Welcome to the Home of Brands

Ultimate Products plc
Annual Report 2024

Our Purpose

We provide beautiful and more **sustainable products** for every home.

Ultimate Products is the owner of a number of leading homeware brands including Salter (the UK's oldest housewares brand, est. 1760) and Beldray (est. 1872).

Our purpose is to provide beautiful and more sustainable branded products for every home.

Our focus on sourcing appealing branded products at prices that resonate with both customers and consumers has helped us grow our business during challenging economic times.

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Highlights 2024

Financial highlights

Revenue
£155.5m
-6.5% FY23: £166.3m

Adjusted EBITDA*
£18.0m
-11% FY23: £20.2m

Adjusted EPS*
12.3p
-20% FY23: 15.4p

Statutory EPS
12.2p
-17% FY23: 14.6p

Full year dividend per share
7.38p
0% FY23: 7.38p

Net bank debt/Adjusted EBITDA*
0.6x
-5% FY23: 0.7x

Operational highlights

- Continued to drive productivity through focus on continuous improvement, including the automation of hundreds of tasks across the business.
- Opening of the Group's new European showroom in Paris, ideally located for hosting both existing and prospective customers across the region.
- Completion of the rebranding of the iconic Salter label, elevating its already strong identity and consumer recognition.
- Initiation of the rebranding of Beldray, to both develop a bold new look and solidify a full brand strategy that puts the consumer at the forefront of every decision.
- Significant reshape of the Board of Directors with the appointment of Christine Adshead as Non-executive Chair, Andrew Gossage as Chief Executive Officer, Simon Showman as Chief Commercial Office, and Andrew Milne and José Carlos González-Hurtado as new Non-executive Directors, bolstering the credentials of the Board.
- Approval of new Capital Allocation Framework.

* Adjusted measures are before share-based payment expense and non-recurring items and are non-IFRS.

For more information:
see pages 05–13

Our premier brands

Home of Brands

Our culture and values

- We are passionate about product
- We always strive to do the right thing
- We love our brands
- We invest in our people
- We care about our community
- We go the extra mile for our customers
- We care about the environment

For more information:
see pages 24-43

Investment case

We are **passionate** about product

Our ambition is to be in every home, across the UK and Europe

What sets us apart?

1

Compelling customer proposition provides resilience

Because we love our brands, we develop extensive ranges of original branded products that consumers want to buy. Our focus on affordability creates the opportunity for retailers to price our branded products competitively compared to their own-label equivalents. This, combined with our willingness to go the extra mile for our customers, makes us a partner of choice for over 300 retailers across 45 countries. Our branded product portfolio makes up 89% of our sales and provides a resilient core to our business model, as our brands provide an opportunity to leverage customer loyalty.

Number of retailers

300+

Number of countries

45

2

Established international and online presence provides growth

Whilst proud of our UK heritage, our outlook is international. We see Europe as the key driver for future growth for our brands. We have seen considerable success in working with large European retailers, and are ready to expand those, and new, relationships to fulfil our ambition to be in every home across Europe. In addition, growth in Europe is supported by our growing online presence, as we roll-out our tried and tested online model to more European countries.

Sales in Europe

£53.0m

+7% FY23: £49.6m

3

Focus on productivity provides profits

Embedded within our culture is a desire for continuous improvement. Our position in the supply chain brings a complexity which must be carefully managed. We see this as an opportunity, as it is a barrier to entry for competition. Our ability to manage this complexity is based on our investment in people, where, through our graduate development programme, we employ and develop talent. These talented individuals enable our successful investment in systems, where their ideas and way of thinking have helped us to drive productivity through the use of automation. This productivity allows us to reinvest in higher salaries to attract more talent, to competitively price our products for retailers and consumers, and to increase operating profit margins for shareholders.

Gross profit/head

£118k

+4% FY23: £113k/head

4

Leading ESG strategy

For over 20 years, we have been providing beautiful, more sustainable products for every home and, in doing so, striving to do the right thing in how we conduct ourselves and our business. We recognise the importance of maintaining the highest standards of corporate behaviour and setting the right example for others to follow. As our business grows and develops, we continue to look for ways to improve and new initiatives that keep our people, our community, our planet and our products at the forefront of everything we do.

In the current year we hit our goal of reducing plastic packaging by 50%

Strategic Report

Going the **extra mile**

Chair's introduction

Making significant **progress**

I am delighted to have taken over as Chair of Ultimate Products. FY24 was a challenging period for many consumer businesses. Despite an uncertain and difficult macroeconomic backdrop, we have continued to invest in our strategic plans and make good progress toward our long-term priorities. With myself being appointed as Chair, and Andrew Gossage moving to CEO, it is an opportune moment to revisit those strategic plans and priorities and reflect on what has driven growth for the Company over the past ten years.

Firstly, our purpose is to provide beautiful and more sustainable products for every home. As part of this, we have always focused on delivering outstanding products that appeal to households across our key markets. In addition, we ensure these products are attractively priced, not only for consumers but also for our retail partners, who can earn an equivalent 'own label' margin.

For a time, this emphasis on product and price was our sole focus. Ten years ago, however, Ultimate Products moved from a sourcing model, which centred exclusively on product and price, to a branded model.

Under this new approach, it is our brands, alongside product and price, that became a key driver of sales. This change of model enabled us to simplify and elevate our business to become the Home of Brands.

Looking back to FY14, our business had revenues of £49.3m, EBITDA of £1.5m, and an EBITDA margin of just 3%. At that point, our owned brands made up just 20% of our business, with the remaining 80% being comprised of clearance stock and licensed brands. This largely non-branded approach impacted our ability to generate repeat orders, with Group revenues weighted towards one-off sales of clearance stock. Our penetration with supermarkets and online platforms, the behemoths of general merchandising, was also low, with just 10% of our sales coming through these channels.

To address this, over the past ten years we have concentrated on growing branded product sales across four strategic pillars: Supermarkets, Discounters, Online and International.

We are pleased to have delivered a resilient performance while making strong operational progress.

Christine Adshead
Chair

Chair’s introduction continued

During that time, total Group sales have increased by over £100m (a cumulative average growth rate or “CAGR”) of 12%. Sales to UK supermarkets have increased by a CAGR of 18.8% from £4.9m to £27m, while Online sales have increased by a CAGR of 41% from £1m to £28.6m. This growth has been achieved by expanding our brands in our key chosen product areas.

80% of our revenue now comes from the brands we own, and 60% comes from our two principal brands, Salter (our scales and kitchen brand) and Beldray (our laundry and floorcare brand). Between them, these two British heritage brands have over 400 years of history and incredible consumer recognition.

Having successfully built up the performance and recognition of our leading homeware brands, we are now evolving our business again, to sell not just based on brand, product and price and, but also on capability. We have tremendous brands, a passion for product and highly attractive price points, all of which have helped our business to grow. However, this has all been underpinned by our formidable and highly advanced operational capability, refined over several decades of international trading.

This impressive operational capability, which allows us to go the extra mile for our retail customers, is built around our culture of continuous improvement, which has enabled us to increase our EBITDA margins from 3% to 12% while simultaneously growing sales.

We now want to align ourselves with our retailers’ individual strategies and be a key strategic partner to them, which is particularly important during a period of heightened political and economic uncertainty.

This evolution to selling on capability, brand, product and price, is reflected in the development of our Board of Directors. During the year, Simon Showman transitioned from his role as Chief Executive Officer to Chief Commercial Officer. As the founder of the business, Simon has built a host of strong relationships with our retail partners in the UK and Europe and, in his new role, he will oversee the Group’s commercial functions including sales, buying and product development. As we build long-term relationships internationally, it is important that we do so at a strategic level, and Simon’s wealth of experience and knowledge will be highly valuable in this regard, helping us drive further growth in the UK and across Europe.

I would like to take this opportunity to thank Simon as founder of Ultimate Products for all he has done so far and wish him well in his new role. I would also like to thank Jim McCarthy, who performed an outstanding job as Chair of Ultimate Products, and Jill Easterbrook, especially for her inspirational Leadership of our ESG Committee, who has also stepped down from the Board during the current year. Finally, I would like to thank all of our people at Ultimate Products.

Our ability to evolve our business is as a result of the energy and ability of our people. We take pride in being a talent-led business that offers continuous improvement to its colleagues through a multitude of opportunities across all areas of the organisation. Our graduate scheme aims to bring the best and brightest talent into the business and provide them with an industry-leading training programme, which is collegial and intellectually stimulating. Our workforce is unafraid to challenge the status quo, and the way in which things are done. This mindset is encouraged, as it allows us to nurture a culture of continuous improvement. It is our people that give us confidence that our strategy is right for driving the business over the next ten years using an ability to sell on capability, brand, product and price.

Christine Adshead
Chair

28 October 2024

Chief Executive's review

A resilient and **scalable business**

A key pillar of our growth strategy is building international sales, and our new showroom in Paris is already proving instrumental in developing our presence in the hugely attractive European market.

Andrew Gossage
Chief Executive Officer

During FY24, because of the difficult trading environment, Group revenues and profits fell short of our expectations. Despite this, we have continued to focus our efforts on our long-term strategic priorities to ensure that the business has solid foundations for future growth.

Some of the challenges faced during FY24 have originated in the changes to consumer demand that occurred as a result of the COVID-19 pandemic and associated lockdowns. Namely, during FY22 it became clear that many retailers were overstocked because of the rapid changes in aggregate demand that occurred during the pandemic.

In FY23, the widespread overstocking issues were mitigated by sales of our energy efficient products, particularly during the peak of the cost-of-living crisis in the Winter of 2023. This phenomenon was typified by our sales of air fryers, which performed exceptionally strongly during this period – reaching £26m of sales – but was unlikely to be repeated in successive years. In FY24, air fryer sales returned to a more normalised £15m, but remain at a significantly higher level than their pre-FY23 average. For example, H1 2022 sales were just £2.3m. As such, we are pleased to see that air fryers and other energy efficient products are now firmly embedded in everyday consumer behaviour, rather than being a passing fad.

In the current year, we began to see the gradual resumption of normal forward ordering patterns from our retailer customers as overstocking issues subsided. This normalisation began with our discounter customers in the UK, before gradually extending to other retail customers. The only exception to this trend was among German supermarket customers, which explains why Group sales to this channel fell £6.4m (37%).

