**CORAL PRODUCTS PLC**

(“Coral” or the “Group”)

**Interim Results**

*Coral Products plc, a specialist in the design, manufacture and supply of plastic products, announces its results for the six months to 31 October 2022.*

**“Investing in Growth – Organically and via Acquisition”**

|  |  |  |  |
| --- | --- | --- | --- |
| ***Financial headlines*** | *Six months to*  *31 October*  *2022* | *Six months to*  *31 October*  *2021* | *% Change* |
|  |  |  |  |
| Group sales | £17.6 million | £7.1 million | 147.9% |
| Gross profit | £4.8 million | £2.5 million | 92.0% |
| Underlying operating profit (excluding finance expenses) \* | £1,376,000 | £759,000 | 81.3% |
| Reported profit before taxation | £894,000 | £ 510,000 | 75.3% |
| Underlying EBITDA \* | £1,881,000 | £1,014,000 | 85.5% |
| Underlying basic earnings per share \* | 1.17p | 0.81p | 44.4% |
| Interim dividend per share | 0.50p | 0.50p |  |

*\* The financial headlines disclosed as underlying represent the reported metrics excluding separately disclosed items (being share based payment charges, amortisation of intangible assets and other one-off costs in each period), see note 7.*

**Operational and Financial Highlights**

***Completed Acquisitions***

Of the £17.6m in sales, £10.3m came from the acquired businesses:

* May 2022, Film & Foil Solutions Ltd acquired for £3.0m.
* May 2022, Alma Products Ltd acquired for £2.5m (including an earn out of up to £1m).
* September 2022, Manplas Ltd acquired for £300k.
* October 2022, Ecodeck Ltd acquired for £5.5m (including an earn out of up to £1.15m).

***Underlying businesses performing well***

* Organic growth in the 2 larger UK-based businesses, Tatra-Rotalac and Customised Packaging, of a combined 11.1% and an improvement in gross margin.
* This was offset by Global One Pak which performed in line with management expectations and with improved margins in spite of supply chain challenges which are expected to improve in the last quarter as production moves from China to the UK.
* Tatra-Rotalac exceeded expectations with both sales and profits significantly ahead of budget.
* Customised Packaging continues to perform well with focus on driving efficiencies.

***Targeted Capex Plan to deliver future growth***

* Committed £2.5m to support future demand for new opportunities
  + New injection moulding machines to create new lines
  + Tooling for specific products and anticipated orders
  + Re-configured warehouse space to create 5000 sq. ft of additional manufacturing capacity upgraded to BRC standard

***Financial Strength***

* Cash and cash equivalents of £3.8m (2021: £5.5m). Cash and cash equivalents are defined as cash of £3.8m (2021: £4.8m) plus treasury shares of £nil (2021: £0.7m).
* Strong net assets position.
* Property has been revalued resulting in an increase of £0.9m to £3.2m
* Interim dividend of 0.5p declared.

***Sustainability Objectives***

* The Group is proud of its focus on sustainability:
  + Adoption of bio-based materials.
  + Increasing move to re-cyclable materials.
  + Supply chain tracking and transparency.

***Positive Outlook***

* Benefit from the acquired businesses to continue to come through in the second half of the year with significant opportunities to drive margins through real efficiencies, optimising people, assets and market opportunities.
* Variable costs well managed across the Group with energy costs fixed.
* Potential for further M&A subject to meeting “value add” criteria.
* Overall, well placed going into the second half of the financial year.

**Joe Grimmond, Executive Chairman, commented:** "These excellent results reflect our ongoing investment in future growth. Our objective is to build a specialist UK plastics business of scale, targeting profitable, high-demand sectors. We aim to drive growth both organically and via acquisitions, whilst maintaining our commitment to sustainable objectives. In the 6-month period to 31 October 2022, we acquired four companies, all of which have performed well and we have committed £2.5m of capex into specific new business projects. At the same time, we remain prudent with a strong balance sheet, backed by freehold assets and cash, and we look to return value to shareholders via dividends and capital growth. And as a result, we are announcing an interim dividend of 0.5p. Like all businesses, we are mindful of the challenging economic environment, nevertheless, we believe Coral is in a good position going forward and we have yet to show the full benefit of our investments to date.”

