

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 2024.

Financial headlines	<i>Six months to 31 October 2024</i>	<i>Six months to 31 October 2023</i>
Group sales	£15.8 million	£17.2 million
Gross profit	£4.8 million	£6.0 million
Reported (loss)/profit before taxation	£(1.1) million	£0.8 million
Underlying reported (loss)/profit before taxation *	£(0.4) million	£1.2 million
Underlying basic (loss)/earnings per share *	(0.35)p	1.27p
Underlying operating profit (excluding finance expenses) *	£157,000	£1,697,000
Underlying EBITDA *	£872,000	£2,326,000
Dividend per share paid during the period	0.25p	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

H1 Trading

- The challenging trading conditions referenced in our results announcement of 17 September 2024 and our trading update of 14 October 2024, are evidenced in our interim results to 31 October 2024.
- Reduced order levels from our core customers continued throughout the period.
- Problems with new machines and tooling contributed to major manufacturing issues during the period. These have been addressed and resolved.
- Overall net asset position of the business remains strong.
- Operational cost includes the inflationary effect in wages (mandatory minimum wage increases) and salaries along with increased organisational costs in anticipation of sales growth in H1.
- The Eco Deck in-house manufacturing investments that fully launched in June 24 are now operating as of January 2025, 24-hour production, improving gross margin in this business line.
- The BRC accredited food container manufacturing investments will be optimised in time to materialise on the busy season starting in March '25.
- Lance Burn Group CEO left the business on 31st October following appointment on 2nd January 2024

Sustainability Objectives

- The Group is proud of its continued focus on sustainability:
 - Adoption of bio-based materials.
 - Increasing move to re-cyclable materials.
 - Increasing use of recycled materials in the manufacturing processes.
 - Supply chain tracking and transparency.

Joe Grimmond, Non-Executive Chairman, commented:

"Acknowledging the disappointing first half result the board took swift and effective actions. Whilst the group is trading in line with expectations the actions resulted in exceptional costs circa £600,000. The cost savings, operational improvements and strengthened financial position provide the Group with the financial resilience needed to navigate the current difficult economic landscape. With much reduced borrowings and greatly strengthened liquidity a sharper focus on core capabilities and strategic investments, the Group is well positioned, notwithstanding the difficult macro-economic climate, to deliver a much improved performance."

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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.

Chairman's Statement

The Group has taken decisive actions to address the challenging trading conditions experienced during the first half of the year. These measures include:

- **Leadership:** A streamlined and fortified senior leadership team led by Ian Hillman, who was appointed as Group Chief Operating Officer on November 1, 2024.
- **Organisational Restructuring:** Comprehensive reorganisation across all levels and businesses, delivering cost savings and creating a leaner, more agile management structure suited to current market conditions.
- **Management Adjustments:** The responsibilities of Phil Allen, former Managing Director of the Rigids Division, have been seamlessly integrated into the existing team following his departure.
- **Manplas Restructuring:** Operational losses in the Manplas business are being addressed through restructuring initiatives. Plans to consolidate operations within a single site are underway, promising further cost savings and efficiencies.
- **Operational Synergies:** Significant progress has been made in resource optimisation and the elimination of duplication, resulting in meaningful cost savings.
- **Capital Investments:** A dedicated project plan is in progress to enhance the performance of our previous £3 million machinery investment. Incremental revenue improvements are anticipated from Q4 2024 and into FY25.
- **Strategic Focus Areas:**
 - Rigorous cost control and operational efficiencies.

- Organic growth from existing products and capabilities.
- Enhanced business development efforts across all sectors.
- **Insurance Settlement:** A legacy insurance claim from a 2020 fire has been settled at £1.5 million, with the remaining £900,000 received in January 2025.
- **Property Transactions:** Contracts for the sale and leaseback of two Haydock properties were exchanged in December 2024, with completion expected in mid-February 2025. Proceeds of £1.7 million will strengthen working capital and reduce debt.
- **Market Outlook:** While pipeline orders have stabilised at H1 levels, we remain cautiously optimistic about recovery in key markets such as house building, supported by government priorities.