While we therefore believe that the vast majority of our retailers entered the current calendar year with normalised stocks levels, the well-documented decline in general consumer sentiment, particularly in Spring 2024, led to a reduction in the Group's near-term sales from landed stocks (call off, regular stock and online sales), which typically achieve a higher gross margin. This broad slowdown has been widely reported, with all commentators puzzled by the subdued consumer demand despite growing levels of disposable income and the return of real wage growth in the UK economy.

Overall, these factors resulted in revenue being down 6.5% for the full year.

Chief Executive's review continued

Responding to challenges

Our Products

Our passion is product, and by sourcing appealing branded products at prices that resonate with both our customers and underlying consumers, we have successfully grown our top line over the past ten years. We maintain a diversified product portfolio across numerous different brands and categories, which ensures that we are not overly reliant on any one product type or consumer trend, though we do concentrate our product development around key product areas.

Each year we develop and bring to market around 600 new products. This refresh of our product base brings exciting new products to consumers, but also allows for the reset of margins where cost structures have changed. Product development is an investment in the future; therefore, we need to ensure that we maximise the return on that investment. One of the benefits of concentrating growth in international and online sales is the extension of product life cycles, as current product lines can be sold to new consumers through different channels. This means that we can tighten our product development process to bring to market a refined number of higher-quality and more innovative products, complemented by a better-branded and more focused marketing strategy.

During the current year, we have seen a reduction of sales in our key product categories. As Small Domestic Appliances (SDA) includes air fryers, this category was down by 13% (£8.7m). Historically, our most popular products among German supermarkets have been Russell Hobbs branded cookware. The overstocking issues at these supermarkets impacted demand for such products, which led to the 15% (£7.4m) fall in overall Houseware sales. A separate effect of the overstocking issues can be seen in the growth of our small Clearance division, which saw sales increase 269% (£10.6m). As mentioned above, the Clearance division used to be core to the Ultimate Products business. Although in recent years it has been surpassed by our branded offering, it continues to enjoy longstanding partnerships with big brands, helping them manage their end of line and overstocking while still protecting their brands and core distribution.

As retailers and wholesalers have dealt with their overstock issues, there have been greater opportunities to purchase and resell high-quality clearance packages. As these issues resolve, the opportunities for this division will recede, but it will continue to operate as a complementary operational hedge that increases the underlying resilience of the Group.

Our Brands

80% of our revenue now comes from the brands we own, and around 60% comes from our two principal brands, Salter (our scales and kitchen brand) and Beldray (our laundry and floorcare brand). Between them, these two British heritage brands have over 400 years of history and incredible consumer recognition. Over the past year we have refined the development of our portfolio of brands in a more strategic manner. This includes focusing our brand product development on core categories, employing a more brand-led approach to design, and concentrating our efforts on building brand equity, which we use to drive sales volumes.

During the year, we completed a rebrand of Salter and have since begun the rebrand of Beldray. With Salter, the rebrand concentrated on protecting the substantial brand equity that has been built up since 1760, when the brand was established. The rebrand gave us an opportunity to recognise the importance of consistency across Salter's various touch points, made achievable by setting clear and consistent brand guidelines. Through a simplified style guide, and the streamlining of internal processes, we have retained Salter's highly regarded brand identity and used this simplification to strengthen its existing brand equity. With Beldray, consumer perceptions of the brand were less fixed, which has allowed us to be braver and more creative in its rebrand. Beldray is stepping into the limelight with bold colours, a tongue-in-cheek marketing plan and products to make those daily chores quicker... easier... and far less hassle. Both rebrands will lay solid foundations for growing these two brands with consumers, both in the UK and internationally, and in a far more consistent and strategically focused manner, thereby helping to drive topline growth.

Sales at Salter fell 15% (£10.2m) as a result of the reduction in demand for air fryers. Russell Hobbs branded cookware was the most popular product sold into German supermarkets, whose overstocking issues led to a 27% (£4.4m) fall in sales of the Russell Hobbs brand. The level of 'Own label and other' sales increased by 46% (£8.4m) due to the level of clearance sales that were made during the period.

Our Channels

Our three main channels to market are discounters, supermarkets and online. While we have always had a strong presence as a supplier to discounters, over the past ten years we have grown our supermarket (CAGR: 24%) and online channels (CAGR: 41%) using our branded products and operational capabilities.

Chief Executive's review continued

Our proposition to retailers today is clear and compelling: we offer trusted brands, beautiful products, attractive price points, and highly advanced and robust operational capabilities.

Andrew Gossage
Chief Executive Officer

Discounters cleared through their overstocks during FY23, and returned to normal patterns of ordering during FY24, as can be seen from the £44.9m of sales made to discounters in FY24, representing a 1% increase on the prior year. On the other hand, supermarkets (especially those serving European markets) have been slightly behind in terms of clearing their overstocks. Our sales to German supermarkets fell 37% (£6.4m) in the period, as a number of German supermarkets reduced their forward orders. UK supermarket sales returned to growth in the period. While in H1 sales to this channel fell by 5% (£0.7m) as a result of a fall in demand for air fryers, we were pleased to see H2 sales grow by 21% (£3.4m) as more normalised trading resumed. This resulted in FY24 UK supermarket sales increasing 8% to £34.7m.

It is in our online channels where the air fryer comparatives are most pronounced, with sales being down 59% (£4.4m). It is also in our online sales channels where the slowdown in consumer spending has been most visible, with other (non-air fryer) online sales being down 23% in the second half of the year.

Our Territories

The other key pillar to our growth strategy is international sales, accounting for over one third of FY24 revenues (up from under 5% in 2014). Over the past ten years we have been successful using our proven "land-and-expand" approach to build strategic relationships with European retailers, and we believe there continues to be a significant growth opportunity available to us in the sizeable European market (population c.477m). Our European penetration is much lower than in the UK (population: c.67m), where we currently sell c.£1.46 of product per capita. The financial effects of reproducing that level of penetration in Europe would be transformational for our business.

Our land-and-expand strategy was successfully used to grow sales with German supermarkets. Ten years ago, we had £nil sales to the largest German supermarkets. During FY22 and FY23 these sales reached c.£25m. Although sales fell in the current year, these German supermarkets continue to be key strategic retail customers for the Group.

Our Territories

	FY24 £'000	FY23 £'000	Change	%	FY24 %	FY23 %
UK	101,152	115,580	(14,427)	-12%	65%	69%
Europe	52,990	49,645	3,344	7%	34%	30%
ROW	1,355	1,090	265	24%	1%	1%
Total	**155,497**	**166,315**	**(10,818)**	**-6.5%**	**100%**	**100%**

Our Brands

	FY24 £'000	FY23 £'000	Change	%	FY24 %	FY23 %
Salter	56,354	66,599	(10,245)	-15%	36%	40%
Beldray	34,184	35,031	(847)	-2%	22%	21%
Russell Hobbs (licensed)	12,059	16,458	(4,399)	-27%	8%	10%
Progress	5,871	7,425	(1,554)	-21%	4%	4%
Kleeneze	3,188	3,194	(6)	0%	2%	2%
Petra	2,576	3,378	(802)	-24%	2%	2%
Premier Brands	**114,232**	**132,085**	**(17,853)**	**-14%**	**73%**	**79%**
Other proprietorial brands	14,709	16,036	(1,327)	-8%	9%	10%
Own label and other	26,556	18,194	8,362	46%	17%	11%
Total	**155,497**	**166,315**	**(10,818)**	**-6.5%**	**100%**	**100%**

Our Product Categories

	FY24 £'000	FY23 £'000	Change	%	FY24 %	FY23 %
Small Domestic Appliances	58,119	66,813	(8,694)	-13%	37%	40%
Housewares	40,603	48,008	(7,405)	-15%	26%	29%
Laundry	18,630	18,163	467	3%	12%	11%
Audio	15,160	15,545	(386)	-2%	10%	9%
Heating & Cooling	3,028	6,214	(3,186)	-51%	2%	4%
Clearance	14,619	3,959	10,661	269%	9%	2%
Others	5,338	7,612	(2,275)	-30%	3%	5%
Total	**155,497**	**166,315**	**(10,818)**	**-6.5%**	**100%**	**100%**

Our Channels

	FY24 £'000	FY23 £'000	Change	%	FY24 %	FY23 %
Supermarkets	45,409	49,116	(3,707)	-8%	29%	30%
Discount retailers	44,994	44,593	401	1%	29%	27%
Online channels	33,974	41,449	(7,475)	-18%	22%	25%
Multiple-store retailers	19,891	22,178	(2,287)	-10%	13%	13%
Other	11,229	8,979	2,251	25%	7%	5%
Total	**155,497**	**166,315**	**(10,818)**	**-6.5%**	**100%**	**100%**

Chief Executive's review continued

We are cautiously optimistic about the outlook for FY25 given the proven resilience of our business model.

Andrew Gossage
Chief Executive Officer

To capitalise on the potential that Europe offers, in September 2023 we relocated our European showroom to Paris, which has opened opportunities with both French and pan-European retailers. Among the top ten retailers across Europe (combined annual revenues: £600bn), we currently sell to five (based in the UK and Germany). Of the remaining five, four are French supermarkets, which we are now focusing on as part of our land-and-expand strategy. The initial results have been encouraging, with sales in France growing by 78% (£5.3m) year-on-year.

Despite the headwind from German supermarket overstocking, international sales were up by 7% to £54.3m. International sales, excluding German supermarkets, were up 30% (£43.6m), driven by new customers in France following the opening of our European showroom in Paris and through growth with international discounters.

Culture of continuous improvement

Building strategic relationships with our retail partners is a key priority for the Group. Our appealing price point is what initially makes our products attractive, allowing them to earn a margin that is equivalent to own label. However, what drives repeat orders is our unrivalled execution, which builds trust and respect. As well as selling on product and price, our consistency and quality of service also enables us to sell on capability.

Our position in the supply chain makes our business complex; we work with over 500 factories and retailers and deliver over 3,000 types of product to our end consumers. While this means our business model cannot be simple, we consistently and seamlessly navigate the intricacies of both our model and global supply chains to strive to provide an unbeatable level of service for our retail partners. We believe it is our unrivalled execution that makes us a strategic partner to many of the UK and Europe's leading retailers.

