

4 September 2023

CORAL PRODUCTS PLC
 ('Coral' or the 'Company' or the 'Group')

Final Results

Coral Products PLC, a specialist in the design, manufacture and supply of injection moulded plastic products based in Wythenshawe, Manchester, announces its audited final results for the year ended 30 April 2023.

| Financial headlines | 2023 £m | 2022 £m | % Change |
|---|--------------------|--------------------|---------------------|
| Group sales | 35.2 | 14.4 | 144% |
| Gross profit | 10.5 | 5.3 | 98% |
| Gross margin % | 29.7% | 36.7% | |
| - From existing operations | 39.6% | 36.7% | 8% |
| - From the four acquisitions | 23.3% | - | |
| Underlying results * | | | |
| - Operating profit | 2.7 | 1.6 | 69% |
| - Profit before taxation | 2.3 | 1.5 | 53% |
| - EBITDA | 3.9 | 1.8 | 117% |
| - Basic earnings per share | 2.60p | 1.39p | 87% |
| Statutory Results | | | |
| - Operating profit | 1.7 | 1.4 | 21% |
| - Profit before taxation | 1.3 | 1.3 | 0% |
| - EBITDA | 3.4 | 1.9 | 79% |
| - Basic earnings per share | 1.44p | 1.19p | 21% |
| Dividend paid per share | 0.5p | 1.1p | |
| Proposed final dividend payment per share | 0.6p | - | |

* Underlying results are reported before separately disclosed items, as shown in note 2. Such underlying results are not intended to be a substitute for, or superior to, IFRS measures of profit.

Operational headlines

- Completed a successful year more than doubling both sales and underlying EBITDA through a mix of organic and acquisition led growth.
- Revenues increased by 144% to £35.2 million of which £21.3 million was derived from the four acquisitions completed during the year.
- Underlying operating profit increased to £2.7m (2022: £1.6m) and underlying EBITDA increased to £3.9m (2022: £1.8m). Gross margins from existing operations increased by 8% from 36.7% to 39.6%.
- Strong cash position with cash and cash equivalents in the Group totalling £4.8m (2022: £7.6m) after investing:
 - £4.3 million of cash completing four acquisitions during the year; and
 - £2.1 million of capex in new machinery, costs associated with re-tooling for future projects and re-configuring warehouse space to expand manufacturing capacity.
- An interim dividend of 0.5p per share was paid on 16 December 2022. A final dividend of 0.6p is proposed to be paid on 30 November 2023, making a full year dividend of 1.1p (2022: 1.1p) per share.
- Sustainability remains a core focus across all operations with specific targets around:
 - Adoption of bio-based materials;
 - Increasing move to re-cyclable materials; and
 - Supply chain tracking and transparency.
- In March 2023 the Group entered into a new banking facility with Virgin Money. The new facility gives the Group a banking facility of £10.35 million comprising £7.35 million for invoice discounting and £3 million for trade financing.

Post year end

- Customised Packaging Limited was merged into Manplas Limited. This should allow synergies between the two companies to be realised.
- Group acquired 100% of the share capital of Ecotatou SL, a reseller/distributor in Spain, for a total consideration of €18,000 satisfied in cash. This acquisition gives the Group a foothold in Spain for the sale and distribution of Ecodeck Grids.
- Group sold the land and building in Parr, St Helens for £225,000. This unencumbered property was valued at £200,000 on the balance sheet at year end.
- In July 2023 the Group paid an earn-out of £1,275,000 to the Vendors of Alma Products Limited. This earn-out completes the full consideration for the acquisition of Alma Products Limited taking the total consideration to £3,002,000.
- In July 2023 the Group purchased 400,000 of its own shares into treasury at an average cost of 16.5p. The issued share capital following the purchase is now 89,877,589 shares

Commenting on the results, Joe Grimmond, Chairman, said:

"We are pleased to have completed a successful year for the business. We have invested in both organic and acquisition led growth, whilst maintaining our commitment to sustainability. Existing operations generated an 8% improvement in gross margins reflecting the investment we have made and the drive of our autonomous business teams. The four acquisitions completed during the first half of the financial year delivered a significant sales uplift and, have integrated well, adding complementary expertise and products lines. Despite investment in acquisitions and our ongoing capex programme, the Group continues to be highly cash generative and has retained a strong gross cash position. Our objective remains focused on capitalising on our position in the specialists' plastics market where we see significant further opportunity."

