

Responsibility statement

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

William O McIlroy	Executive Chairman and Chief Executive
Bernard JM Johnson	Executive Managing Director (ceased Directorship 24 November 2023)
Nicholas DJ O'Shea	Non-executive Director
William T Glencross	Non-executive Director
Martin Stevens	Deputy Managing Director
Philippa Clark	Deputy Managing Director
Paul Forster	Non-executive Director

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

- DTR 4.2.7: An indication of important events that have occurred during the first six months of the financial year, and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

- DTR 4.2.8: Details of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the enterprise during that period. Together with any changes in the related party transactions described in the last annual report that could have a material effect on the enterprise in the first six months of the current financial year.

Going Concern

The Directors are pleased to report that the Group has renewed its bank facilities and continues to meet its debt obligations and expects to operate comfortably within its available borrowing facilities. The Group's cash on hand at 30 November 2023 is positive £0.9m. As at 31 March 2023 we carried out a review of our cash requirements for the next 12 months. Scenarios were modelled including 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 12 months to 31 March 2023 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 from 31 March 2023. The Directors have therefore formed a judgement, at the time of approving the Interim statement, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future being at least six months from the date of this report. For this reason, the Directors continue to adopt the going concern basis in preparing the Interim statement.

By order of the Board

Nicholas O'Shea
Non-executive Director 01 December 2023

Principal risks and uncertainties

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

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

The principal risks and uncertainties and their associated mitigating and monitoring controls which may affect the Group's performance in the next six months are consistent with those detailed in the Annual Report and Financial Statements 2023. The main risk facing the Group relates to the inflationary pressures and weak economic environment. These are covered in detail in the Chairman's statement.

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Consolidated income statement – unaudited

		Six months ended 30 September 2023	Six months ended 30 September 2022	Year ended 31 March 2023 (Audited)
	Note	**£000**	**£000**	**£000**
Revenue		27,555	29,676	58,567
Cost of sales		(15,923)	(17,686)	(34,219)
Gross profit		11,632	11,990	24,348
Distribution costs		(1,874)	(1,951)	(3,902)
Administrative expenses		(9,252)	(9,758)	(18,862)
Exceptional items – Redundancy costs	9	-	(150)	(165)
Operating profit		506	131	1,419
Exceptional items - Acquisition costs	9	-	(313)	(312)
Finance costs	6	(204)	(177)	(420)
Profit / (Loss) before tax		302	(359)	687
Taxation	4	(17)	(26)	(173)
Profit / (Loss) for the period from operations attributable to the equity shareholders of the parent Company		285	(385)	514

Consolidated statement of comprehensive income - Unaudited

		Six months ended 30 September 2023 £000	Six months ended 30 September 2022 £000	Year ended 31 March 2023 (Audited) £000
Profit / (Loss) for the period		285	(385)	514
Items that may be subsequently reclassified to profit and loss:				
Exchange differences on translating foreign operations		8	(68)	(9)
Other comprehensive income / (Loss) for the period		8	(68)	(9)
Total comprehensive income / (Loss) for the period attributable to the equity shareholders of the parent		293	(453)	505

Dividends

	Note	Six months ended 30 September 2023 (Unaudited)	Six months ended 30 September 2022 (Unaudited)	Year ended 31 March 2023 (Audited)
Paid in year (£000)		-	-	-
Paid in year (pence per share)		-	-	-
Proposed (£000)		-	-	-
Proposed (pence per share)		-	-	-

Earnings per share

	Note	Six months ended 30 September 2023 (Unaudited)	Six months ended 30 September 2022 (Unaudited)	Year ended 31 March 2023 (Audited)
Basic	3	0.42p	(0.55)p	0.74p
Diluted		0.37p	(0.48)p	0.65p

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Consolidated balance sheet – unaudited