While we cannot make our business simple, we can strive to make our business simpler. This enables us to become more focused on the areas where we excel, and which have proven long-term growth potential. This mindset can be summarised as "do less, do it better". At the most rudimentary level, doing less may mean challenging ourselves as to whether individual tasks are necessary, but it encapsulates a laser-focused approach to all that we do. "Do it better" can encompass a range of solutions, such as process change, robotic automation and AI. Over the past year, we have automated hundreds of low-skill, low-reward tasks, ultimately increasing the ability of our workforce to focus on higher value activities. By solving issues with automation, we are able to increase productivity and improve accuracy. This results in a better customer experience, helping to drive sales, with the savings being reinvested in price, quality and marketing spend. This focus on productivity and improving our operational efficiency and capability has seen an increase in gross profit per colleague of 4% to £118k (FY23: £113k).

Shipping

During the year, we have once again seen supply chain disruption. While the disruption in the current year, caused by political tensions related to the Red Sea, is less severe than the crisis in FY22, when rates peaked at $18,000 due to severe availability issues, it led to an increase in shipping costs due to longer shipping routes, with spot rates reaching a peak of $9,000 during the Summer, before falling in the Autumn to around $4,500. Increases in shipping costs, which typically represent 5-10% of our cost of goods sold, potentially impacts our gross margin. However, we are continually taking commercial actions to mitigate the rate increases and historically we have proved highly adept at navigating times of price volatility.

Outlook

Although weak UK consumer sentiment continues to hold back short-term sales in the UK, we are pleased to see growing momentum internationally, with strong demand for our leading homeware brands being driven by European discounters. In addition, we are encouraged by the easing of the current margin headwind to freight rates. Therefore, whilst UK trading remains challenging, we believe that gradually improving consumer sentiment and the significant opportunity in Europe will drive sales growth in the medium term, giving the Board cautious optimism for the year as a whole and hence maintaining its expectations for the current financial year.

Andrew Gossage
Chief Executive Officer

28 October 2024

Chief Financial Officer's review

Investment in productivity **protects profits**

We are proposing maintaining the dividend at 7.38p, reflecting the Board's confidence in the future prospects of the Group.

Chris Dent
Chief Financial Officer

	FY24 £'000	FY23 £'000	Change £'000	Change %
Revenue	**155,497**	**166,315**	**(10,818)**	**-6.5%**
Cost of sales	(115,043)	(123,568)	8,525	-6.9%
Gross profit	**40,454**	**42,747**	**(2,293)**	**-5.4%**
Administrative expenses	(22,432)	(22,534)	102	-0.5%
Adjusted* EBITDA	**18,022**	**20,213**	**(2,191)**	**-11%**
Depreciation & amortisation	(2,191)	(2,260)	69	-3%
Finance expense	(1,381)	(1,132)	(249)	22%
Adjusted* profit before tax	**14,450**	**16,821**	**(2,371)**	**-14%**
Tax expense	(3,820)	(3,560)	(260)	7%
Adjusted* profit after tax	**10,630**	**13,261**	**(2,631)**	**-20%**
Share-based payment expense	(137)	(837)	700	-84%
Tax on adjusting items	34	162	(128)	-79%
Statutory profit after tax	**10,527**	**12,586**	**(2,059)**	**-16%**

* Adjusted measures are before share-based payment expense and non-recurring items.

During the period, Group revenues decreased 6.5% to £155.5m (FY23: £166.3m), with supermarket ordering held back by overstocking, weakened consumer demand for general merchandise, and strong prior year comparatives having been bolstered by the exceptionally strong demand for energy-efficient air fryers in H1 2023.

Chief Financial Officer's review continued

Operating margins

Gross margin remained stable at 26.0% (FY23: 25.7%), as we continued to benefit from low freight rates during the year. Shipping rates began to rise again during the Spring of the current financial year and will impact our gross margin in the first half of FY25. The stable gross margin in FY24 means that gross profit fell by just 5% to £40.5m (FY23: £42.7m).

Administrative expenses remained steady at £22.4m (FY23: £22.5m). During the year, we have continued our focus on continuous improvement to drive productivity. As a result, our wage bill, which makes up 70% of our other administrative expenses, fell 3% to £15.8m (FY23: £16.2m), as our full-time equivalent (FTE) headcount fell 5% to 368. We continue to invest in the long-term growth of the business, increasing our spend on marketing by £0.1m to £1.2m, and through the successful opening of our Paris showroom, which had a one-off cost of around £0.1m.

Despite improved gross margins and reduced overheads, achieved as the business continues to invest in productivity, the 6% fall in revenue has caused EBITDA to fall back to £18.0m (FY23: £20.2m), with a resultant drop in EBITDA margin from 12.2% to 11.6%. Looking forward, the efficiency gains that we have embedded through our continued investment in productivity will help to drive profitability as we return to topline growth.

Adjusted & statutory profit

Depreciation and amortisation decreased marginally by 3% to £2.2m (FY23: £2.3m). The finance charge has increased by 22% to £1.4m (FY23: £1.1m) as several highly beneficial hedging instruments came to an end during the period, meaning that more of the Group's debt is subject to current floating rates, which has offset the result of lower average net debt across the period. Around £0.2m of the charge relates to fixed debt-related costs and imputed interest charges on capitalised lease liabilities.

As a result, adjusted profit before tax decreased 14% to £14.5m (FY23: £16.8m). The tax charge for the period increased by 20% as we saw the impact of a full period of the increased UK corporation tax rate from 19% to 25%. The tax charge for the period at 26.4% (FY23: 21.3%) was higher than the blended statutory rate of 21% due to the higher statutory rate of tax paid on our European foreign branches in Germany and Poland. The impact of the change in tax rates led to a 20% decrease in adjusted profit to £10.6m (FY23: £13.3m) and a 16% decrease in statutory profit after tax to £10.5m (FY23: £12.6m).

Earnings per share

Despite the reduction in our issued share capital of 683,885 shares to 88,628,572 (FY23: 89,312,457), which resulted from our share buy-back programme, the number of shares held in our Employee Benefit Trust has reduced following the successful vesting of employee share options schemes. This has resulted in the weighted average number of shares increasing 0.3% to 86,556,581 (FY23: 86,310,315).

	2024 £'000	EPS	2023 £'000	EPS
Adjusted profit after tax/Adjusted EPS	10,630	12.3	13,261	15.4
Share-based payment expense	(137)	(0.2)	(837)	(1.0)
Tax on adjusting items	34	0.0	162	0.2
Statutory profit after tax/Basic EPS	10,527	12.2	12,586	14.6

As a result, both adjusted profit after tax and adjusted earnings per share decreased by 20%.

Financing and cash flow

The Group generated cash from operating activities of £18.5m (FY23: £24.4m), representing a 103% operating cash conversion (FY23: 121%). This meant that at the period end, the Group had a net bank debt/adjusted EBITDA ratio of 0.6x (FY23: 0.7x), which represents net bank debt of £10.4m (FY23: £14.8m). The Group makes use of term loans for longer-term funding, such as acquisitions, whereas our invoice discounting and import loan facilities are designed to fund our working capital, and automatically increase in relation to our levels of trading. During the year the Group fully repaid the acquisition debt related to the transformational acquisition of Salter in FY21. We continue to hold £37m of debt facilities for the purpose of funding working capital.

	2024 £'000	2023 £'000	Change £'000	Change %
Cash	4,733	5,086		
RCF/Overdraft	(4,791)	(5,004)		
Invoice Discounting	(8,765)	(8,950)		
Import Loans	(1,668)	–		
Term loan	–	(6,000)		
Debt Issue Costs	73	73		
Net bank debt	**(10,418)**	**(14,795)**	**4,377**	**-30%**

Chief Financial Officer's review continued

Capital allocation policy

It is the Board's intention to maintain the net bank debt/adjusted EBITDA ratio at around 1.0x, with the debt being used to fund the Group's working capital. The Board believes that this level of leverage is an efficient use of the Group's balance sheet and allows for further returns of capital to shareholders. It is the Board's intention to continue to invest in the business for growth, whilst returning around 50% of post-tax profits to shareholders through dividends, and to supplement this with share buy-backs, which commenced during the course of the year, pursuant to a policy of maintaining net bank debt at a 1.0x adjusted EBITDA ratio.

In line with our established policy of distributing around 50% of the Group's adjusted profit after tax, the Board is pleased to propose a final dividend of 3.93p per share (FY23: 4.95p per share). In addition, the Board is also proposing to distribute a further 1.0p per share to maintain the total dividend for the year at 7.38p per share (FY23: 7.38p per share), reflecting the Board's confidence in the future prospects of the Group, and the year-end leverage being below the 1.0x adjusted EBITDA ratio required by our Capital Allocation Policy. Subject to shareholder approval at the AGM on 13 December 2024, the final dividend will be paid on 31 January 2025 to shareholders on the register at the close of business on 3 January 2025 (ex-dividend date 2 January 2025).

Chris Dent
Chief Financial Officer

28 October 2024

Business model

A model for growth

What we do...

We **develop brands**

Spotting trends early, being innovative and developing beautiful products is key for providing competitively priced branded ranges that consumers want in their homes.

We **source beautiful products**

Our buying teams source over 3,000 products. To protect our brands and ensure the quality and sustainability of what we source, we have in-house teams of quality assurance professionals.

We **protect our brands**

We are privileged to own a wide portfolio of housewares brands, including Salter, established in 1760, and Beldray, established in 1872. We are passionate that the products we source reflect the prestige of these brands. Through our innovation and marketing, we build and grow awareness of these brands.

We **grow profits**

At the centre of our strategy is our desire to become the leading supplier of quality homeware products with an ambition to be in every home across the UK and Europe.

We **sell to retailers & consumers**

Our UK and European sales teams sell to over 300 retailers in 45 countries. In addition, we have a growing online business with direct-to-consumer offering. Supply channels include bespoke forward orders as FOB or landed, along with a growing direct-from-stock option.

We **distribute globally**

Our supply chain team ensure smooth service for our customers, helping navigate supply chain complexities through our deep and long-lasting relationship with trusted partners. We have developed systems and applications that can manage the complexity of supplying retail and online in a cost-effective and scalable manner.