*Joe Grimmond, Chairman, and Sharon Tinsley, Finance Director, will provide a live investor presentation relating to the financial results via the Investor Meet Company (IMC) platform on* ***Wednesday, 14 December 2022*** *at 10:30am GMT.*

Investors can sign up for free via: <https://www.investormeetcompany.com/coral-products-plc/register-investor>

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| --- | --- | --- |
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|  |  |  |
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|  |  |  |
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**Regulatory Information**

The information contained within this announcement is deemed to constitute inside information for the purposes of Article 7 of EU Regulation 596/2014 (Market Abuse Regulations) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon publication of this announcement, this inside information is now considered to be in the public domain.

**Caution regarding forward looking statements**

This announcement contains unaudited information and forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts and undue reliance should not be placed on any such statement because they speak only as at the date of this document and are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and Coral’s plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Coral undertakes no obligation to revise or update any forward-looking statement contained within this announcement, regardless of whether those statements are affected because of new information, future events or otherwise, save as required by law and regulations.

**Executive Chairman’s Statement**

***Introduction***

I am very pleased to present these results as they reflect our clear progress towards building a specialist UK plastic business of scale. The investments we have made in the period, adding four new plastic businesses, has driven the uplift in sales alongside solid organic growth generated from our existing businesses. Importantly, whilst all four acquisitions have performed to plan, there is significant untapped potential to come. As a management team, we are confident of our ability to add real value to each business, using our extensive knowledge of how to make consistent and attractive returns from the specialist plastics sector. Going into the second half of the financial year, we expect to continue to benefit from the acquisitions and the capital expenditure invested behind new business projects.

***Results and Financial Position***

Trading in the first half of the current year shows revenue substantially ahead of the same period for last year. Reported revenue was £17,587,000 (2021: £7,103,000), gross margins were 27.1% (2021: 35.7%) resulting in a gross profit of £4,759,000 (2021: £2,534,000). Underlying EBITDA was £1,881,000 (2021: £1,014,000) and underlying operating profits increased to £1,376,000 (2021: £759,000).

The change in gross margin reflects a change in the mix of companies within the Group due to acquisitions whilst gross margins on existing businesses improved. After investing £11,571,000 in new subsidiaries the gearing remains comfortable at 41%. The balance sheet net asset position is strong at £14,881,000 (2021: £12,376,000 net of £693,000 treasury shares). This represents a solid asset platform for developing the business.

***Operations***

Tatra-Rotalac Ltd

This business, a leading provider of plastic extrusion and injection moulded products for commercial use, has exceeded the board’s expectations during the first half of the financial year with sales and profits well above budget. The recent capital expenditure is expected to generate additional improvements to performance in the final quarter of the year.

Global One-Pak Ltd

This business, a leading supplier of lotion pumps, triggers and mist sprayers, is currently being held back due to logistical cost increases in Chinese trading. Performing against a much-reduced sales budget and cost base, Global One Pak has improved gross margin and operating profit.

Performance in the second half of the financial year is expected to improve during the final quarter when production of some caps and enclosures begins in the UK.

Customised Packaging Ltd

This business, a producer of specialised packaging for transportation including crates and cases, continues to perform well. Following the departure of the old management team in the earlier part of the year, focus has been on improving efficiencies within the business. Customised Packaging maintained sales and improved margin and profit.

Film & Foil Solutions Ltd

This business joined the group in May 2022. It is a market leading converter and stockist of flexible packaging film, print lamination film and speciality plastics, paper and aluminium foils. This business came with freehold premises valued at £2.2 million. This acquisition reinforces our focus on niche, specialist operators in the plastics sector.