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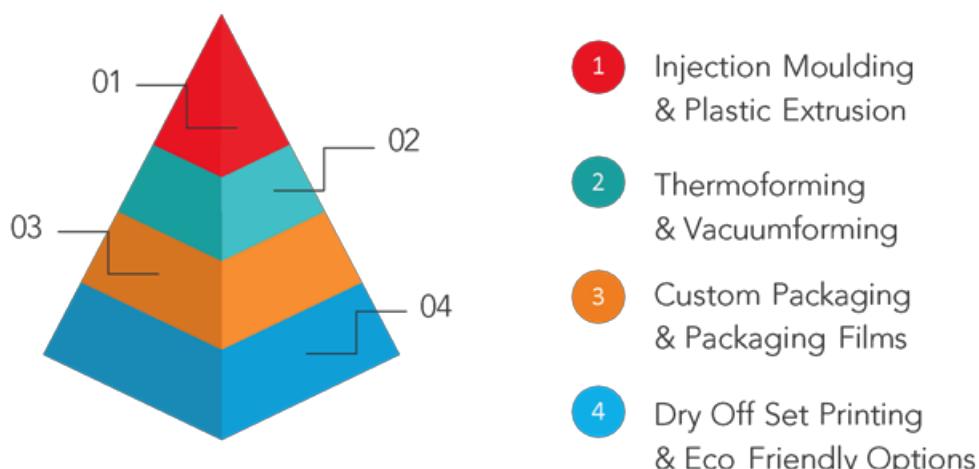
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This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

About Us

Coral Products is a one stop shop for all plastic needs. Coral Products manufactures and distributes plastic injection, extruded and vacuum formed moulded products into a diverse range of sectors including personal care, household, healthcare, automotive, telecoms and rail. The Group has manufacturing and distribution facilities across the North West of the UK.



By developing innovative plastic moulded products, providing excellent customer service and through its hard-working employees, Coral Products continues to refocus on new markets creating growth and value for its shareholders.

Sustainability is a core principle of our business. In all manufacturing processes, any scrap or waste material is reused or recycled. We offer "end-of-life" recycling and where viable we adopt and use bio based and re-cyclable materials and provide supply chain tracking and transparency.

In 2021 the Group adopted a five-year plan aimed at substantially increasing Group revenue and profitability from our specialist plastic products manufacturing and distribution facilities. The Group took the initial step along this plan when it disposed of Coral Products (Mouldings) Ltd and Interpack Ltd closely followed by the acquisition of Customised Packaging Ltd.

CHAIRMAN'S STATEMENT

Introduction

The business has doubled in size during the course of the year under review. Importantly, this has been achieved through investment in both organic and acquisition led growth, in line with our aim to become a UK plastics business of scale. Overall, Group trading has been strong with sales in line with the upgraded market guidance given in May 2023 and adjusted EBITDA 9.6% ahead. The business is stable, cash generative and backed by a solid balance sheet.

The four acquisitions have integrated well. Each is a specialist plastics business based in the North West of the UK. We are confident there is scope to improve the performance of each business acquired and potential to collaborate across the Group. An example of this is the recent decision to merge Customised Packaging Limited into Manplas Limited, two very similar businesses offering customised product protection solutions. The combination of these businesses will create several synergies, together with an improved customer offer.

As ever, the Group is dedicated to moving towards more sustainable solutions where it is commercially viable to do so and during the year under review, good progress was made towards reaching our sustainability goals.

Results and Financial Position

Trading during the year shows a substantial increase on the prior year. Reported revenue was £35,216,000 (2022: £14,391,000), gross margins were 29.7% (2022: 36.7%) resulting in a gross profit of £10,476,000 (2022: £5,287,000). Underlying EBITDA was £3,882,000 (2022: £1,779,000) and underlying operating profits increased to £2,713,000 (2022: £1,574,000).