We **invest in people & productivity**

It is our people that drive our business model, especially our culture of continuous improvement, which provides a world class service to our customers and achieves productivity gains which drives profitability.

Our priorities when pursuing our strategy are:

To generate **repeat** business and through this deliver increased revenue and higher operating margins.

To have a **unique** product offering achieved through innovation and a focus on our brands.

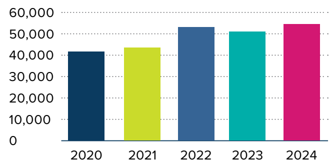
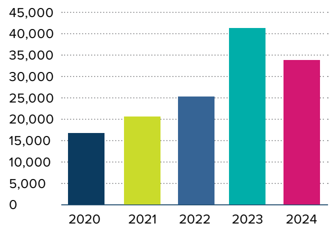
To have best-in-class **execution** in everything that we do.

To be **focused** on our four key growth drivers.

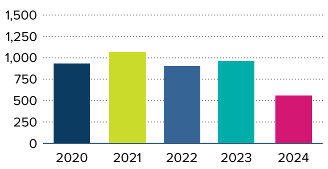
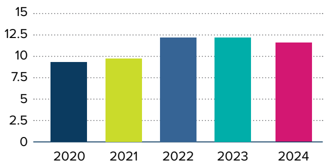
To exercise strong **financial disciplines** in management of operating costs, cash and risk.

Strategic goals

Our purpose is to provide beautiful and more sustainable products for every home, and our strategy is to develop our portfolio of consumer goods brands, led by Salter and Beldray.

Strategy	Goals	Progress	Focus for next year	Performance
Growing our international sales reach	Our product offer of branded general merchandise at mass-market prices is compelling for consumers in other territories, just as much as it is in the UK. Currently, Europe is an important part of Ultimate Products' strategy, and the Group has a number of strong and growing relationships with leading supermarkets and discounters in the region. We currently sell £1.46 of product per head in the UK, in Europe this is only £0.11. If we achieved the same level of penetration with European consumers as we have with UK consumers, our total sales could reach £1bn. Our medium-term goal is to expand our geographical sales reach so that international sales make up 50% of our total revenues.	To capitalise on the potential that Europe offers, in September 2023 we relocated our European showroom to Paris, which has opened opportunities with both French and pan-European retailers. Out of the Top Ten retailers across Europe (Revenues: £600bn), we currently sell to five (based in the UK and Germany). Of the remaining five, four of these are French supermarkets. These are our next targets for our land-and-expand strategy. The initial results have been very encouraging, with sales in France growing by 78% (£5.3m) year-on-year. Despite the headwind in relation to German supermarket overstock, international sales were up by 7% to £54.3m. Excluding German supermarkets, other international sales were up 30% (£43.6m), driven by new customers in France following the opening of our European showroom in Paris, and through growth with international discounters.	Our focus is to grow our presence with European supermarkets. We are an established partner with the largest German supermarket chains, and our focus will be on returning these relationships to growth as overstocking issues subside. The presence of our European showroom in Paris is designed to help us open trade with the largest French supermarket chains. In addition, we will look to grow brand awareness with local consumers by offering our products online using platforms such as Amazon and eBay. This dual approach to growing internationally helps to grow awareness of our brands by being present in both trusted retail outlets, and websites. Finally, we have seen strong growth in FY24 with European discounters, and our focus will be to grow these accounts on a sustainable basis, by increasing our sales of core branded products.	**International sales £'m** 
Expanding our online offering	We have been successful in growing our nascent online business over the past five years. Our objective has been to grow this business to 30% of revenue over the medium to long term, based on the fact that online accounts for over 25% of non-food retail sales in the UK. In addition, we believe that there is further scope for growth via a roll-out across selected international platforms.	In FY23, our online offering grew at an outstanding 64% off the back of the popularity of air fryers. This level of growth was unsustainable, with sales slipping back during the current year by 18% (£7.5m) to £33.9m. Air fryer sales were down 59% (£4.4m). In addition, our online sales channels felt the slowdown in consumer spending during the second half of the year, with non-air fryer online sales being down 23% in the second half of the year. This meant that our level of online sales fells back to 22% of our sales, below the 30% target.	Although sales slipped back in FY24, the CAGR for the past ten years is 40%. Therefore, we see this as a temporary setback following from the high level of growth seen in FY23. We believe that our online offering in Europe has significant room for expansion, and we continue to invest in branding and marketing expenditure on third-party websites, such as Amazon, to increase awareness of our brands. In addition, we continue to invest in our own online platforms (Salter.com, Beldray.com and Homeofbrands.com) and continue to explore selling our products on other online platforms to provide resilience against customer concentration on any one platform.	**Online sales £'000** 

Strategic goals continued

Strategy	Goals	Progress	Focus for next year	Performance
Refining our brand and product development to protect and grow the business	Over the past five years, we have pivoted from being a licence holder to a brand owner, which gives us the responsibility of curating heritage brands. In addition, one of the benefits of concentrating growth in international and online sales is the extension of product life, as current product lines can be sold to new consumers through different channels. This means that we can tighten our product development process to bring a better products to market.	We have continued on our rebranding journey, with the completion of our rebrand of our iconic Salter brand. In addition, we have started the journey of revitalising and creating a new identity for Beldray. During the current year we have introduced 556 new products to market, in line with our aim of bringing 600 products to market. This has allowed us to concentrate our efforts on bringing to market a refined number of higher-quality products, complemented by a better-branded and more focused marketing effort.	During FY25, our key focus will be the rebrand of Beldray. Whilst Beldray has been one of our key brands, our market research has highlighted that there was sometimes a disconnection between the overarching look across our product portfolio that left consumers lacking a cohesive brand experience. During FY25, the new identity of the brand will be rolled out, with a simplified and sharpened brand image that will help build equity that our current branding lacks.	**New products developed** 
Investment in our systems and processes	Our position in the supply chain between manufacturers and demanding retailers brings complexity. Our systems and processes allow us to manage this complexity for our customers. Therefore, a key part of the Group's strategy for developing our business is the automation of as many of our processes and interactions as possible. This will not only enhance customer service and thereby increase sales, but also improve corporate efficiency, reducing costs and increasing profitability.	In the current year, we have made strong progress in terms of automating tasks and using the technology of robotics and AI to drive productivity. Over the year we have automated 681 tasks, saving around 756 hours a week, which in turn creates over £663,000 of cost savings. The KPI which we have used for this strategic goal has been our operating margin, which has slipped from 12.2% to 11.6%. However, this is despite the 6.5% fall in revenue. Overall, we have continued to see the benefits of the our focus on productivity and improving our operational efficiency in the increase in gross profit per colleague of 4% to £118k (FY23: £113k).	We will continue our journey of automation; our focus will be to prioritise the tasks which provide the greatest level of return for the business in terms of people hours saved. However, in FY25, we are also embarking on the replacement of our ERP system which is reaching end of life. Therefore, some of our focus will be on how this system replacement can be successfully implemented whilst improving efficiency.	**Operating margin %** 

Strategy in action: Execution

Q&A

with Andrew Gossage and Simon Showman

During the year Andrew Gossage was appointed as CEO, with Simon Showman transitioning to become Chief Commercial Officer. We discuss their careers to date, and the reasoning behind their change in roles.

Q Simon and Andrew, can you tell us a bit about yourselves and your careers to-date?

A **Simon:** I grew up in Prestwich, a town a few miles north of Manchester, and attended a local Jewish school. Following the sudden death of my father when I was 15, I began working for an auctioneer to support my family. I was initially helping to set up, but was eventually given my own team, after a particularly successful day when I stood in for my then-boss and took double the amount of money forecasted.

This taught me a huge amount about business, including what makes consumers put their hand up to buy something, especially in relation to products for the home, which were the items I was primarily selling. Following my work there, I co-founded Ultimate Products, where I've incorporated many of the learnings from my auctioneering days, including a relentless focus on product, brand, and price.

A **Andrew:** I grew up in Liverpool, where I went to the local state school and became a father at 17, before landing a place to study history at the University of Cambridge. Juggling my studies with early fatherhood was of course difficult, but my then-girlfriend (now-wife) Tracy and I made it work, and today we are delighted to have not only a successful son, Michael, now a solicitor, but also two wonderful grandchildren.

Following university, I trained to become a chartered accountant and my first job in industry was with Mersey Television (now Lime Pictures). I oversaw the sale of the business to All3Media in 2005, and joined Ultimate Products in the same year, initially as Finance Director. In 2014, together with Simon and Barry Franks, I led the management buyout of Ultimate Products using personal money and support from HSBC, at which point I became Managing Director.

Strategy in action: Execution – Q & A continued

It is a huge honour to take on the role of CEO. I look forward to working with Simon with the ambition of making UP the world's best branded consumer goods business.

Andrew Gossage
Chief Executive Officer

Q Simon, what's the story behind the founding of Ultimate Products?

A Simon: After six years of auctioneering, I decided to strike out on my own. Armed with some savings, and the help of my then-girlfriend (now wife) Hayley, I began buying carpet tiles and blinds in bulk from America and selling them to DIY retailers.

During this time, Hayley introduced me to Barry Franks, an experienced local businessman, and in 1997 we became business partners. We soon moved our burgeoning operations into the first floor of Manor Mill, Barry's 120-year-old former cotton-spinning mill in Oldham, thereby marking the official start of Ultimate Products.

Barry's mentorship and support were transformational to our early years. After 18 months together, we'd grown so much that we'd taken over all four floors of Manor Mill (which remains our headquarters to this very day).

It's hard to overstate the positive impact of Barry Franks – who remains a significant shareholder and Life President – on Ultimate Products. Not only did he help the business grow and evolve, but his ethos of 'always do the right thing' still guides us and I hope it always will.

Q Andrew, what attracted you to join Ultimate Products in 2005?

A Andrew: I joined Ultimate Products in 2005 when Lloyds Development Capital (LDC) acquired a 46% stake. This was shortly after I left Mersey Television, where LDC had been an investor prior to its sale to All3Media.

Back then, I'd describe Ultimate Products as a rough diamond. It had tremendous energy, and the huge potential was abundantly clear, but it was still very much in start-up phase. It needed to professionalise, and that's where I thought I could make a difference. When I joined, I implemented robust systems, improved how we managed stakeholders, undertook efficiency programmes and introduced our Graduate Scheme, which today is one of the biggest in the North West.