Alma Products Ltd

This business joined the Group in May 2022. It is a niche specialist and expert in extrusion, thermoforming and container printing serving the food industry, providing formable plastic sheet for Form-Fill-Seal applications, thermoformed and printed plastic food packaging. This business is very well invested in state-of-the-art sheet extrusion, volume vacuum forming and one of the most advanced computer-controlled printing facilities in the industry. This business came with freehold premises valued at £1 million.

Manplas Ltd

This business joined the Group in September 2022. The premises adjoin those of our Tatra Rotalac subsidiary and will enable further development of the Tatra Rotalac business by expanding manufacturing space available without the substantial costs involved in increasing the required power supply. Furthermore, the services provided by Manplas are complementary to those of our Customised Packaging ltd subsidiary also located nearby.

The combined acknowledged expertise of Customised Packaging and Manplas forms what will be a leading provider of customised product protection solutions solving logistical problems across multiple sectors. This is in line with our objective of building a specialist group of businesses which are product and design led.

Ecodeck Ltd

This business joined the Group in October 2022. This business is a natural strategic fit for the group. The plastic grids offer natural synergy with some of Coral’s existing products, including manufacturing synergies. There is potential to leverage Ecodeck’s ecommerce platform for other group eco-friendly products.

***Capital Expenditure***

Total capital expenditure committed to in the first six months was £2,500,000 (2021: £375,000) all related to new product opportunities. £854,000 of which has been paid in advance.

***Dividends***

The board have declared an interim dividend of 0.50 pence per share (2021: 0.50p). The ex-dividend date and the record date for the interim dividend were 10 November 2022 and 11 November 2022 respectively. The interim dividend will be paid on 16 December 2022. This continues to reflect our confidence in the positive performance and profitable results of the Group.

***Outlook***

I am delighted with the performance of the business in the first half of the financial year. I am pleased to report that the results to date are well ahead of the same period last year, despite the prevailing uncertainties of the Covid-19 pandemic, the war in Ukraine and higher utility costs. With the new acquisitions and the increased capital expenditure in plant and equipment, tooling and premises to meet future forecast demand for new products, we remain confident of the Group’s future prospects.