	Note	Six months ended 30 September 2023	Six months ended 30 September 2022	Year ended 31 March 2023 (Audited)
	Note	**£000**	**£000**	**£000**
Non-current assets				
Goodwill		2,857	2,853	2,857
Other intangible assets		10,931	10,883	10,894
Property, plant and equipment		5,636	6,165	5,890
Right-of-use assets		1,281	1,107	1,285
		20,705	**21,008**	**20,926**
Current assets				
Inventories		10,445	12,802	10,228
Trade and other receivables		12,474	14,518	12,733
Cash and cash equivalents		1,681	765	1,653
		24,600	**28,085**	**24,614**
Total assets		**45,305**	**49,093**	**45,540**
Current liabilities				
Trade and other payables		9,225	11,308	9,836
Corporation tax payable		-	-	3
Lease liabilities		387	301	373
Borrowings		3,000	5,136	2,502
		12,612	**16,745**	**12,714**
Net current assets		**11,988**	**11,340**	**11,900**
Non-current liabilities				
Deferred tax liability		2,948	3,006	2,942
Lease liabilities		797	838	917
Borrowings		3,031	3,900	3,488
		6,776	**7,744**	**7,347**
Total liabilities		**19,388**	**24,489**	**20,061**
Net assets		**25,917**	**24,604**	**25,479**
Equity				
Share capital		700	700	700
Share premium account		2,024	2,022	2,022
Merger reserve		2,476	2,476	2,476
Treasury shares	8	(576)	(576)	(576)
Other reserves		(211)	(211)	(211)
Translation reserve		22	(45)	14
Retained earnings		21,482	20,238	21,054
Total equity attributable to the equity shareholders of the parent Company		**25,917**	**24,604**	**25,479**

Statement of changes in shareholders' equity – unaudited

	Share capital	Share premium account	Merger reserve	Treasury shares	Other reserves	Translation reserve	Retained Earnings	Total equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2022	**697**	**1,951**	**2,476**	**-**	**(211)**	**23**	**20,742**	**25,678**
Comprehensive income for the period								
Profit for the six-month period	-	-	-	-	-	-	(385)	(385)
Exchange differences on translation of foreign operations	-	-	-	-	-	(68)	-	(68)
Total comprehensive income for the six months ended 30 September 2022	**-**	**-**	**-**	**-**	**-**	**(68)**	**(385)**	**(453)**
Contributions by and distributions to owners								
Exercise of options	3	71	-	-	-	-	-	74
Purchase of own shares	-	-	-	(576)	-	-	-	(576)
Share-based payment charge	-	-	-	-	-	-	179	179
Deferred tax through Equity	-	-	-	-	-	-	(298)	(298)
Dividends	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**3**	**71**	**-**	**(576)**	**-**	**-**	**(119)**	**(621)**
At 30 September 2022	**700**	**2,022**	**2,476**	**(576)**	**(211)**	**(45)**	**20,238**	**24,604**
Comprehensive income for the period								
Profit for the six-month period	-	-	-	-	-	-	899	899
Exchange differences on translation of foreign operations	-	-	-	-	-	59	-	59
Total comprehensive income for the six months ended 31 March 2023	**-**	**-**	**-**	**-**	**-**	**59**	**899**	**958**
Contributions by and distributions to owners								-
Exercise of options	-	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	-	-	-	(78)	(78)
Deferred tax through Equity	-	-	-	-	-	-	(5)	(5)
Dividends	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**	**(83)**	**(83)**
At 31 March 2023	**700**	**2,022**	**2,476**	**(576)**	**(211)**	**14**	**21,054**	**25,479**

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

	Share capital	Share premium account	Merger reserve	Treasury shares	Other reserves	Translation reserve	Retained Earnings	Total equity
At 31 March 2023	**700**	**2,022**	**2,476**	**(576)**	**(211)**	**14**	**21,054**	**25,479**
Comprehensive income for the period								
Profit for the six-month period	-	-	-	-	-	-	285	285
Exchange differences on translation of foreign operations	-	-	-	-	-	8	-	8
Total comprehensive income for the six months ended 30 September 2023	-	-	-	-	-	**8**	**285**	**293**
Contributions by and distributions to owners								
Exercise of options	-	2	-	-	-	-	-	2
Purchase of own shares	-	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	-	-	-	143	143
Deferred tax through Equity	-	-	-	-	-	-	-	-
Total contributions by and distributions to owners	-	**2**	-	-	-	-	**143**	**145**
At 30 September 2023	**700**	**2,024**	**2,476**	**(576)**	**(211)**	**22**	**21,482**	**25,917**

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Consolidated cash flow statement – unaudited

