

# COLEFAX GROUP PLC



INTERIM RESULTS  
FOR THE SIX MONTHS TO 31 OCTOBER 2024



## CHAIRMAN'S STATEMENT

**Financial Results**

Group sales for the six months to 31 October 2024 increased by 1.8% to £52.79 million (2023: £51.84 million) and by 4.1% on a constant currency basis. Pre-tax profits decreased by 0.5% to £4.36 million (2023: £4.38 million). Earnings per share increased by 12.5% to 53.2p (2023: 47.3p). The Group ended the half year with cash of £18.60 million (30 April 2024: £17.76 million).

In October 2024 the Group returned £2.4 million of surplus capital to shareholders by way of a share buyback. The Group purchased and cancelled 307,043 shares at a price of £7.80 per share and representing just under 5.0% of the issued ordinary share capital. The share buyback will benefit earnings per share in the current and future financial years.

Sales in our core Fabric Division increased by 4.5% on a constant currency basis compared to a 0.3% constant currency increase in the first half of the prior year. This increase was ahead of expectations at the start of the year and was mainly due to a strong performance in the US where sales increased by 7% on a constant currency basis. In contrast market conditions in the UK remained challenging and were down by 8%. First half profits were adversely impacted by a weaker US Dollar average exchange rate of \$1.29 compared to \$1.25 for the prior year but this was largely offset by higher interest income of £232,000 compared to £40,000 last year and reduced first half Decorating Division losses of £63,000 compared to losses of £221,000 in the prior year.

The Group's performance is linked to high end housing market activity and this has been on an upward trend in the US resulting in a better than expected sales performance in the first half of the year. In contrast market conditions remain subdued in the UK and Europe. Profitability in the Fabric Division is weighted to the first half of the year due to the timing of costs associated with new product launches which are mainly in the second half of the year.

In line with the Group's progressive dividend policy the Board has decided to declare a 4% increase in the interim dividend to 2.8p (2023: 2.7p). This will be paid on 10 April 2025 to shareholders on the register at 7 March 2025.

**Product Division**

- ***Fabric Division - Portfolio of five brands: "Colefax and Fowler", "Cowtan and Tout", "Jane Churchill", "Manuel Canovas" and "Larsen".***

Sales in the Fabric Division, which represent 88% of the Group's sales, increased by 2% to £46.70 million (2023: £45.8 million) and increased by 4.5% on a constant currency basis. Profits decreased by 6% to £4.21 million (2023: £4.48 million). The decrease in profit reflects a weaker US dollar exchange rate and higher operating costs. In particular our UK warehouse premises costs have increased at well above the average rate of inflation. Following the conclusion of rent reviews and lease renewals during the period, UK warehouse premises costs have increased by approximately £600,000 per annum from August 2024.

Sales in the US, which represent 62% of the Fabric Division's turnover, increased by 3% in reported terms and 7% on a constant currency basis. This increase was ahead of expectations at the start of the year and compares to a constant currency decrease of 2% in the first half of the prior year. Market conditions strengthened throughout the period reflecting ongoing improvements in high end housing market activity and the positive impact of a very strong stock market performance. In November 2023 we opened new showrooms in Dallas and Toronto and these have both performed well during their first full year of operation.

Sales in the UK, which represent 16% of the Fabric Division's turnover, decreased by 8% during the period compared to an increase of 4% in the first half of the prior year. Market conditions in the UK were challenging and reflect the impact of high interest rates on housing market activity and consumer spending. We believe that sales were also impacted by uncertainty in the run up to the General Election on 4 July 2024 and then the first post election budget on 30 October 2024. The proposed increase in UK employers national insurance will add approximately £270,000 to the Group's UK employment costs from April 2025.