The change in gross margin reflects the changes in sales mix from the acquisitions during the year. After investing £11,571,000 in new subsidiaries the gearing remains comfortable at 50.7%. The balance sheet net asset position is strong at £13,848,000 (2022: £11,707,000). This represents a solid asset platform for developing the business.

In March 2023, the Group entered into a new banking facility with Virgin Money. The new facility gives the Group a banking facility of £10.35 million comprising £7.35 million for invoice financing and £3 million for trade financing. In addition, the Group has re-mortgaged the freehold buildings acquired with Film & Foil Solutions Ltd and Alma Products Ltd for a combined £2.1 million which after repaying existing mortgages improved the Group's working capital position by circa £1.4 million.

In July 2023 the Group purchased 400,000 of its own shares into treasury at an average cost of 16.5p. The issued share capital following the sale is now 89,877,589 shares.

Trading

The year ended 30 April 2023 was an exceptionally productive year for Coral Products plc as we continue to adapt and develop our business to enable us to maximise the opportunities available.

The Company is focused on becoming a UK plastics business of scale and using its established acquisition criteria the Group bought four businesses during the first half of the financial year:

- Film & Foil Solutions Ltd acquired in May 2022, a market leading converter and stockist of flexible packaging film, print lamination film and speciality plastics.
- Alma Products Ltd also acquired in May 2022, 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.
- Manplas Limited acquired in September 2022, is a provider of customised product protection solutions solving logistical problems across multiple sectors with premises that adjoin our largest subsidiary Tatra Rotalac.
- Ecodeck Grids Limited acquired in October 2022, e-commerce led business selling plastic grids with potential to take the manufacture of the grids in-house. In June 2023, the Group acquired a small business which gives the Group a foothold in Spain for the sale and distribution of Ecodeck Grids.

All four acquisitions are specialist design and product led plastics businesses based in the North West of the UK and all are now fully integrated into the Group and performing well.

It is important to highlight that the existing companies also performed well in the period and it is the combination of both that has delivered the positive trading performance for the year. In particular, Tatra Rotalac Limited had a good year with increases in both turnover and operating profit. The operational efficiencies implemented during the previous year continue to pay off and this, combined with the £2 million capital investment into new machinery, will deliver during the next financial year.

Global One Pak Limited continues to focus on future growth and researching new innovative products and markets. The machinery and tooling to manufacture a range of caps and enclosures are on site and production is expected to start during the second half of the new financial year.

Customised Packaging Limited continues to perform well. The focus is on improving efficiencies within the business and as such, following the year end, Customised Packaging Limited was merged into Manplas Limited, taking advantage of the Manplas premises which are adjacent to Tatra Rotalac thereby centralising these operations together. There are quick synergies to come from the combination and through their shared expertise they will offer customers enhanced solutions.

I am very proud to see how everyone within the business has embraced our challenges, opportunities and ambitions. We are reliant on the expertise, professionalism and commitment of our people. I would like to thank them for this, and for the continued commitment that they have shown over the past years whilst having to deal with disruption to both their work and personal lives due to the current economic climate.

Dividend

The Board remains committed to its long-term progressive dividend policy, which takes account of the underlying growth, whilst acknowledging the requirement for continuing investment and short-term fluctuations in profit. Having made an interim dividend payment of 0.5 pence per share for this financial period the Board are proposing a final dividend of 0.6 pence per share (2022: 1.1p).

Outlook

We are mindful of the macroeconomic and geopolitical risks yet remain confident about the current prospects for our business and its ability to continue its successful evolution. Our continued investment over many years in our people and our systems has generated strong and resilient results in the past year and we believe will continue to do so.

Our continuing priority is to do all we can to keep our workplaces as safe as possible for staff. We have planned our business to be flexible, in all areas, to meet fluctuating levels of demand. We have robust financial controls that will ensure we maintain our working capital requirements whilst meeting all our agreed parameters with our financial partners and due to contracts already negotiated all operations will remain relatively unaffected by the current turmoil in energy prices.

The Group continues with its strategic progress of increasing focus on value-added and innovative products. Our aim is to build a significant specialist plastics business with a bias towards using recycled materials.