**Joe Grimmond**

**Executive Chairman**

12 December 2022

**CONSOLIDATED INCOME STATEMENT**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | *Six months to*  *31 October*  *2022*  *(unaudited)*  *£000* | *Six months to*  *31 October*  *2021*  *(unaudited)*  *£000* | *Year to*  *30 April*  *2022*  *(audited)*  *£000* |
|  |  |  |  |  |
|  |  |  |  |  |
| Revenue | Note 3 | 17,587 | 7,103 | 14,391 |
| Cost of sales |  | (12,828) | (4,569) | (9,104) |
| Gross profit |  | 4,759 | 2,534 | 5,287 |
| Operating costs |  |  |  |  |
| Distribution expenses |  | (443) | (334) | (787) |
| Administrative expenses before separately disclosed items |  | (2,940) | (1,441) | (2,926) |
| Underlying operating profit |  | 1,376 | 759 | 1,574 |
| Separately disclosed items: |  |  |  |  |
| Share based payment credit/(charge) |  | (11) | (25) | (21) |
| Amortisation of intangible assets |  | (163) | (163) | (327) |
| Reorganisation costs |  | (49) | - | (158) |
| Gain on sale of land and buildings |  | - | - | 383 |
| One off cost of living payment to all staff |  | - | - | (39) |
|  |  | (223) | (188) | (162) |
| Operating profit/(loss) |  | 1,153 | 571 | 1,412 |
| Finance expense |  | (259) | (61) | (82) |
| Profit/(loss) before taxation |  | 894 | 510 | 1,330 |
| Taxation | Note 4 | (89) | - | (363) |
| Total comprehensive income/(loss) |  | 805 | 510 | 967 |
|  |  |  |  |  |
|  |  |  |  |  |
| *Earnings per ordinary share* | Note 5 |  |  |  |
|  |  |  |  |  |
| Basic and diluted (pence) |  | 0.92 | 0.59 | 1.19 |
| Underlying basic (pence) |  | 1.17 | 0.81 | 1.39 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | *31 October*  *2022*  *(unaudited)*  *£000* | *31 October*  *2021*  *(unaudited)*  *£000* | *30 April*  *2022*  *(audited)*  *£000* |
|  |  |  |  |  |
| **Non-current assets** |  |  |  |  |
| Goodwill |  | 7,506 | 1,945 | 1,945 |
| Other intangible assets |  | 752 | 1,079 | 916 |
| Property, plant and equipment |  | 7,144 | 1,133 | 749 |
| Right of use assets |  | 1,960 | 1,117 | 1,393 |
| **Total non-current assets** |  | 17,362 | 5,274 | 5,003 |
|  |  |  |  |  |
| **Current assets** |  |  |  |  |
| Inventories |  | 5,570 | 1,752 | 1,781 |
| Trade and other receivables |  | 8,662 | 3,371 | 3,237 |
| Cash and cash equivalents |  | 3,820 | 4,780 | 7,589 |
| **Total current assets** |  | 18,052 | 9,903 | 12,607 |
| Assets held for sale |  | - | 2,500 | - |
|  |  |  |  |  |
| **Current liabilities** |  |  |  |  |
| Bank overdrafts and borrowings |  | (6,338) | (1,832) | (1,389) |
| Trade and other payables |  | (9,875) | (1,906) | (2,800) |
| Lease liabilities |  | (709) | (405) | (416) |
| **Total current liabilities** |  | (16,922) | (4,143) | (4,605) |
|  |  |  |  |  |
| **Non-current liabilities** |  |  |  |  |
| Borrowings |  | (1,139) | - | - |
| Lease liabilities |  | (1,757) | (866) | (907) |
| Deferred taxation |  | (715) | (292) | (391) |
| Total non-current liabilities |  | (3,611) | (1,158) | (1,298) |
| Total liabilities |  | (20,533) | (5,301) | (5,903) |
| ***Total net assets*** |  | ***14,881*** | ***12,376*** | ***11,707*** |
|  |  |  |  |  |
|  |  |  |  |  |
| **Shareholders’ Equity** |  |  |  |  |
| Share capital |  | 903 | 859 | 859 |
| Share premium |  | 6,272 | 5,621 | 5,621 |
| Investment in Own shares |  | - | (693) | (1,008) |
| Other reserves |  | 2,050 | 1,567 | 1,061 |
| Retained earnings |  | 5,656 | 5,022 | 5,174 |
| ***Total equity*** |  | ***14,881*** | ***12,376*** | ***11,707*** |

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | *Share*  *capital* | *Share*  *premium* | *Treasury shares* | *Other*  *reserves* | *Retained*  *earnings* | *Total*  *equity* |
|  | £000 | £000 | *£000* | £000 | £000 | £000 |
| At 1 May 2022 | 859 | 5,621 | (1,008) | 1,061 | 5,174 | 11,707 |
| Total comprehensive income | - | - | - | - | 805 | 805 |
| Credit for share based payment | - | - | - | - | 11 | 11 |
| Sale of treasury shares | - | - | 1,008 | 136 | - | 1,144 |
| Issue of new shares | 44 | 651 | - | - | - | 695 |
| Revaluation reserve | - | - | - | 853 | - | 853 |
| Dividend paid | - | - | - | - | (334) | (334) |
| At 31 October 2022 | **903** | **6,272** | **-** | **2,050** | **5,656** | **14,881** |

 For the six months to 31 October 2021 (unaudited)