Sales in Continental Europe, which represent 20% of the Fabric Division's turnover, increased by 9% on a reported basis and 12% on a constant currency basis. This follows a 3% increase in sales in the first half of the prior year. The strong performance in Europe was mainly due to a number of significant one-off contract orders during the period and underlying market conditions in Europe were challenging, especially in Germany. Interest rate cuts during the period should help housing market activity but it will take time for the benefits to be reflected in home spending. Our three largest markets in Europe are France, Germany and Italy and together these account for just under half of total European sales.

Sales in the Rest of the World, which represent just 2% of the Fabric Division's turnover, decreased by 15% on a constant currency basis. The decrease in sales was mainly due to a reduction in contract orders which can vary significantly between reporting periods. Our largest market in the Rest of the World is the Middle East but it is expected to remain a small part of overall Fabric Division sales.

## CHAIRMAN'S STATEMENT CONTINUED

- **Furniture – Kingcome Sofas**

Sales for the six months to October 2024 decreased by 1% to £1.48 million (2023: £1.50 million) and the Company made an operating profit of £216,000 (2023: £126,000). The improvement in profit reflects on-going efficiency improvements at our factory in Devon following a significant investment in 2023. Over 90% of furniture sales are to UK customers and market conditions have remained difficult. The order book at the end of October 2024 was down by 10% compared to October 2023. The business has a relatively high fixed cost base due to its skilled labour force. This means that profitability is highly operationally geared and the business is well placed to benefit from any pick up in sales.

**Interior Decorating Division**

Decorating sales, which account for just under 9% of Group turnover, increased by 2% in the period to £4.65 million (2023: £4.55 million) and the business made a reduced first half loss of £63,000 compared to a loss of £221,000 for the same period last year. The profit on decorating projects is recognised on completion and as with the previous two years, expected completions are weighted to the second half of the year. Decorating work in progress at the end of October was down by 20% compared to the prior year but still at a healthy level. The Decorating Division includes an antiques business which accounts for approximately 8% of sales. This activity will be significantly scaled back in the second half of the year following a decline in profitability in recent years.

**Prospects**

The Group has delivered a good performance in the first six months due to a strong Fabric Division performance in the US. Market conditions in the UK and Europe are currently challenging and we expect these conditions to continue through the second half of the year. Following the US election in November the US Dollar exchange rate has strengthened significantly and if sustained this will be beneficial for Fabric Division profits going forward. Although trading prospects in the US look favourable there is currently significant uncertainty around the possibility of higher US import tariffs and how they might impact our US business. The majority of the fabrics and wallpapers that we sell are manufactured outside of the US. In our Decorating Division we expect an improved performance in the second half of the year but the overall result will be below the exceptional level of the prior year.

The Group has a strong balance sheet with cash of £18.6 million. We will continue to focus on investing in our US distribution network and our portfolio of Fabric Division brands and we are well placed to benefit from any improvement in market conditions.



David Green  
Chairman  
22 January 2025

## INTERIM GROUP INCOME STATEMENT

	Unaudited Six months to 31 Oct 2024 £'000	Unaudited Six months to 31 Oct 2023 £'000	Audited Year to 30 April 2024 £'000
<b>Revenue</b>	<b>52,789</b>	<b>51,842</b>	107,162
Cost of sales	(22,640)	(22,450)	(47,134)
<b>Gross profit</b>	<b>30,149</b>	<b>29,392</b>	60,028
Operating expenses	(25,498)	(24,557)	(51,552)
<b>Profit from operations</b>	<b>4,651</b>	<b>4,835</b>	8,476
Finance income	232	40	173
Finance expense	(521)	(492)	(917)
<b>Profit before taxation</b>	<b>4,362</b>	<b>4,383</b>	7,732
Tax expense	(1,090)	(1,095)	(1,938)
<b>Profit for the period attributable to equity holders of the parent</b>	<b>3,272</b>	<b>3,288</b>	5,794
Basic earnings per share	53.2p	47.3p	88.3p
Diluted earnings per share	53.2p	47.3p	88.3p