	Note	Six months ended 30 September 2023	Six months ended 30 September 2022	Year ended 31 March 2023 (Audited)
		£000	£000	£000
Profit from operations		**506**	**281**	**1,419**
Adjustments for:				
Depreciation on property, plant and equipment		509	505	1,000
Depreciation on right of use assets		183	149	294
Amortisation of intangible assets		160	150	288
(Profit)/Loss on disposal of property, plant and equipment		(7)	8	34
Share based payment charge		143	179	101
Redundancy payments		-	(150)	-
		1,494	**1,122**	**3,136**
(Increase)/decrease in inventories		(217)	(323)	2,250
Decrease/(increase) in trade and other receivables		259	(779)	776
(Decrease)/increase in trade and other payables		(611)	1,182	(288)
Taxation paid		-	(70)	(62)
Net cash from operating activities		**925**	**1,132**	**5,812**
Investing activities				
Purchase of property, plant and equipment		(251)	(605)	(825)
Purchase of right of use assets		-	(171)	-
Purchase of intangible assets		(197)	(166)	(315)
Acquisition of Brodie & Stone		-	-	(75)
Acquisition of Emma Hardie	7	-	(1,424)	(1,424)
Net cash used in investing activities		**(448)**	**(2,366)**	**(2,639)**
Financing activities				
Proceeds on issue of shares		2	73	74
Principal paid on lease liabilities		(339)	(117)	(436)
Interest paid on lease liabilities		-	(53)	-
Cancellation of leases		-	-	(35)
Interest paid on mortgage loan		-	(41)	-
Interest paid on overdrafts and loans		-	(83)	-
(Decrease)/increase in invoice financing facilities		(454)	2,845	290
Increase/(decrease) of overdraft		887	(405)	(600)
Repayment on term loan		(426)	(332)	(816)
Repayment on mortgage loan facility		(127)	(84)	(252)
Purchase of shares - Share buy back	8	-	(576)	(576)
Net cash used in financing activities		**(457)**	**1,227**	**(2,351)**
Net decrease in cash and cash equivalents		**20**	**(7)**	**822**
Cash and cash equivalents at start of period		1,653	840	840
Effect of foreign exchange rate changes		8	(68)	(9)
Cash and cash equivalents at end of period		**1,681**	**765**	**1,653**

Notes to the unaudited interim financial report

1. Basis of preparation

The interim financial statements for the six months ended 30 September 2022 and 30 September 2023 and for the twelve months ended 31 March 2023 do not constitute statutory accounts for the purposes of Section 434 of the Companies Act 2006. The Annual Report and Financial Statements for the year ended 31 March 2023 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for the year ended 31 March 2023 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under sections 498(2) or 498(3) of the Companies Act 2006. The 30 September 2023 statements were approved by the Board of Directors on 01 December 2023. This unaudited interim report has not been audited or reviewed by auditors pursuant to the Financial Reporting Council guidance on Review of Interim Financial Information.

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

As required by the Disclosure and Transparency Rules of the UK's Financial Conduct Authority, the condensed set of financial statements has been prepared by applying the accounting policies and presentation that were applied in the preparation on the Company's published consolidated financial statements for the year ended 31 March 2023, which were prepared in accordance with the UK-adopted international accounting standards.

The condensed interim financial statements for the six months ended 30 September 2023 and the comparative figures for the six months ended 30 September 2022 are unaudited. The figures for the year ended 31 March 2023 have been extracted from the Annual Report on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

2. Significant accounting policies

Adoption of new and revised accounting standards

No new standards impacting on the Group have been adopted in its financial statements for the year ended 31 March 2023 or the interims ended 30 September 2023.