Q How important was the transition to becoming a fully-fledged Home of Brands?

A Andrew: Focusing on our brands is one of the most important decisions we have made. We chose this route at the end of 2013, and it's been critical to our success. Mass market, value-led, consumer goods brands for the home are an appealing proposition, to both retailers and consumers, and our commitment to owning such assets has helped us to increase the size and frequency of retailer orders.

This repeatability enables us to negotiate lower prices from our manufacturing suppliers, extend supplier credit terms and lower the levels of supplier deposits, which, with the operational efficiencies inherent in higher volumes, has benefitted our profits, half of which we distribute to shareholders as dividends.

Simply put, by building brand equity we, in turn, generate shareholder equity. This strategy has worked incredibly well, and today we are as committed as ever to providing beautiful products for every home, driven by the brands we own, particularly Salter and Beldray.

Q And how is the business currently evolving?

A Andrew: Ten years ago, we moved from a sourcing model, selling on product and price, to a branded model, selling on brand, product and price. Now we are evolving again to sell on capability, brand, product and price. We have some tremendous brands – in particular Salter and Beldray, which account for 60% of our revenues – and these are underpinned by our formidable operational capability, refined over several decades of international trading. We now want to align ourselves with our retailers' individual strategies and be a key strategic partner to them, during a period when the world is more complex and unpredictable than at any time in recent memory.

Q UP is 27 years old, and you've been working together for 20 years now. What achievements are you most proud of in that time?

A Simon: There are many, but the one that stands out to me is our IPO in March 2017. We were backed by a range of high-profile asset management firms. The flotation also enabled us to welcome new shareholders to the register and continue on our journey of growth and development. Admission to the London Stock Exchange was something I could never have

Strategy in action: Execution – Q & A continued

expected when we set up shop on the first floor of Manor Mill. To be listed alongside so many other strong global businesses really brought home all that we had achieved.

Q **Simon, why did you decide to pass the baton on to Andrew as CEO earlier this year?**

A **Simon:** Andrew and I have been working together for nearly two decades now. Like Barry, the contribution that Andrew has made to Ultimate Products has been nothing short of transformational. His skills and my own are entirely complementary. While I count myself, and Barry, as traders at heart, Andrew is a laser-focused operator, and has laid the foundations that enabled us to grow and scale.

My passion has always been sitting in front of customers and working closely with our buying and sales teams to drive the business forward. With this role change, I'll be able to commit even more of my time to selling our capabilities into retailers, particularly at a senior executive level. I'll also be able to initiate and widen key retailer relationships in Europe, where we see enormous potential for growth.

While doing that, I know the business will be safe under the very capable and experienced leadership of Andrew. We're very fortunate to have someone like Andrew at the helm.

Q **Andrew, how are you finding the role of CEO and what are your main priorities?**

A **Andrew:** Day-to-day it's fairly similar. Simon and I have run the business together for nearly two decades now and will continue to do so going forward. That being said, the title does undoubtedly help when it comes to stressing our strategic goals. My main priorities are to ensure maximum focus on our brands, particularly Salter and Beldray, and to support the push into the sizeable European market.

Q **What does the future look like for the business?**

A **Andrew:** We're hugely optimistic about the future of Ultimate Products. We believe that we really are the very best at what we do, with some best-in-class brands and a truly global market to go after. The total addressable market is the 1.5bn kitchens across the world, and in the long run, there's no reason we can't meaningfully target a large portion of these.

The first stop on that mission is mainland Europe, where we recently opened our hugely impressive Paris showroom, which has already been the location for many productive meetings with some of Europe's largest supermarkets and discounters.

We're also very excited about our investment in AI and robotics, which is driving productivity by automating tasks. Although it is relatively early days, we are already seeing positive results that support our operating margin. Over the past year, we have automated 681 tasks, saving approximately 756 hours each week, which translates into cost savings of £663,000. We're continuing to progress our efforts here and I've no doubt that the programme will generate further savings in the coming years.

Q **How would you describe the culture and ethos of the business?**

A **Simon:** Our people make this business and I, along with Andrew and Barry, have always been focused on sharing our successes with them, many of whom are shareholders alongside us. Our people work incredibly hard because they're looked after, get promoted and can see a bright future as part of Ultimate Products. This is reflected in our culture, which is dynamic, enthusiastic, and brimming with optimism. It's a delight to see.

A **Andrew:** To add to Simon's comments, which I wholeheartedly agree with, I'd also say that ours is a deliberately bottom-up culture of continuous improvement, designed to meet the inevitable complexity of supplying national and multinational retailers.

One example of this in action is our robotics and AI programme. Here, various teams present us with challenges, which our process development team then addresses using advanced technology. This demand-driven approach allows us to focus on resolving the tasks that create the most friction within our business. By automating these processes, we not only solve critical issues but also foster a more engaged workforce.

Our unique, innovative, and highly motivated culture has been largely shaped by our graduate development scheme. This scheme is central to our employee strategy and draws inspiration from professional service firms, although it is quite uncommon in our industry. To truly appreciate it, you need to experience it firsthand!

Strategy in action: Beldray rebrand

Between us, **we’ve got this**

2024 marks a new beginning for Beldray, and the chance to be braver, be brighter and be a lot more fun. Beldray is stepping into the limelight with bold colours, a tongue-in-cheek marketing plan and products to make those daily chores quicker… easier… and far less hassle.

Tracy Carroll
Brand Director

There were many different considerations when deciding to rebrand Beldray, but every approach led us to the same conclusion; this heritage brand has so much more to give!

We kicked off the project by turning to our consumer. The market research we carried out clearly showed a love amongst consumers for Beldray products, with key purchase-drivers being the product features, performance and product quality. Yet, it also highlighted that there was sometimes a disconnection between the overarching look across our product portfolio that left consumers lacking a cohesive brand experience.

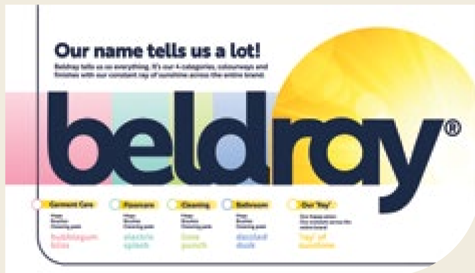
This gave us a real sense of opportunity; if we were to build on the existing product portfolio, performance and quality but develop a new, clear brand identity, we can really drive the brand forward even further.

Alongside consumer research, we were led by a desire to unify our existing touch points including packaging, online, and marketing. We recognised that we could simplify and sharpen our brand image and create a new strong brand strategy to really resonate with consumers and build equity that our current branding lacks.

We also recognised that much of the cleaning electrical, household and laundry products in the market had become rather clinical and masculine and felt that there was a potential gap for Beldray to fill.

The new branding takes some risks and breaks the mould a little, featuring bright colours and a bold look to bring some fun to everyday chores. While some love cleaning, many do not, so we wanted to ensure we were attracting consumers to a fun and brighter way of viewing their weekly to-do list. We also recognised that everyone is busy and that cleaning the home can consume precious hours, so again chose to really play into this with our efficient products and ease-of-use messaging.

The colour strategy was designed to bring joy back into the household, with four vibrant and fun colours chosen, underwritten by a consistent use of bright yellow – the brand’s Beld-”ray” of sunshine. The four colours demarcate the product categories, giving a clear identity to each division, while still providing an overall style guide that brings cohesion to the brand.



Strategy in action: Beldray Rebrand continued

The new guide also introduces our Beldray pets – “Belle” the cat and “Ray” the dog, two new faces to spot across Beldray packaging and wider touch points!

Wanting to go much further than just a new look, we have delved deeper to solidify a full brand strategy that put the consumer at the forefront of every decision, including the implementation of new brand values, mission statement and vision.

As part of the rebrand, we have carefully considered our messaging, with a focus on earning the trust of the everyday consumer and emphasising that Beldray understands how they feel.

The new tagline, “Between us, we’ve got this”, encompasses this shared experience with the consumer and highlights a sense of togetherness. Beldray recognises that a problem shared is a problem halved and that it is here to halve it with its consumers – whether that be mopping the kitchen floors after a messy dog walk, or keeping windows fingerprint-free. Beldray products make the chaos of daily life easier for everyone.

The tagline also acknowledges that cleaning tasks can be a chore, but with added value from Beldray, you can take your to-do list from aspirational to achievable. Whether it’s speed, efficiency, ease-of-use or improved results, we are committed to developing quality products that add value to our consumers’ daily routine. This is something we allude to across our product packaging and all touch points.

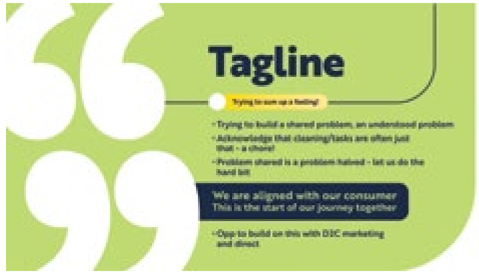
A refreshed Beldray logo further signifies the new brand values, offering a softer look to align with the new approachable and dependable brand personality.

Beldray est 1872

beldray® Est.1872

We want to encourage our consumers to laugh at the chaos of everyday life, something that we will instil through our marketing activations and wider touch points. We really feel that humour is undervalued and that by adding this, we can show our consumers that we are on their side and encourage them to laugh at the craziness and chaos, rather than feeling overwhelmed.