## INTERIM GROUP STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months to 31 Oct 2024 £'000	Unaudited Six months to 31 Oct 2023 £'000	Audited Year to 30 April 2024 £'000
<b>Profit for the period</b>	<b>3,272</b>	<b>3,288</b>	5,794
<b>Other comprehensive (expense):</b>			
<b>Items that will or may be reclassified to profit and loss:</b>			
Exchange differences on translation of foreign operations	(213)	(174)	(429)
Tax relating to items that will or may be reclassified to profit and loss	–	(12)	–
<b>Total other comprehensive (expense):</b>	<b>(213)</b>	<b>(186)</b>	(429)
<b>Total comprehensive income for the period attributable to equity holders of the parent</b>	<b>3,059</b>	<b>3,102</b>	5,365

## INTERIM GROUP STATEMENT OF FINANCIAL POSITION

		Unaudited At 31 Oct 2024 £'000	Unaudited At 31 Oct 2023 £'000	Audited At 30 April 2024 £'000
	Notes			
<b>Non-current assets:</b>				
Right of use assets		25,370	21,596	20,612
Property, plant and equipment		7,930	8,029	8,557
Deferred tax asset		24	23	24
		<u>33,324</u>	<u>29,648</u>	<u>29,193</u>
<b>Current assets:</b>				
Inventories and work in progress	5	18,513	19,557	18,241
Trade and other receivables	6	8,852	8,119	8,774
Cash and cash equivalents		18,595	17,055	17,763
		<u>45,960</u>	<u>44,731</u>	<u>44,778</u>
<b>Current liabilities:</b>				
Trade and other payables	7	18,672	20,035	18,623
Lease liabilities		3,727	2,891	4,038
Current corporation tax		133	37	31
		<u>22,532</u>	<u>22,963</u>	<u>22,692</u>
<b>Net current assets</b>		<u>23,428</u>	<u>21,768</u>	<u>22,086</u>
<b>Total assets less current liabilities</b>		<u>56,752</u>	<u>51,416</u>	<u>51,279</u>
<b>Non-current liabilities:</b>				
Lease liabilities		24,369	21,557	19,380
Deferred tax liability		153	226	154
<b>Net assets</b>		<u>32,230</u>	<u>29,633</u>	<u>31,745</u>
<b>Capital and reserves attributable to equity holders of the Company:</b>				
Called up share capital		592	622	623
Share premium account		11,148	11,148	11,148
Capital redemption reserve		2,283	2,252	2,251
ESOP share reserve		(113)	(113)	(113)
Foreign exchange reserve		977	1,433	1,190
Retained earnings		17,343	14,291	16,646
<b>Total equity</b>		<u>32,230</u>	<u>29,633</u>	<u>31,745</u>