We have enjoyed a strong start to our current financial year, and we look forward to a satisfactory outturn for the year given the prevailing conditions.

Joe Grimmond
Chairman
4 September 2023

Group Income Statement

for the year ended 30 April 2023

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Revenue | 35,216 | 14,391 |
| Cost of sales | (24,740) | (9,104) |
| Gross profit | 10,476 | 5,287 |
| Operating costs | | |
| Distribution expenses | (1,301) | (787) |
| Administrative expenses before impairment and other separately disclosed items | (6,462) | (2,926) |
| Other separately disclosed items | (1,003) | (162) |
| Administrative expenses | (7,465) | (3,088) |
| Operating profit/(loss) | 1,710 | 1,412 |
| Finance costs | (458) | (82) |
| Profit/(loss) for the financial year before taxation | 1,252 | 1,330 |
| Taxation | 6 | (363) |
| Profit/(loss) for the financial year attributable to the equity holders of the parent | 1,258 | 967 |
| Basic earnings loss per ordinary share | 1.44p | 1.19p |
| Diluted earnings loss per ordinary share | 1.44p | 1.17p |

Group Statement of Comprehensive Income

for the year ended 30 April 2023

| | 2023 £'000 | 2022 £'000 |
|--|---------------|---------------|
| Profit/(loss) for the financial year | 1,258 | 967 |
| Total other comprehensive income | - | - |
| Total comprehensive (loss)/income for the year attributable to equity holders of the parent | 1,258 | 967 |

Balance Sheet

as at 30 April 2023

| | As at 30 April 2023 £'000 | As at 30 April 2022 £'000 |
|---|---------------------------------|---------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Goodwill | 4,385 | 1,945 |
| Other intangible assets | 2,956 | 916 |
| Property, plant and equipment | 7,209 | 749 |
| Right of use assets | 2,870 | 1,393 |
| Total non-current assets | 17,420 | 5,003 |
| Current assets | | |
| Inventories | 4,320 | 1,781 |
| Trade and other receivables | 7,193 | 3,237 |
| Cash and cash equivalents | 4,774 | 7,589 |
| Assets held for sale | 200 | - |
| Total current assets | 16,487 | 12,607 |
| LIABILITIES | | |
| Current liabilities | | |
| Other borrowings | 6,063 | 1,389 |
| Lease liabilities | 970 | 416 |
| Trade and other payables | 7,218 | 2,800 |
| Total current liabilities | 14,251 | 4,605 |
| Net current assets/(liabilities) | 2,236 | 8,002 |
| Non-current liabilities | | |
| Term loan | 3,263 | - |
| Lease liabilities | 1,505 | 907 |
| Deferred tax | 1,040 | 391 |
| Total non-current liabilities | 5,808 | 1,298 |
| NET ASSETS | 13,848 | 11,707 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 903 | 859 |
| Share premium | - | 5,621 |
| Treasury shares | - | (1,008) |
| Other reserves | - | 1,061 |
| Retained earnings | 12,945 | 5,174 |
| TOTAL SHAREHOLDERS' EQUITY | 13,848 | 11,707 |

Statement of Changes in Shareholders' Equity

for the year ended 30 April 2023

| | Called Up Share Capital £'000 | Share Premium Reserve £'000 | Treasury Shares £'000 | Other Reserves £'000 | Retained Earnings £'000 | Total Equity £'000 |
|---|--|--------------------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------|
| Group | | | | | | |
| At 1 May 2021 | 859 | 5,621 | (218) | 1,567 | 4,908 | 12,737 |
| Profit for the year | - | - | - | - | 967 | 967 |
| Contributions by and distributions to owners | | | | | | |
| Equity settled share-based payments | - | - | - | - | 21 | 21 |
| Purchase of treasury shares | - | - | (790) | - | - | (790) |
| Revaluation Reserve | - | - | - | (506) | 506 | - |
| Dividend paid | - | - | - | - | (1,228) | (1,228) |
| At 1 May 2022 | 859 | 5,621 | (1,008) | 1,061 | 5,174 | 11,707 |
| Profit for the year | - | - | - | - | 1,258 | 1,258 |
| Contributions by and distributions to owners | | | | | | |
| Equity settled share-based payments | - | - | - | - | 36 | 36 |
| New shares | 44 | 650 | - | - | - | 694 |
| Cancellation of share premium accounts | - | (6,271) | (111) | (1,061) | 7,443 | - |
| Sale of treasury shares | - | - | 1,119 | - | - | 1,119 |
| Dividend paid | - | - | - | - | (966) | (966) |
| At 30 April 2023 | 903 | - | - | - | 12,945 | 13,848 |