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | *Share*  *capital* | | *Share*  *premium* | | *Treasury shares* | *Other*  *reserves* | *Retained*  *earnings* | | *Total*  *equity* |
|  | £000 | | £000 | | £000 | £000 | £000 | | £000 |
| At 1 May 2021 | 859 | | 5,621 | | (218) | 1,567 | 4,908 | | 12,737 |
| Total comprehensive income | - | | - | | - | - | 510 | | 510 |
| Charge for share based payment | | - | - | | - | - | 25 | | 25 |
| Purchase of treasury shares | | - | - | | (475) | - | - | | (475) |
| Dividend paid | | - | - | | - | - | (421) | | (421) |
| At 31 October 2021 | | **859** | | **5,621** | **(693)** | **1,567** | **5,022** | **12,376** | |

For the year ended 30 April 2022 (audited)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | *Share*  *capital* | *Share*  *premium* | *Treasury shares* | *Other*  *reserves* | *Retained*  *earnings* | *Total*  *equity* |
|  | £000 | £000 | *£000* | £000 | £000 | £000 |
| At 1 May 2021 | 859 | 5,621 | (218) | 1,567 | 4,908 | 12,737 |
| Total comprehensive profit | - | - | - | - | 967 | 967 |
| Credit for share based payment | - | - | - | - | 21 | 21 |
| Revaluation reserve | - | - | - | (506) | 506 | - |
| Purchase of treasury shares | - | - | (790) | - | - | (790) |
| Dividend paid | - | - | - | - | (1,228) | (1,228) |
| At 30 April 2022 | **859** | **5,621** | **(1,008)** | **1,061** | **5,174** | **11,707** |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Six months to*  *31 October*  *2022*  *(unaudited)*  *£000* | *Six months to*  *31 October*  *2021*  *(unaudited)*  *£000* | *Year to*  *30 April*  *2022*  *(audited)*  *£000* |
| **Cash flow from operating activities** |  |  |  |
| Profit for the period after tax | 805 | 510 | 967 |
| ***Adjustments for:*** |  |  |  |
| Depreciation of property, plant and equipment | 268 | 122 | 165 |
| Depreciation of right of use assets under IFRS16 | 236 | 133 | 296 |
| Amortisation of intangible assets | 163 | 163 | 327 |
| Share based payment (credit)/charge | 11 | 25 | 21 |
| Profit on disposal of building | - | - | (424) |
| Loss on disposal of fixed asset | 37 | - | - |
| Interest payable | 259 | 61 | 82 |
| Taxation charge/(credit) | 89 | - | 363 |
| (Increase)/decrease in inventories | (182) | 76 | 47 |
| Decrease/(increase) in trade and other receivables | 1,025 | 505 | 82 |
| (Decrease)/increase in trade and other payables | (5,916) | (133) | 761 |
| Net cash generated from operating activities | **(3,205)** | **1,462** | **2,687** |
|  |  |  |  |
| **Cash flow from investing activities** |  |  |  |
| Net cash on disposal of building | - | - | 3,500 |
| Acquisition of subsidiaries, net of cash in bank | (3,852) | - | - |
| Acquisition of property, plant and equipment | (854) | (375) | (206) |
| Net cash (used in)/generated from investing activities | **(4,706)** | **(375)** | **3,294** |
|  |  |  |  |
| **Cash flow from financing activities** |  |  |  |
| Interest paid on bank borrowings and invoice discounting | (259) | (61) | (22) |
| Interest paid on lease liabilities | - | - | (60) |
| Dividends paid | (334) | - | (1,228) |
| Repayments of obligations under lease liabilities | (136) | (93) | (171) |
| Purchase of treasury shares | - | (475) | (790) |
| Issue of new shares | - | - | - |
| New bank loans raised | - | - | - |
| Movements on invoice discounting facility | 4,871 | 479 | 36 |
| Net cash used in financing activities | **4,142** | **(150)** | **(2,235)** |
|  |  |  |  |
| **Net (decrease)/increase in cash and cash equivalents** | (3,769) | 937 | 3,746 |
| Cash and cash equivalents at the start of the period | 7,589 | 3,843 | 3,843 |
| Cash and cash equivalents at the end of the period | **3,820** | **4,780** | **7,589** |

|  |
| --- |
| **NOTES TO THE FINANCIAL STATEMENTS** |

1. **Basis of preparation**

The financial information set out in this Interim Report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006.