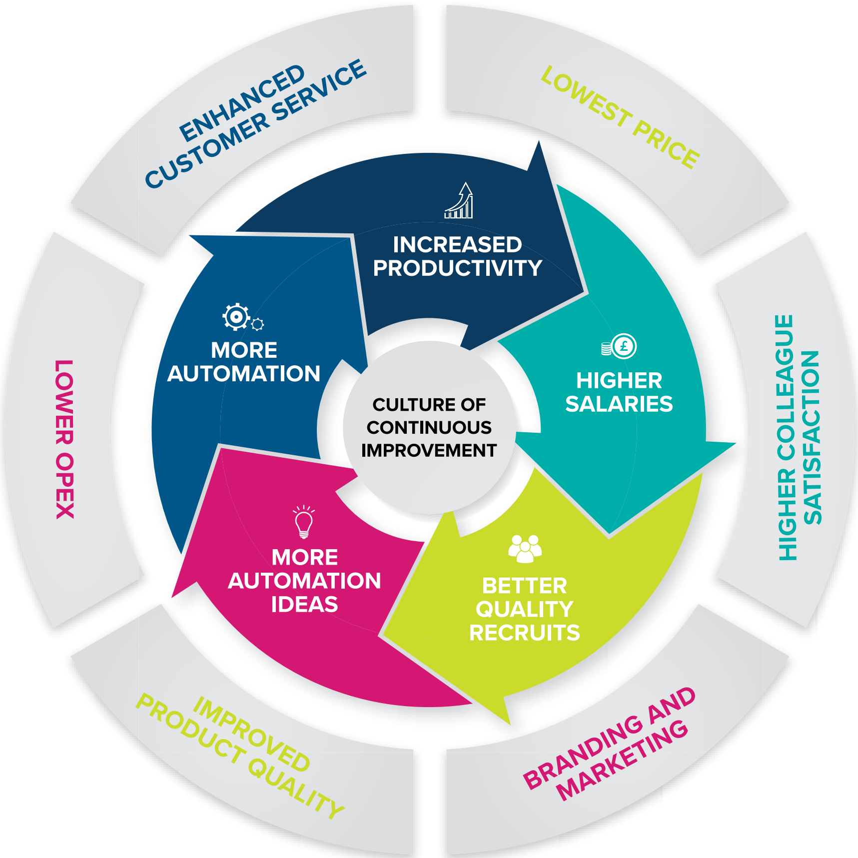
Following a sneak peek in Summer 2024, providing the industry with the chance to see behind the scenes of the new brand identity, the new packaging will hit stores in 2025. We really feel that the new packaging will brighten the in-store experience for shoppers and offering a clear and coherent brand identity that takes them from aisle to aisle.



Strategy in action: Culture of continuous improvement

Over the past year our people generated RPA improvements, have helped save 756 hours a week, which in turn creates over £663,000 for the business, driving our productivity.

Andrew Gossage
Chief Executive Officer



Our retail customers are initially attracted by our appealing price point, allowing them to earn a margin that is equivalent to their own label. What generates repeat orders is our unrivalled execution, which builds trust and respect. Key to our execution is making what we do as simple as possible. Our ability to grow sales is directly linked to consistently providing the best service to our retail partners. We have, therefore, been relentless in developing our systems and, in recent years, have established a strong company focus on operational simplification.

Our position in the supply chain makes our business complex. While the level of service that we offer means our business model cannot be simple, we consistently and seamlessly navigate the intricacies of our model to guarantee an unbeatable level of service for our retail partners. Our unrivalled execution, combined with our beautiful, more sustainable products, make us a strategic partner of choice to many of the UK and Europe's leading retailers.

Our diverse operations increase the robustness of our business model. Dealing with a large number of factories, and continuing to seek to reduce our exposure to suppliers in China, both offer further security, which in turn provide safeguards in the face of supply chain volatility and quality control issues. Consciously choosing to deal with a wide range of different customers also protects us from the impact of fluctuating demand levels caused by overstocking and the cyclical decisions of retailers (e.g. turning towards own-label). The breadth of our offering avoids any overreliance on any given product line, allowing us to maintain flexibility and an ability to adapt to an ever-changing landscape.

We want to build strategic relationships with our retail partners.

Andrew Gossage
Chief Executive Officer

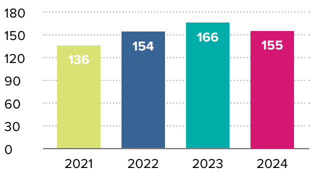
In short, our complexity is a significant barrier to entry, increases the resilience of the business and allows us to avoid overreliance on any given supplier, customer or product.

Whilst we cannot make our business simple, we can strive to make our business simpler. There is a balance to be struck between complexity (which affords us resilience) and a focus on simplicity. Indeed, simplicity enables us to become more focused on the areas where we excel, and which have proven long-term growth potential.

This mindset can be summarised as "do less, do it better". At the most rudimentary level, doing less may mean challenging ourselves as to whether individual tasks are necessary, but really it encapsulates a laser-focused approach to all that we do. "Do it better" can encompass a range of solutions, which includes process change, robotic process automation (RPA) and AI. Over the past year, we have automated hundreds of low-skill, low-reward tasks, ultimately increasing the ability of our workforce to focus on higher value activities. By solving issues with automation, we are able to increase productivity and improve accuracy. This results in enhanced operating margins, an even better customer experience, and a more engaged workforce.

Key performance indicators

Revenue £m



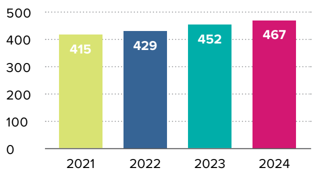
Change:

-7%

Description:
The revenue in the period.

Performance:
Revenues decreased 6.5% with supermarket ordering held back by overstocking, weakened consumer demand for general merchandise, and strong prior year comparatives having been bolstered by the exceptionally strong demand for energy efficient air fryers in H1 2023.

Sales per head £’000



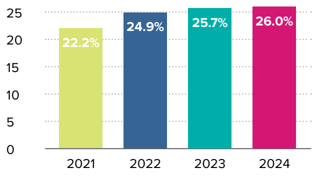
Change:

+3%

Description:
Revenue for the period divided by the average number of employees and relevant temporary staff in the period.

Performance:
Sales per head has increased by 3% despite a fall in sales. This increase in productivity highlights our commitment to continuous improvement, as we have continued to invest in our robotics automation programme which both increases operational leverage, but also enhances customer experience.

Gross margin %



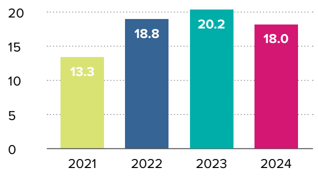
Change:

+1%

Description:
Gross profit for the period divided by revenue for the period.

Performance:
GM% has risen marginally in the year to 26%, supported by low shipping rates which existed throughout FY24, with the increases in freight rates caused by Red Sea disruptions being felt during FY25.

Adjusted EBITDA £m



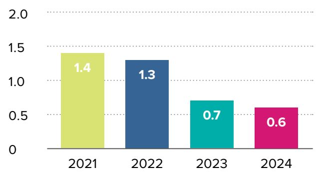
Change:

-11%

Description:
Earnings before interest, tax, depreciation and amortisation, excluding charges for share-based payments and other non-underlying charges.

Performance:
Although GM% rose slightly and Operating expenses were flat, EBITDA fell by 11% due to the 6.5% fall in revenue during the period. As a consequence, EBITDA margin has slipped from 12.2% to a still healthy 11.6%.

Gearing ratio



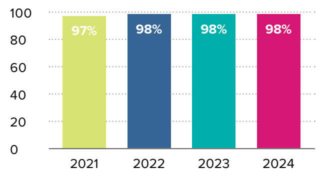
Change:

-14%

Description:
Net bank debt at the end of the period divided by underlying EBITDA for the period.

Performance:
Gearing ratio has decreased from 0.7x to 0.6x through careful management of working capital. During the period, the Group introduced a new Capital Allocation Policy which aims for our Gearing ratio to be around 1.0x adjusted EBITDA.

On time delivery %



Change:

+0%

Description:
Number of orders from retailers delivered on time in the period divided by the total number of orders delivered to retailers in the period.

Performance:
Our delivery performance to our retail customers has remained high during the period, showing our commitment to excellent customer service. Our aim to return to the 99% we achieved in 2021 has been hampered by the delays caused by the Red Sea disruption.

Environmental, Social and Governance Report

ESG is at the heart of everything we do

Our unique culture continues to be the driving force behind our ESG work. Ensuring people, productivity, sustainability and corporate strategy are aligned to achieve our long-term aspirations.

Craig Holden
Operations & HR Director

Introduction

For the past two years we have been working hard to embed ESG into all areas of business, to educate our supply partners on the need for change and continue to drive through the positive changes we have committed to within our ESG strategy, whether it be for our people, our community or the environment. Although FY24 has been a challenging year for the business overall, this hasn't deterred the Company from making steady progress towards our aims and targets whilst maintaining focus on increased productivity that is aligned to our overall corporate strategy. In addition, we have continually looked to improve and refine the environmental data we are capturing within our operations and wider supply chain, to ensure we can correctly measure our environmental impact and, therefore, know where best to focus our efforts.

We are confident that ESG is now embedded within our culture and the foundations have been set to see continuous improvement as we progress along our ESG journey.

This journey of embedding ESG within our culture has been led over the last two years by Jill Easterbrook. She stepped down post year -end, and I would like to thank her for the inspirational leadership that has inspired our people, and also welcome our new chair, José Carlos González-Hurtado.

An update on the great work completed on our journey this year against our non-financial targets is detailed further in this report. However, for more detailed information on our ESG strategy, you can find the strategy document on our website at https://www.upplc.com/investor-relations/.

Environmental, Social and Governance Report continued

Our ESG management structure

Our ESG Committee, with oversight from the Main Board, is responsible for keeping the Company on course to achieve the strategic aims and targets set and maintain governance oversight of material ESG issues, along with consideration of stakeholder feedback and external market conditions. A diagram demonstrating how ESG is managed within the Company is detailed below.

This year, the ESG Committee has completed a review of the ESG management, the Company's ESG targets, ambitions and focus areas to determine whether they remain relevant or if refinement is required.

Overall, the Committee believes the current focus areas and non-financial targets are relevant to our values, purpose, business model and principal risks and should continue for the next financial year, as good progress continues to be made (see table on the next page).