Cash Flow Statement

for the year ended 30 April 2023

| | Group | |
|---|-----------------------|-----------------------|
| | 2023 £'000 | 2022 £'000 |
| Cash flows from operating activities | | |
| Profit for the year | 1,258 | 967 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 464 | 165 |
| Depreciation of right of use assets under IFRS16 | 705 | 296 |
| Amortisation of intangible assets | 513 | 327 |
| Share based payment charge | 36 | 21 |
| Profit on disposal of subsidiary | - | - |
| Profit on disposal of building | - | (424) |
| Interest payable | 458 | 82 |
| Taxation charge/(credit) | (6) | 363 |
| Operating cash flows before movements in working capital | <u>3,428</u> | <u>1,797</u> |
| (Increase)/decrease in inventories | 1,219 | 47 |
| Decrease/(increase) in trade and other receivables | 999 | 82 |
| Increase/(decrease) in trade and other payables | <u>(6,769)</u> | <u>761</u> |
| Cash generated by operations | <u>(1,123)</u> | <u>2,687</u> |
| UK corporation tax received | - | - |
| Net cash generated from/(used in) operating activities | <u>(1,123)</u> | <u>2,687</u> |
| Cash flows from investing activities | | |
| Net cash on disposal of building | - | 3,500 |
| Acquisition of subsidiary | (4,313) | - |
| Acquisition of property, plant and equipment | <u>(2,080)</u> | <u>(206)</u> |
| Net cash generated from/(used in) investing activities | <u>(6,393)</u> | <u>3,294</u> |
| Cash flows from financing activities | | |
| New bank borrowings raised | 3,496 | - |
| Dividends paid | (966) | (1,228) |
| Interest paid on bank borrowings | (19) | - |
| Interest paid on invoice discounting | (344) | (22) |
| Interest paid on lease liabilities | (95) | (60) |
| Repayments of bank borrowings | (814) | - |
| Repayments of obligations under lease liabilities | (867) | (171) |
| Purchase of treasury shares | - | (790) |
| Movement on invoice discounting facility | 4,310 | 36 |
| Net cash used in financing activities | <u>4,701</u> | <u>(2,235)</u> |
| Net increase in cash and cash equivalents | <u>(2,815)</u> | <u>3,746</u> |
| Cash and cash equivalents at 1 May | 7,589 | 3,843 |
| Cash and cash equivalents at 30 April | <u>4,774</u> | <u>7,589</u> |

Notes

for the year ended 30 April 2023

1. Basis of preparation

The financial information set out above does not constitute the Group's statutory accounts for the years ended 30 April 2023 or 2022 within the meaning of Section 434 of the Companies Act 2006 but is derived from those accounts. Statutory accounts for 2022 have been delivered to the Registrar of Companies and those for 2023 will be delivered following the company's Annual General Meeting.

The financial statements have been prepared on a historical cost basis (except for certain financial instruments, land and buildings and share-based payments that have been measured at fair value), and in accordance with the AIM Rules and UK adopted International Accounting Standards.