Operational Review:

Tatra-Rotalac:

H1 saw subdued demand in the telecoms sector, impacting sales. Technical and operational challenges with new machine investments are being resolved, showing early signs of improvement. The restructuring efforts will further enhance operational focus.

Global One-Pak:

This leading supplier of lotion pumps, triggers, and mist sprayers faced logistical cost pressures and operational delays in launching UK-produced caps and enclosures. These challenges are being addressed to support future growth.

Manplas:

Unforeseen challenges following the 2023 merger led to operational losses. However, restructuring since October has yielded improvements, positioning the business for profitability and growth within a single-site model.

Film & Foil Solutions:

Capital investments aimed at expanding manufacturing capabilities have faced delays, with revenue generation expected to commence in February 2025. These investments represent a vital component of the company's strategic growth plan.

Alma Products:

While demand in the dairy sector has been disappointing, new projects are poised to drive growth from FY26 onwards. Synergies with Film & Foil offer opportunities for portfolio selling, and commercial strategies are evolving well.

Ecodeck and Ecodeck Spain:

Strong growth in B2B sales complements established B2C channels. Operational challenges with new machinery investments are being resolved, with full production capacity expected by February 2025.

Dividends

A final dividend of 0.25p for the year ended April 2024 was paid on 17 January 2025 taking the total dividend for the year to 0.5p. The board have not declared an interim dividend for the current year, a final dividend will be reviewed and determined following the publication of the FY'25 results.

Outlook

Acknowledging the disappointing first half result the board took swift and effective actions. Whilst the group is trading in line with expectations the actions resulted in exceptional costs circa £600,000. The cost savings, operational improvements, and strengthened financial position (through the insurance settlement and property transactions) provide the resilience needed to navigate current challenges.

With much reduced borrowings and greatly strengthened liquidity a sharper focus on core capabilities and strategic investments, the Group is well positioned, notwithstanding the difficult macro-economic climate, to deliver a much improved performance.

Joe Grimmond

Non-Executive Chairman

27 January 2025

CONSOLIDATED INCOME STATEMENT

Six months Six months

		<i>Six months to 31 October 2024 (unaudited)</i>	<i>Six months to 31 October 2023 (unaudited)</i>	<i>Year to 30 April 2024 (audited)</i>
		<i>£000</i>	<i>£000</i>	<i>£000</i>
Revenue	Note 3	15,807	17,177	30,991
Cost of sales		(10,997)	(11,203)	(20,315)
Gross profit		4,810	5,974	10,676
Operating costs				
Distribution expenses		(697)	(744)	(1,383)
Administrative expenses before separately disclosed items		(3,956)	(3,533)	(7,449)
Underlying operating profit		157	1,697	1,844
Separately disclosed items:				
Share based payment credit/(charge)		29	(18)	(43)
Amortisation of intangible assets		(128)	(268)	(535)
Reorganisation costs		(676)	(95)	(233)
Acquisition costs		-	-	(50)
Impairment of goodwill & intangibles		-	-	(875)
Impairment of building		-	-	(34)
		(775)	(381)	(1,770)
Operating profit/(loss)		(618)	1,316	74
Finance expense		(517)	(480)	(1,021)
Profit/(loss) before taxation		(1,135)	836	(947)
Taxation	Note 4	50	(84)	33
Total comprehensive income/(loss)		(1,085)	752	(914)
<i>Earnings per ordinary share</i>	Note 5			
Basic and diluted (pence)		(1.21)	0.84	(1.02)
Underlying basic (pence)		(0.35)	1.27	0.96

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>31 October 2024 (unaudited)</i>	<i>31 October 2023 (unaudited)</i>	<i>30 April 2024 (audited)</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Non-current assets			
Goodwill	4,074	4,402	3,973
Other intangible assets	1,831	2,689	1,958
Property, plant and equipment	5,922	7,162	7,053
Right of use assets	2,713	2,476	2,077
Total non-current assets	14,540	16,729	15,061
Current assets			
Inventories	4,361	4,702	4,743