These interim financial statements are for the six months ended 31 October 2022. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 April 2022.

The Interim Report has not been reviewed by our auditor in accordance with the International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

1. **Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 30 April 2022.

1. **Revenue**

All production is based in the United Kingdom. The geographical analysis of revenue is shown below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Six months to*  *31 October 2022*  *(unaudited)*  *£000* | *Six months to*  *31 October 2021*  *(unaudited)*  *£000* | *Year to*  *30 April 2022*  *(audited)*  *£000* |
|  |  |  |  |
| United Kingdom | 17,166 | 6,827 | 13,799 |
| Rest of Europe | 368 | 186 | 134 |
| Rest of the World | 53 | 90 | 458 |
|  | **17,587** | **7,103** | **14,391** |
|  |  |  |  |
| *Turnover by business activity* |  |  |  |
| Sale and manufacture of plastic products | **17,587** | **7,103** | **14,391** |

A breakdown of Group revenues by product group is shown below:

|  |  |  |  |
| --- | --- | --- | --- |
|  | *Six months to*  *31 October 2022*  *(unaudited)*  *£000* | *Six months to*  *31 October 2021*  *(unaudited)*  *£000* | *Year to*  *30 April 2022*  *(audited)*  *£000* |
|  |  |  |  |
| Extrusion and injection moulding | 5,051 | 4,419 | 9,468 |
| Trigger sprays and nozzles | 708 | 1,168 | 2,094 |
| Vacuum forming | 1,919 | 1,516 | 2,829 |
| Flexible packaging | 4,744 | - | - |
| Thermoforming and container printing | 4,836 | - | - |
| Eco-friendly grids and shed bases | 329 | - | - |
|  | **17,587** | **7,103** | **14,391** |

1. **Taxation**

The taxation charge for the six months to 31 October 2022 is based on the effective taxation rate, which is estimated will apply to earnings for the year ending 30 April 2023. The rate used is below the applicable UK corporation tax rate of 19% due to the utilisation of tax losses in the period.

1. **Earnings per share**

Basic and underlying earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the financial period of 87,554,854 (31 October 2021: 85,942,534 and 30 April 2022: 81,113,698).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | *Six months to*  *31 October 2022*  *(unaudited)* | | *Six months to*  *31 October 2021*  *(unaudited)* | | *Year to*  *30 April*  *2022*  *(audited)* | |
|  | £000 | p | £000 | p | £000 | p |
| *Basic and diluted earnings per ordinary share* |  |  |  |  |  |  |
| Profit/(loss) for the period after tax | 805 | 0.92 | 510 | 0.59 | 967 | 1.19 |
| *Underlying earnings per ordinary share* |  |  |  |  |  |  |
| Underlying profit/(loss) for the period after tax | 1,028 | 1.17 | 698 | 0.81 | 1,129 | 1.39 |

1. **Movement in Net Debt**

Net debt incorporates the Group's borrowings and bank overdrafts less cash and cash equivalents. A reconciliation of the movement in the net debt is shown below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | *Six months to*  *31 October*  *2022*  *(unaudited)*  *£000* | | *Six months to*  *31 October*  *2021*  *(unaudited)*  *£000* | *Year to*  *30 April*  *2022*  *(audited)*  *£000* |
|  | |  |  |  |
| Net (decrease)/increase in cash and cash equivalents | | (3,769) | 937 | 3,746 |
| Net increase in invoice discounting facilities | | (4,835) | (479) | (36) |
| (Increase)/decrease in bank and other loans | | (1,253) | - | - |
| (Increase)/decrease in lease liabilities | | (1,143) | 223 | 171 |
| Movement in net debt in the financial period | | (11,000) | 681 | 3,881 |
| Net funds/(debt) at beginning of period | | 4,877 | 996 | 996 |
| Net funds/(debt) at end of period | | **(6,123)** | **1,677** | **4,877** |