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

Notes to the unaudited interim financial report (Continued)

3. Earnings per share - Unaudited

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

		Six months ended 30 September 2023	Six months ended 30 September 2022	Year ended 31 March 2023 (Audited)
		£000	£000	£000
Earnings				
Net profit attributable to the equity holders of the parent company		285	(385)	514

		Six months ended 30 September 2023	Six months ended 30 September 2022	Year ended 31 March 2023 (Audited)
		Number	Number	Number
Number of shares				
Weighted average number of ordinary shares for the purposes of basic earnings per share		68,430,950	69,832,186	69,166,461
Effect of dilutive potential ordinary shares relating to share options		9,141,557	9,862,002	9,534,475
Weighted average number of ordinary shares for the purposes of diluted earnings per share		77,572,507	79,694,188	78,700,936

Basic		0.42p	(0.55)p	0.74p
Diluted		0.37p	(0.48)p	0.65p

4. Taxation

		Six months ended 30 September 2023 (Unaudited)	Six months ended 30 September 2022 (Unaudited)	Year ended 31 March 2023 (Audited)
		£000	£000	£000
Current tax		(11)	(43)	178
Deferred tax liability		28	69	(5)
Total		17	26	173

Notes to the unaudited interim financial report (Continued)

5. Notes to cash flow statement

Analysis of changes in net debt

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

6 months ended 30 September 2022	**Overdraft**	**Invoice Financing**	**Mortgage**	**Loan**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2022	495	1,267	2,642	2,645	7,049
Cash flows	(405)	2,762	(127)	(402)	1,828
Interest		83	41	35	159
At 30 September 2022	**90**	**4,112**	**2,556**	**2,278**	**9,036**

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

6. Finance costs - Unaudited

		Six months ended 30 September 2023	**Six months ended 30 September 2022**	**Year ended 31 March 2023 (Audited)**
		£000	**£000**	**£000**
Interest on bank overdrafts and loans		124	83	242
Interest on mortgage		37	41	77
Interest on lease liabilities		43	53	101
Total		204	177	420

Notes to the unaudited interim financial report (Continued)

7. Final consideration paid to the Sellers under the SPA of Emma Hardie Limited:

Further to the sale and purchase agreement ("SPA") relating to the acquisition of the entire share capital of Emma Hardie Limited as announced on 28 July 2021, the Group made the final payment on 25 August 2022 under the SPA. The Company and also entered a settlement and share buyback agreement with the sellers in respect of certain matters related to the acquisition.

The final payment amounted to £1,424,000. This consisted of two components. The first of which pertained to the SPA agreement. Under the SPA, if on the date of twelve months from completion the volume weighted average middle market quoted price of an Ordinary Share for the last 5 Business days prior to that date (as derived from the Daily Official List of London Stock Exchange Plc) were to be less than £1.25, then an additional amount would be payable to the sellers in cash equal to such difference in price multiplied by the number of Consideration Shares issued. This equated to £1,333,664. The second component was in relation to the adjustment payment and the deferred payment amounting in aggregate to £90,336. No further amount is due to be paid by the Group under the SPA.

8. Share Buy Back of the Consideration Shares

Separately, it has been agreed with the two sellers that the Company buy back 800,000 Consideration Shares from each of them for a consideration of £288,000, being an aggregate consideration of £576,000 (together the "Buyback"). The consideration is based on the price of 36p per ordinary share being the on-market price at the time of the transaction. The Buyback took place on 26 September 2022.

The Company holds the total of 1,600,000 re-purchased shares as treasury shares.

9. Exceptional items

Redundancy costs from the cessation of the second shift

To counteract the challenging market conditions borne by increases in supply chain costs, the business has undertaken a significant cost reduction improvement with the objective of improving profitability. This included the move to a single shift operation in Peterborough which has been made possible by the efficiency-driven investment in the previous year. This unfortunately did result in redundancies which cost the business £0.15m in the period to September 2022. There have been no such redundancies in the 6-month period to 30 September 2023.

Finalisation of Emma Hardie Limited SPA liability

As at 31 March 2022, £1,027,500 had been accrued in anticipation of the final consideration paid to the Sellers under the SPA of Emma Hardie Limited. A further £84,000 had been accrued in relation to the adjustment payment and the deferred consideration as part of the SPA of Emma Hardie Limited. As discussed in note 7 the actual payment amounted to £1,424,000. The shortfall in the amount provided at the end of 31 March 2022 had a P&L impact of £312,500 in the period to September 2022. There are no such costs for the 6 month period to 30 September 2023.

10. Related party transactions

The related party transactions that occurred in the six months ended 30 September 2023 are not materially different in size or nature to those reported in the Company's Annual Report for the year ended 31 March 2023.

11. Availability of Interim Report

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

For more information:

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