Trade and other receivables	6,993	7,220	6,644
Cash and cash equivalents	858	2,927	2,014
Assets held for sale	1,300	740	1,706
Total current assets	13,512	15,589	15,107
Current liabilities			
Bank overdrafts and borrowings	(6,435)	(5,710)	(6,534)
Trade and other payables	(5,012)	(4,872)	(5,466)
Lease liabilities	(1,233)	(632)	(721)
Corporation tax	32	-	-
Total current liabilities	(12,648)	(11,214)	(12,721)
Net current assets	864	4,375	2,386
Non-current liabilities			
Borrowings	(1,490)	(3,865)	(3,298)
Lease liabilities	(2,009)	(1,751)	(891)
Deferred taxation	(986)	(1,040)	(986)
Total non-current liabilities	(4,485)	(6,656)	(5,175)
Total net assets	10,919	14,448	12,272
Shareholders' Equity			
Share capital	903	903	903
Investment in Own shares	(186)	(170)	(170)
Retained earnings	10,202	13,715	11,539
Total equity	10,919	14,448	12,272

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital £000	Share premium £000	Treasury shares £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 May 2024	903	-	(170)	-	11,539	12,272
Total comprehensive loss	-	-	-	-	(1,085)	(1,085)
Debit for share based payment	-	-	-	-	(29)	(29)
Purchase of treasury shares	-	-	(16)	-	-	(16)
Dividend paid	-	-	-	-	(223)	(223)
At 31 October 2024	903	-	(186)	-	10,202	10,919

For the six months to 31 October 2023 (unaudited)

	Share capital £000	Share premium £000	Treasury shares £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 May 2023	903	-	-	-	12,945	13,848
Total comprehensive income	-	-	-	-	752	752
Charge for share based payment	-	-	-	-	18	18
Purchase of treasury shares	-	-	(170)	-	-	(170)
At 31 October 2023	903	6,272	-	2,050	5,656	14,881

For the year ended 30 April 2024 (audited)

Share	Share	Treasury	Other	Retained	Total
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	Share capital £000	Share premium £000	Treasury shares £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 May 2023	903	-	-	-	12,945	13,848
Total comprehensive loss	-	-	-	-	(914)	(914)
Credit for share based payment	-	-	-	-	43	43
Purchase of treasury shares	-	-	(170)	-	-	(170)
Dividend paid	-	-	-	-	(535)	(535)
At 30 April 2024	903	-	(170)	-	11,539	12,272

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months to 31 October 2024 (unaudited) £000	Six months to 31 October 2023 (unaudited) £000	Year to 30 April 2024 (audited) £000
Cash flow from operating activities			
(Loss)/Profit for the period after tax	(1,085)	752	(914)
Adjustments for:			
Depreciation of property, plant and equipment	336	296	638
Depreciation of right of use assets under IFRS16	378	333	718
Amortisation of intangible assets	128	268	535
Share based payment (credit)/charge	(29)	18	43
Impairment of buildings	-	-	34
Impairment of goodwill and intangibles	-	-	890
Profit on disposal of assets	143	27	-
Interest payable	517	480	1,021
Taxation charge/(credit)	(50)	84	(33)
(Increase)/decrease in inventories	102	(382)	(423)
Decrease/(increase) in trade and other receivables	(349)	473	549
(Decrease)/increase in trade and other payables	(215)	(2,097)	(1,575)
Net cash generated from operating activities	124	252	1,483
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash in bank	(100)	(16)	(15)
Proceeds from disposal of property, plant and equipment	1,916	225	-
Acquisition of subsidiaries, payment of earn-out	-	(1,275)	-
Acquisition of property, plant and equipment	(50)	(544)	(2,145)
Net cash (used in)/generated from investing activities	1,766	(1,610)	(2,160)
Cash flow from financing activities			
Interest paid on bank borrowings and invoice discounting	(454)	(370)	(901)
Interest paid on lease liabilities	(63)	(111)	(120)
Dividends paid	(223)	-	(535)
Repayments of obligations under lease liabilities	(430)	(505)	(903)
Repayments of bank borrowings	(1,518)	(153)	(530)
Purchase of treasury shares	(16)	(170)	(170)
New bank loans raised	313	1,471	2,299
Movements on invoice discounting facility	(407)	(651)	(1,223)
Net cash used in financing activities	(2,798)	(489)	(2,083)
Net (decrease)/increase in cash and cash equivalents	(1,156)	(1,847)	(2,760)
Cash and cash equivalents at the start of the period	2,014	4,774	4,774
Cash and cash equivalents at the end of the period	858	2,297	2,014

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 2024. 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 2024. 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. IAS 34 'Interim financial reporting' is not applicable to these half year condensed consolidated financial statements and has therefore not been applied.