1. **Underlying profit and separately disclosed items**

Underlying profit before tax, underlying earnings per share, underlying operating profit, underlying earnings before interest, tax, depreciation and amortisation are defined as being before share based payment charges, amortisation of intangibles recognised on acquisition, acquisition costs, reorganisation costs, compensation for loss of office, impairment of goodwill and impairment loss on trade receivables. Collectively these are referred to as separately disclosed items. In the opinion of the directors the disclosure of these transactions should be reported separately for a better understanding of the underlying trading performance of the Group.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | *Six months to*  *31 October*  *2022*  *(unaudited)*  *£000* | | *Six months to*  *31 October*  *2021*  *(unaudited)*  *£000* | *Year to*  *30 April*  *2022*  *(audited)*  *£000* |
|  | |  |  |  |
| **Operating profit/(loss)** | | 1,153 | 571 | 1,412 |
| Separately disclosed items within administration expenses | | |  |  |
| Share based payment (credit)/charge | | 11 | 25 | 21 |
| Amortisation of intangible assets | | 163 | 163 | 327 |
| Reorganisation costs | | 49 | - | 158 |
| Gain from the sale of land and buildings | | - | - | (383) |
| One off cost of living payment to all staff | | - | - | 39 |
| Total separately disclosed items | | 223 | 188 | 162 |
| **Underlying operating profit** | | 1,376 | 759 | 1,574 |
| Depreciation | | 505 | 255 | 205 |
| **Underlying EBITDA** | | 1,881 | 1,014 | 1,779 |

1. **Business Combinations**

During the period the Group acquired 100% share capital of the entities below:

* May 2022, Film & Foil Solutions Ltd acquired for £3.0m.
* May 2022, Alma Products Ltd acquired for £2.5m (including an earn out of up to £1m) plus the excess cash of £210,000.
* September 2022, Manplas Ltd acquired for £300k.
* October 2022, Ecodeck Ltd acquired for £5.5m (including an earn out of up to £1.15m) plus the excess cash of £61,000.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Net assets acquired** | **Alma Products £’000s** | **Film & Foil £’000s** | **Ecodeck**  **£’000s** | **Manplas**  **£’000s** | **Total**  **£’000s** |
|  |  |  |  |  |  |
| Cash and cash equivalents | 706 | 363 | 1,462 | 26 | 2,557 |
| Property, plant and equipment | 1,472 | 2,831 | 236 | 115 | 4,654 |
| Right of use assets | 434 | 229 | - | 652 | 1,315 |
| Inventories | 881 | 1,773 | 112 | 341 | 3,107 |
| Trade and other receivables | 1,871 | 3,495 | 107 | 585 | 6,058 |
| Trade and other payables | (3,556) | (5,933) | (576) | (1,616) | (11,681) |
| Total net assets | 1,808 | 2,758 | 1,341 | 103 | 6,010 |
|  |  |  |  |  |  |
| **Fair value of consideration paid** |  |  |  |  | **£’000s** |
|  |  |  |  |  |  |
| Cash | 1,710 | 2,250 | 3,411 | 200 | 7,571 |
| Shares | - | 750 | 1,000 | 100 | 1,850 |
| Deferred consideration | 1,000 | - | 1,150 | - | 2,150 |
| Total consideration | 2,710 | 3,000 | 5,561 | 300 | 11,571 |
| Goodwill | 902 | 242 | 4,220 | 197 | 5,561 |

As of the date of this report the purchase price allocation exercise was not complete therefore all the intangibles have been recognised as goodwill for the purposes of this report.