## INTERIM GROUP STATEMENT OF CASH FLOWS

	Unaudited Six months to 31 Oct 2024 £'000	Unaudited Six months to 31 Oct 2023 £'000	Audited Year to 30 April 2024 £'000
<b>Operating activities</b>			
Profit before taxation	4,362	4,383	7,732
Finance income	(232)	(40)	(173)
Finance expense	521	492	917
Loss on disposal of property, plant and equipment	60	1	38
Depreciation on right of use assets	2,189	2,334	4,350
Depreciation	1,347	1,307	2,625
<b>Cash flows from operations before changes in working capital</b>	<b>8,247</b>	<b>8,477</b>	<b>15,489</b>
(Increase) / decrease in inventories and work in progress	(305)	(24)	1,244
(Increase) / decrease in trade and other receivables	(156)	1,193	322
(Decrease) in trade and other payables	(449)	(721)	(1,837)
<b>Cash generated from operations</b>	<b>7,337</b>	<b>8,925</b>	<b>15,218</b>
<b>Taxation paid</b>			
UK corporation tax paid	(261)	(433)	(1,021)
Overseas tax paid	(107)	(510)	(730)
	(368)	(943)	(1,751)
<b>Net cash inflow from operating activities</b>	<b>6,969</b>	<b>7,982</b>	<b>13,467</b>
<b>Investing activities</b>			
Interest received	232	40	173
Payments to acquire property, plant and equipment	(921)	(969)	(2,991)
<b>Net cash outflow from investing</b>	<b>(689)</b>	<b>(929)</b>	<b>(2,818)</b>
<b>Financing activities</b>			
Purchase of own shares	(2,395)	(7,227)	(7,227)
Principal paid on lease liabilities	(2,097)	(2,183)	(4,151)
Interest paid on lease liabilities	(547)	(458)	(916)
Interest paid	–	–	(1)
Equity dividends paid	(179)	(201)	(353)
<b>Net cash outflow from financing</b>	<b>(5,218)</b>	<b>(10,069)</b>	<b>(12,648)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,062</b>	<b>(3,016)</b>	<b>(1,999)</b>
Cash and cash equivalents at beginning of period	17,763	19,746	19,746
Exchange (loss)/gains on cash and cash equivalents	(230)	325	16
<b>Cash and cash equivalents at end of period</b>	<b>18,595</b>	<b>17,055</b>	<b>17,763</b>

## NOTES

**1. Basis of Preparation**

The condensed group financial statements for the 6 months ended 31 October 2024 have been prepared in accordance with UK-adopted international accounting standards in accordance with the requirements of the Companies Act 2006.

These unaudited group interim financial statements have been prepared in accordance with AIM Rules. In preparing this report, the group has adopted the guidance in the AIM Rules for interim accounts which do not require that the interim condensed group financial statements are prepared in accordance with IAS 34 "Interim financial reporting".

*Going concern*

The interim Financial Statements have been prepared on a going concern basis.

The Directors, having made appropriate enquiries, consider that adequate resources exist for the Group to continue in operational existence for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing the condensed group interim financial statements for the period ended 31 October 2024.

*Risks and uncertainties*

The Board continuously assesses and monitors the key risks of the business. The key risks that could affect the Company's medium-term performance and the factors that mitigate those risks have not substantially changed from those set out in the Group's 30 April 2024 Annual Report and Financial Statements, a copy of which is available on the Company's website: [www.colefaxgroupplc.com](http://www.colefaxgroupplc.com).

*Critical accounting estimates*

The preparation of condensed group interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period. Significant items subject to such estimates are set out in Note 2 of the Group's 30 April 2024 Annual Report and Financial Statements. The nature and amounts of such estimates have not changed significantly during the interim period.

**2. Accounting Policies**

These interim results have been prepared in accordance with the accounting policies expected to be applied in the next annual financial statements for the year ending 30 April 2025.

3. Basic earnings per share have been calculated on the basis of earnings of £3,272,000 (2023: £3,288,000) and on 6,152,600 (2023: 6,957,000) ordinary shares being the weighted average number of ordinary shares in issue during the period.

4. Diluted earnings per share have been calculated on the basis of earnings of £3,272,000 (2023: £3,288,000) and on 6,152,600 (2023: 6,957,000) ordinary shares being the weighted average number of ordinary shares in the period.

**5. Inventories and work in progress**

	As at 31 Oct 2024 £'000	As at 31 Oct 2023 £'000	As at 30 Apr 2024 £'000
Finished goods for resale	14,903	15,431	15,487
Work in progress	3,610	4,126	2,754
	<u>18,513</u>	<u>19,557</u>	<u>18,241</u>

**6. Trade and other receivables**

	As at 31 Oct 2024 £'000	As at 31 Oct 2023 £'000	As at 30 Apr 2024 £'000
Trade debtors	4,445	3,238	4,265
Other debtors	2,560	2,982	2,802
Prepayments and accrued income	1,847	1,899	1,707
	<u>8,852</u>	<u>8,119</u>	<u>8,774</u>