2. 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 2024.

3. Revenue

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

	<i>Six months to 31 October 2024 (unaudited) £000</i>	<i>Six months to 31 October 2023 (unaudited) £000</i>	<i>Year to 30 April 2024 (audited) £000</i>
United Kingdom	15,489	16,977	30,479
Rest of Europe	147	157	173
Rest of the World	171	43	339
	15,807	17,177	30,991
<i>Turnover by business activity</i>			
Sale and manufacture of plastic products	15,807	17,177	30,991

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

	<i>Six months to 31 October 2024 (unaudited) £000</i>	<i>Six months to 31 October 2023 (unaudited) £000</i>	<i>Year to 30 April 2024 (audited) £000</i>
Rigids	9,379	10,558	11,943
Flexibles	6,428	6,619	19,048
	15,807	17,177	30,991

4. Taxation

The taxation charge for the six months to 31 October 2024 is based on the effective taxation rate, which is estimated will apply to earnings for the year ending 30 April 2025. The rate used is below the applicable UK corporation tax rate of 25% due to the utilisation of tax losses in the period.

5. 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 89,428,701 (31 October 2023: 89,556,580 and 30 April 2024:

89,554,180).

	Six months to 31 October 2024 (unaudited)		Six months to 31 October 2023 (unaudited)		Year to 30 April 2024 (audited)	
	£000	p	£000	p	£000	p
<i>Basic and diluted earnings per ordinary share</i>						
Profit/(loss) for the period after tax	(1,085)	(1.21)	752	0.84	(914)	(1.02)
<i>Underlying earnings per ordinary share</i>						
Underlying profit/(loss) for the period after tax	(310)	(0.35)	1,133	1.27	856	0.96

6. 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 2024 (unaudited)	Six months to 31 October 2023 (unaudited)	Year to 30 April 2024 (audited)
	£000	£000	£000
Net (decrease)/increase in cash and cash equivalents	(1,156)	(1,847)	(2,760)
Net increase in invoice discounting facilities	(570)	651	1,223
(Increase)/decrease in bank and other loans	2,477	(899)	(1,729)
(Increase)/decrease in lease liabilities	(1,630)	91	863
Movement in net debt in the financial period	(879)	(2,004)	(2,403)
Net funds/(debt) at beginning of period	(9,430)	(7,027)	(7,027)
Net funds/(debt) at end of period	(10,309)	(9,031)	(9,430)

7. 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 2024 (unaudited)	Six months to 31 October 2023 (unaudited)	Year to 30 April 2024 (audited)
	£000	£000	£000
Operating profit/(loss)	(618)	1,316	74
Separately disclosed items within administration expenses			
Share based payment (credit)/charge	(29)	18	43
Amortisation of intangible assets	128	268	535
Reorganisation costs	676	95	233
Acquisition costs	-	-	50
Impairment of goodwill & intangibles	-	-	875

Impairment of building	-	-	34
Total separately disclosed items	775	381	1,770
Underlying operating profit	157	1,697	1,844
Depreciation	715	629	1,356
Underlying EBITDA	872	2,326	3,200

8. Company Information

Company contacts

Directors	Joe Grimmond	Non-Executive Chairman
	Sharon Tinsley	Group Finance Director
	Paul Freud	Corporate Development Director
	Ian Hillman	COO
	Steve Barber	Non-Executive Director
	David Low	Senior Non-Executive Director

Secretary Sharon Tinsley

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Website www.coralproducts.com

Nominated Advisor & Broker	Cavendish Capital Markets Limited One Bartholomew Close London EC1A 7BL		
Auditors	Crowe UK LLP St George's House 56 Peter Street Manchester M2 3NQ	Bankers	Virgin Money 48-50 Market Street Manchester M1 1PW
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 4BH
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
Ecodeck SL	Distribution of Eco-friendly driveway grids	Carretera Tortosa-1@Aldea km2 43500 Tortosa (Tarragona)

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