As part of the acquisition agreement with Ecodeck, if the profit during the year to 31 January 2023 exceeds £1,000,000 then an earn out will be paid equal to £3 for every £1 of profit before tax that exceeds £1,000,000. The maximum earn out will not exceed £1,150,000.

As part of the acquisition agreement with Alma Products, if the EBITDA during the year to 30 April 2023 is equal to £500,000 then an earn out will be paid equal to £1,000,000. If EBITDA is below £500,000 then an earn out will be paid will be equal to £1,000,000 less an amount equal to £5 for each £1 EBITDA is below £500,000. If EBITDA is more than £500,000, an additional earn out will be paid of £2.50 for every £1 by which EBITDA exceeds £500,000. The maximum earn out will not exceed £1,500,000.

Since the acquisition dates, the companies have contributed the below revenues and profit before tax:

|  |  |  |
| --- | --- | --- |
|  | **Revenue**  **£’000s** | **Profit**  **£’000s** |
| Film & Foil Solutions Ltd | 4,744 | 15 |
| Alma Products Ltd | 4,836 | 255 |
| Manplas Ltd | 375 | (29) |
| Ecodeck Ltd | 329 | 26 |
|  | 10,284 | 267 |

1. **Company Information**

**Company contacts**

**Directors** Joe Grimmond Executive Chairman

Sharon Tinsley Group Finance Director

Phil Allen Group Operations Director

Paul Freud Corporate Development Director

Steve Barber Non-Executive Director

David Low Non-Executive Director

**Secretary** Sharon Tinsley

**Registered Office** Southmoor Road, Wythenshawe, Manchester, M23 9DS, UK

**Registered Number** 02429784

**Website** [www.coralproducts.com](http://www.coralproducts.com)

|  |  |  |  |
| --- | --- | --- | --- |
| **Nominated Advisor & Broker** | Cenkos Securities plc  6.7.8 Tokenhouse Yard  London  EC2R 7AS |  |  |
| **Auditors** | Crowe UK LLP  3rd Floor  The Lexicon  Mount Street  Manchester  M2 5NT | **Bankers** | Barclays Bank PLC  1st Floor  3 Hardman Street  Spinningfields  Manchester  M3 3HF |
| **Registrars** | Share Registrars Limited  3 The Millennium Centre  Crosby Way  Farnham, Surrey  GU9 7XX | **Solicitors** | Legal Clarity Lawyers LLP  55 Newhall Street  Birmingham  B3 3RB |

**Trading subsidiaries**

|  |  |  |
| --- | --- | --- |
| **Company** | **Business activity** | **Registered office** |
| Tatra Rotalac Limited | Manufacture of plastic mouldings and extrusions | Southmoor Road, Wythenshawe, Manchester, M23 9DS |
| Global One-Pak Limited | Design, packaging and distribution of lotion pumps, trigger sprays and aerosol caps | Hyde Park House, Cartwright Street, Newton, Hyde, Cheshire, SK14 4EH |
| Customised Packaging Limited | Manufacture of thermoformed mouldings and extrusions | Unit 2-4 Denton Business Park, Windmill Lane, Manchester, M34 3SP |
| Film & Foil Solutions Limited | Converter of flexible packaging, print lamination film and speciality plastic, paper and aluminium foils | North Florida Road, Haydock Industrial Estate, St Helens, WA11 9UB |
| Alma Products Limited | Extrusion, thermoforming and container printing | Unit 18B, Daresbury Court, Evenwood Close, Runcorn, Cheshire, WA7 1LZ |
| Manplas Limited | Vacuum-formed components and sheet plastic parts | Coldfield Drive, Wythenshawe, Manchester, M23 9GG |
| Ecodeck Limited | Eco-friendly driveway grids, plastic shed bases and grass grid reinforcement | 123 Saltergate, Chesterfield, Derbyshire, S40 1NH |