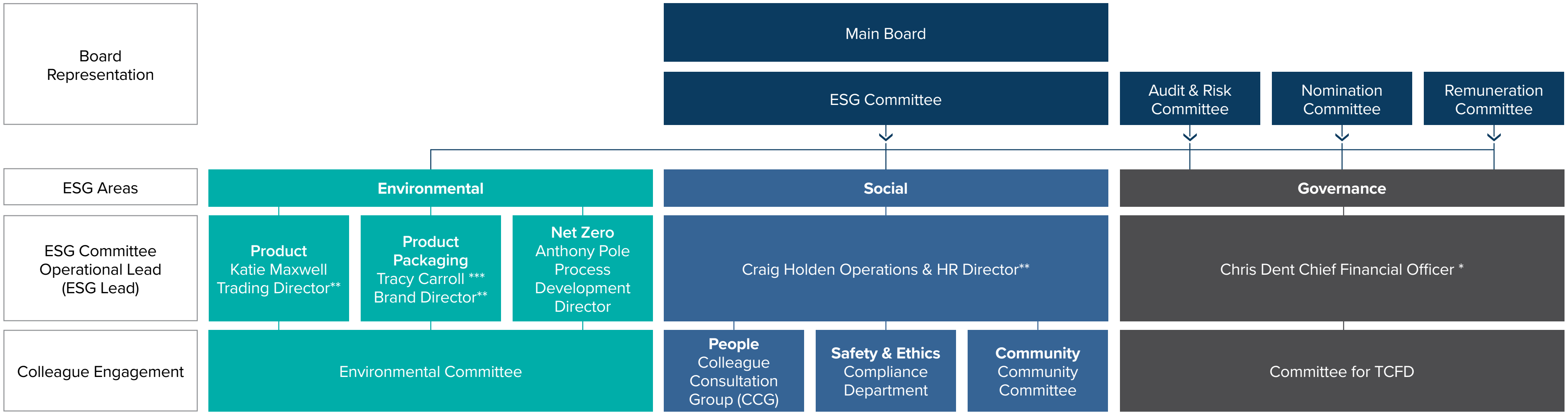
However, as the Company has already successfully achieved some targets, the Committee is finalising new stretch targets for our next financial year, which will be communicated to stakeholders in due course.

An assessment of our ESG Committee structure was completed and determined fit for purpose. It was identified that as product packaging is a key aspect of our environmental focus and new regulations (Extended Producer Responsibility or EPR) are due to be implemented in the next few years, Tracy Carroll, Brand Director and Operating Board member was appointed as senior representative (ESG Lead) of this key area and joined the ESG Committee this year.

Our colleague committees continue to add value through idea generation and implementation of key actions within our day-to-day operations.

This year, our newly formed Compliance Department took over responsibility for operational and ESG-related work relating to factory ethical auditing, health and safety and modern slavery.

Key members of the Senior Management Team (including the ESG leads) are now targeted (and therefore rewarded) in ESG-related focus areas via the company long-term incentive plan (LTIP). Areas such as product or packaging improvements, supplier suitability, Net zero aspirations and colleague personal development have been set as personal objective to achieve this financial year, helping to drive change and align the work with our corporate strategy.



* Executive and Main Board Member ** Operating Board Member *** New to the structure this year

Environmental, Social and Governance Report continued

Reviewing our materiality and contribution to UN Sustainability Goals

The Company has completed its annual materiality assessment (using the SASB Materiality Map) which identified a top ten list of issues within the Company's business model perceived as having the largest negative impact. These issues were overlayed with what are seen as areas of the biggest opportunity for positive change, creating a top five detailed below.

Top 5 Materiality Risk	Current relevance
1 The energy/CO_2 consumption in our operations and wider supply chain	• Part of our Net Zero aspirations • We still have a large supply chain operation to serve our customers that generates high CO_2 consumption. • Increased requirement from our retail customers in order to serve and as part of shared goals
2 Product packaging	• Requirement of our purpose and values • Relevant to new regulation (EPR)
3 Product life cycle and design	• Requirement of our purpose and values • Requirement from our retail customers in order to serve
4 Product quality	• Relevant to our branding aspirations • Requirement from our retail customer in order to serve. • Requirement to manage financial costs
5 Workforce diversity and inclusion	• Requirement for legal and regulatory reasons • Some gender and ethnicity balancing still required within our wider headcount.

The Company also assessed which of the United Nations 17 Sustainable Development goals were relevant to the business and which our actions could directly and positively contribute towards. The review confirmed the top five materiality concerns (as shown below) and UN SDGs are still relevant and remain aligned to our strategy, therefore no changes are needed this financial year.

We care about...

Our People

- Diversity, inclusion and gender balance
- Training and development
- Colleague engagement and well-being
- Providing a safe and great place to work for all
- Ethical practices in our operations and supply base

For more information: see pages 29–31

Our Community

- Supporting vulnerable people and local youth
- Providing local employment and access to education

For more information: see pages 32–33

The Environment

- Product packaging, product quality and life span
- CO_2 and energy consumption in our operations, supplier base and logistic partners
- Effective carbon reporting

For more information: see pages 34–38

Working on shared goals with our customers

We support our retail customers by aligning our ESG work and targets to provide a transparent and best in class service whilst enhancing our reputation and competitive position. A representative of our ESG Committee attends key retail customer meetings to present our ESG strategy, share environmental data, discuss mutual opportunities and gain feedback, enhancing our service and sense of shared partnership.

The United Nations Sustainability Goals we are contributing towards

Environmental, Social and Governance Report continued

Non-financial KPIs and targets

In support of our commitments, we measure a range of non-financial KPIs, as set out in the table below, that aim to address our material ESG issues that are linked to our key stakeholders (noted on page 42–43), support our retail customers through greater alignment to their ambitions and remain aligned to our business model and principal risks. Our target dates have been set within an initial 5–10-year period, which is stretching but achievable, and allows flexibility to adapt as our business grows, evolves and market conditions alter.

KPIs | **Progress** | **Aligned to Company Values (Page 1)**

Environmental

Aim: To Provide Beautiful and More Sustainable Products

Product Packaging

Plastic
- Reduce plastic packaging by 50% and maintain by 2025
- 100% of remaining plastic packaging to be recyclable or reusable by 2025

Paper
- 100% of card and paper product packaging to be FSC-certified by 2027
- 100% of cardboard and paper product packaging to be 100% recyclable by 2025
- Remove/reduce lamination on paper product packaging by 2025

Product Quality
- To maintain an average Amazon rating of 4.2 or above for all live products

Materials
- 100% of wooden products/components to be FSC-certified by 2027

Life span & End of Life
- To increase the number of SKUs with spare/replacement parts available for purchase
- To provide consumer education through an increase in use of QR codes for easy access to product care information, video guides and advice on responsible waste disposal
- To maintain a rate of below 5% for returns that go to WEEE waste or scrap

The above targets apply to all products under the Group's brands only.

Progress key

Achieved On track Requires monitoring

Our Values key:

We are passionate about product | We always strive to do the right thing | We love our brands | We invest in our people | We care about our community | We go the extra mile for our customers | We care about the environment

Environmental, Social and Governance Report continued

KPIs	Progress	Aligned to Company Values (Page 1)
Environmental		
Aim: To Have Net Zero Carbon Emissions from Manufacturing to Delivery		
• Net Zero for Scope 1 & 2 by 2040		
• Net Zero for Scope 3 by 2050		

KPIs	Progress	Aligned to Company Values (Page 1)
Social		
Aim: To Ensure Safe Places to Work		
• 100% Suppliers Audited by 2025		
• 0 H&S Reported Incidents on the Group's sites		
• 0 Modern Slavery & Bribery reports within the Group and wider supply chain		

KPIs	Progress	Aligned to Company Values (Page 1)
Social		
Aim: To be a Great Place to Work for All		
• 90% Great Place to Work score on engagement survey by 2025		
• Gender balance in Leadership roles by 2030		
• Maintain gender pay median at 5% differential		
• 40% of Board representation (Op or Main) to be female by 2025		
• 20% of the UK workforce to be from ethnic minorities by 2030		
• An average of 40 training and development hours per person per year by 2030		

KPIs	Progress	Aligned to Company Values (Page 1)
Social		
Aim: To Support our Local Communities		
• Provide £150k of charity support & fundraising by 2035		
• 60% of UK workforce to live locally 2030		

Progress key

Achieved On track Requires monitoring

Our Values key:

We are passionate about product · We always strive to do the right thing · We love our brands · We invest in our people · We care about our community · We go the extra mile for our customers · We care about the environment

Environmental, Social and Governance Report continued

We care about... our people

Our focus areas

- Diversity & inclusion
- Colleague engagement
- Training & development
- Women in leadership
- Colleague well-being
- Fair pay
- Ethical supplier base
- Modern slavery
- Safe working environments

Much of UP's success relates to our talented people and providing them with opportunities, an environment that is a great place to work for all and a culture of continuous improvement (as further detailed on page 22 of this report) through training, development, and the use of technology to support them within their chosen careers.

As such, our targets and focus areas on our people are based around diversity and inclusion, people productivity through training and development, offering exceptional working conditions, colleague well-being and fairness for all.

Highlights

- Women in board level roles target achieved with the appointment of Tracy Carroll to Operating Board
- Career development and leadership pipeline further increases through continued job promotions and investment in a diverse range of leadership training topics
- Implementation of new systems, procedures and competent partners to ensure our operations and factory base remain safe, compliant and a great place to work

Environmental, Social and Governance Report continued

Our progress so far:

	Great Place to Work	Gender in Leadership Roles*	Gender Pay Median	Women in Board Roles	Ethnic Minority Representation
Target	90%	50%/50% F/M	5%+/-	40%	20%
2024	**82%**	**40%/60%**	**0%**	**43%**	**17%**
2023	84%	43%/57%	1.12%	31%	17%
Baseline	82%	31%/69%	0.54%	15%	17%

	Training time per person per year	Factories Ethically Audited	Modern Slavery & Corruption Reports	Health & Safety Reportable Incidents
Target	40 hours	100%	0	0
2024	**21**	**98%**	**0**	**1**
2023	15	95%	0	0
Baseline	10	87%	0	0

* Leadership roles are defined as Supervisor, Manager, Head of Dept, Director or Main Board Director.

Group FTE headcount and gender split as of 31.07.24

	Male	Female
Main Board	7	2
Operating Board	2	4
Group (UK/Europe/FE) Colleagues Including those on maternity leave	167	148
Total	**176**	**154**
Group Headcount Gender Split as a Percentage	53%	47%
Total Headcount	**330**	
Part Time Colleagues	6	9

Developing our Talented People = Even More Productivity!