2. Underlying operating profit and separately disclosed items

Underlying profit - the Company believes that underlying profit and underlying earnings provide additional useful information for shareholders. The term underlying earnings is not a defined term under IFRS and may not therefore be comparable with similarly titled profit measurements reported by other companies.

| | 2023 £'000 | 2022 £'000 |
|---|---------------|---------------|
| On continuing operations | | |
| Operating profit/(loss) | 1,710 | 1,412 |
| Separately disclosed items within administrative expenses | | |
| Share based payment charge | 36 | 21 |
| Amortisation of intangible assets (customer relationships and brands) | 513 | 327 |
| Profit on sale of land and building | - | (383) |
| Reorganisation costs | 123 | 158 |
| Acquisition costs | 331 | - |
| Cost of living payment to all staff | - | 39 |
| Total separately disclosed items | 1,003 | 162 |
| Underlying operating profit | 2,713 | 1,574 |
| Depreciation | 1,169 | 205 |
| Underlying EBITDA | 3,882 | 1,779 |
| Separately disclosed items (excluding amortisation and impairment) | (490) | 165 |
| EBITDA | 3,392 | 1,944 |
| Profit/(loss) before tax | | |
| Separately disclosed items | 1,252 | 1,330 |
| Underlying profit/(loss) before tax | 1,003 | 162 |
| | 2,255 | 1,492 |

3. Earnings per share

Basic and underlying earnings per share

| Number of Shares | 2023 | 2022 |
|--|-------------------|-------------|
| Weighted average number of shares | 88,222,891 | 85,942,534 |
| Effect of weighted average number of treasury shares | (1,099,823) | (4,828,836) |
| Weighted average number of shares for the purposes of basic earnings per share | 87,123,068 | 81,113,698 |
| Effect of share options | 102,564 | 1,369,230 |
| Weighted average number of shares for the purposes of diluted earnings per share | 87,225,632 | 82,482,928 |

| Continuing Operations | Earnings £'000 | 2023 | | | 2022 | | |
|--|-------------------|--|-------------------------------------|------------------------------|--|---|--|
| | | Weighted average number of shares | Earnings per share (pence) | (Loss)/ earnings £'000 | Weighted average number of shares | (Loss)/ earnings per share (pence) | |
| Profit/(loss) for the year | 1,258 | 87,123,068 | 1.44 | 967 | 81,113,698 | 1.19 | |
| Separately disclosed items (note 6) | 1,003 | - | - | 162 | - | - | |
| Underlying profit/(loss) for the period | 2,261 | 87,123,068 | 2.60 | 1,129 | 81,113,698 | 1.39 | |

5. Dividends

An interim dividend for the year ended 30 April 2023 of 0.5p per share was paid 16 December 2022.

A final dividend payment for the year ended 30 April 2023 of 0.6p per share is recommended.

6. Group reconciliation of net cash flow to movement in net debt

| | 2023 £'000 | 2022 £'000 |
|---|----------------|---------------|
| Net increase in cash and cash equivalents | (2,815) | 3,746 |
| Decrease/(increase) on invoice discounting facility | (4,310) | (36) |
| Decrease/(increase) in bank loans and other loans | (3,627) | - |
| Decrease in lease liabilities | (1,152) | 171 |
| Movement in net debt for the period | (11,904) | 3,881 |
| Net debt at beginning of period | 4,877 | 996 |
| Net funds/(debt) at end of period | (7,027) | 4,877 |

7. Post Balance Sheet Event

In May 2023 Customised Packaging Limited was merged into Manplas Limited. This should allow synergies between the two companies to be realised.

In June 2023 the Group acquired 100% of the share capital of Ecotatou SL in Spain for a total consideration of €18,000 satisfied in cash. This acquisition gives the Group a foothold in Spain for the sale and distribution of Ecodeck Grids.

In June 2023 the Group sold the land and building in Parr, St Helens for £225,000. This unencumbered property was valued at £200,000 on the balance sheet at year end.

In July 2023 the Group paid an earn-out of £1,275,000 to the Vendors of Alma Products Limited. This earn-out completes the full consideration for the acquisition of Alma Products Limited taking the total consideration to £3,002,000.

In July 2023 the Group purchased 400,000 of its own shares into treasury at an average cost of 16.5p. This puts the issued share capital to 89,877,589 shares.

8. Publication of Annual Report

A copy of the 2023 Report & Accounts will be sent to all shareholders. Further copies will be available to the public at the company's registered address at Southmoor Road, Wythenshawe, Manchester, M23 9DS and on the Company's website at www.coralproducts.com.

9. 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 Corals 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 as a result of new information, future events or otherwise, save as required by law and regulations.

The Directors of the Group take responsibility for this announcement.

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