Ultimate Products prides itself on being a talent business that offers continuous improvement to its colleagues through a multitude of opportunities across all areas of the business. The Company continues to invest in technology through its robotics initiative to achieve our strategic goals resulting in the automation of hundreds of low skills, low reward tasks, therefore saving time and increasing the capacity of our workforce to focus on more high pay-off activities. In conjunction with this initiative, this year we have increased our hours spent training our colleagues and focusing that time on upskilling each person to add greater value to the roles in which they are undertaking and ensuring they can effectively continue their careers whilst meeting the evolving operational needs of the business. Upskilling sessions have covered areas such as negotiation, presentation, project management, critical thinking and problem solving as standard. As such, our average formal training time per person has increased from 15 hours to 21 this year. Next year, to continue our progress, we intend to implement a similar upskilling programme for our Far Eastern colleagues and our Distribution Centre. Our aim next year is to also increase our digital portfolio of training sessions to reach 100 from 60.

Leadership Development for Growth & Succession Planning

We have increased the level of investment across all levels of our leadership development roadmap with operational growth and future succession planning in mind. In particular, we have focused on those colleagues who are members of the Leadership Development Programme (Supervisors and above). Bespoke training has been delivered to these current and future leaders on a range of topics including Emotional Intelligence, Effective Communication, Motivating High Performing Teams, and Driving Productivity Through Accountability. These topics have equipped colleagues with the essential skills required to manage medium-to-large teams in a fast-paced and rapidly evolving work environment whilst helping to prepare them for more senior leadership responsibilities in the future.

Career Development Programmes and Structured Feedback

There has and will be significant focus placed on providing structured career development programs to facilitate greater career progression for our colleagues from junior to senior management positions. The programs offer a roadmap that makes clear expectations in performance and behaviours at each career role. This has aided both the management and colleagues to understand and set expectations around career development and create a standardisation of appraising people and setting career objectives across multiple divisions. The commercial teams (buying, sales and e-commerce) will be the first departments to have these new programs implemented, followed by the supply chain and brand teams later in the financial year.

Our continued commitment to fair pay has seen all of our permanent UK roles starting at £12.04 per hour (or above), this currently being above National Living Wage of £11.44 per hour.

Environmental, Social and Governance Report continued

Colleague engagement to drive continuous improvement in our great place to work

A continuation of positive scores is being seen on our "great place to work" target of continually being above 80% (8/10), particularly as engagement at 98% this year is also a record high. The company continues to listen to its workforce and take positive action to ensure Ultimate Products is a great place to work by:

- continued capital expenditure investment in working environments for office, Far East and DC colleagues such as new hardware, plant, and equipment to streamline working practices for productivity and job satisfaction purposes.
- significant investments in learning and development opportunities including leadership and upskilling.
- significant investment in automation which is streamlining workloads and helping jobs become more interesting and challenging.

Over the course of next year, the Colleague Consultation Group (CCG) intends to complete a full review of UK and Far Eastern benefits in order to further refine and improve our wider employee value proposition as our growing workforce continues to evolve.

Our ethical auditing team plays a key part in auditing our supplier base and the compliance team themselves continue to annually audit our procedures around modern slavery and workforce safety across our own operations and wider supply chain. The Company continues to have effective and robust procedures within its own operations around health & safety including annual audits and continued corrective action plans that continue to keep health and safety incidents onsite to the lowest possible levels. Ongoing improvements continue to be made to our independent whistleblowing hotline, our supplier manuals, and our ethical team to ensure we can meet the growing expectations in this area. Next year we intend to become a "Stronger Together" business partner to further enhance our safety procedures and align ourselves with our retail customers who are already "Stronger Together" business partners.

Diversity and inclusion

To offer a great place to work for all, we believe there needs to be consideration for both gender and ethnicity to create a fair, diverse, and inclusive workforce.

This year, the appointment of Tracy Carroll has helped us reach our target of female board representation a year early. Consideration will be made by the Board in FY25 as to whether to adapt this target for future years. Although general female leadership has slightly dropped this year, the future female leadership pipeline beneath supervisor level is currently proportioned 65% female versus male 35%. In the medium term this is likely to aid our ambitions for gender balance in our future leadership team.

We continue to successfully manage our gender pay median within our target threshold through fairness in our annual salary reviews, graduate development scheme and DC pay structure whereby remuneration is based purely on the job role and/or length of service. Under our recruit local initiative, the Company has refocused its recruitment and engagement efforts on targeting key areas of our local community in search of more hidden talent. As our head office and main distribution centre are based in Oldham, a town which has a large population from ethnic minorities, we intend to tap into this talent pool and increase both our ethnicity and recruit local performance over the coming years. We intend to increase engagement next year within our local ethnic minority community through supporting key events and holding our own onsite recruitment events, specifically for the people of Oldham.

Environmental, Social and Governance Report continued

We care about... our community

Our focus areas

- Support vulnerable people through local charities and initiatives
- Support local job opportunities
- Support local youth to gain access to education, further training, and employment

Our community work is integral to our core values and will continue as a focus going forward as we always strive to do the right thing in our local community. There are clear needs in our community around employment, providing opportunities for local youth and supporting vulnerable people: to ensure we have the greatest impact, we shall continue to focus on these areas as our core community support pillars and they will be at the heart of what we do.

Beth Williamson
Community Committee Chair

Highlights

- Community Committee achieves record target of fundraising through multiple fund raising events
- Launch of the UP-Lift Programme to support vulnerable young women to achieve employment
- Our continued commitment to offering local employment sees increases in the office and Distribution Centre through strengthened local partnerships

Our progress so far:

	Community Support & Fundraising	UK Workforce to Live Locally*
Target	£150k	60%
2024	**£94,085**	**58%**
2023	£68,395	52%
Baseline	£9,585	47%

* Our recruit local has been updated this year and is now based on all postcodes (excluding M1 & M4) within a 6-mile radius of our UK head office site, Manor Mill.

Environmental, Social and Governance Report continued

Our Company charity

Each year we have a dedicated charity which is selected from colleague suggestions. This year's charity is Keeping Our Girls Safe (KOGS), based close to our UK head office, that supports young people who have been exploited to educate about unhealthy relationships, child sexual exploitation (CSE), grooming and risks. Over the past year the Community Committee has continued organising multiple fundraising events including bake-offs, raffles, our men's football team participating in the Business Fives football tournament, and over 60 colleagues took part in the Manchester 10k run. In total we have raised £16,597 for KOGS this financial year. Next year our big focus with KOGS will be to use our paid volunteering days to develop the charity in multiple business-related ways. Our marketing team will help develop their social media exposure, our HR team is updating employment and health and safety documentation and our Process Development team are looking to streamline their administration through automation. We believe that with the skills and experience we have within our teams, we can provide support to all aspects of the business side of the charity to help it grow further.

UP-Lift programme

This year the UP-Lift Programme has been developed in partnership with KOGS with the aim to support young women in gaining work experience at UP to develop their skills and build confidence in a workplace environment. Each young women will gain important experience in CV writing, interviewing, exposure to work across various departments and completing external training and recognised work qualifications. The programme is for an initial two-year period and the aim is to encourage other local businesses to provide similar opportunities to all young women KOGS support.

Our wider community work

We have continued to support fundraising events that focus on supporting the local youth within our local community to ensure they are provided with opportunities. Events such as the Maggie's Ball, the Kingfisher Ball, the British Education Awards and the Mayor's Ball have all benefitted from our support. As the cost-of-living crisis has struck our community hard, the Community Committee has played an active part in reaching out those in emergency situations by inviting multiple local charities and initiatives to collect product stock donations to support the elderly, ethnic minorities and young people. We have been able to provide a substantial amount of donations to groups including Oldham Family Hubs, Action Together, SAWN, UKeff, Oldham Guides, Chadderton Together, REEL CIC and Westwood Women's Association. These donations have a small impact on the Company but make a huge difference to the charities/initiatives and even more of an impact on those in need.

Our colleagues were proud to win the Community Engagement Award at the Oldham Business Awards 2023, recognising the continued excellent work our colleagues continue to offer every year.

Providing job opportunities locally

Offering job opportunities to our local community to has been something we firmly believe in, especially as the business continues to expand. Keeping employment local positively boosts the local economy and aids in our own staff retention.

We have seen an increase in our performance this year due to:

- expanding our UP-Academy recruitment model, which provides office job opportunities to those based locally and do not wish to continue their education at university. We have now established this scheme at North Chadderton School and The Blue Coat School;
- introducing Graduate Apprenticeships as a route to employment with the company, but currently offering these on an exclusive basis to those based locally to the Oldham area;
- offering paid work experience to Oldham's youth across multiple backgrounds and within multiple UP departments; and
- prioritising people based within local postcodes for recruitment assessment days and first interviewing for both our Distribution Centre and office-based roles.

To continue progress, next year we intend to introduce graduate placements and work experience opportunities exclusively to local people and introduce an additional school under the UP-Academy model.

Environmental, Social and Governance Report continued

We care about… the environment

Our focus areas

- Product packaging
- Product quality & life span
- Product end of life
- Consumer education

As product is our purpose, this carries the greatest long-term environmental impact and climate-change risk. Our focus and targets have been aligned with the risks which have been identified within our Materiality assessment and by our Committee for TCFD as described on page 39.

Katie Maxwell
Trading Director

Highlights

- Reduction in Plastic Packaging target achieved early before 2027 date, due to dedication from the buying teams
- Significant increases in spare parts available to consumers, enabling a greater life span of key product lines.
- Significant progress made on FSC packaging towards our targets and meeting key upcoming regulations

Our progress so far:

Product Quality & Lifespan	Amazon Ratings	Wooden product FSC Certified	Products with Replacement Parts
Target	4.20	100%	TBC
2024	**4.16**	**56%**	**806**
2023	4.19	48%	–
Baseline	4.11	0.1%	806

Product Packaging	Reduce Plastic Packaging	FSC Certified Paper or Card Packaging	Products with QR Codes
Target	50%	20%	TBC
2024	**74%**	**62%**	**161**
2023	58%	20%	–
Baseline	0.0%	0.0%	161

Environmental, Social and Governance Report continued

More sustainable products that are delivering on our promise

Our commitment to "more sustainable products for every home" has seen our product teams focusing on using alternative and more sustainable materials within the specification during the product development phase as the case study demonstrates. Other more sustainable product ranges have now been developed across our housewares, laundry, bathroom and cleaning departments which will be seen in the market over the next year.

Significant progress has also been made in both the development of product QR codes and products that have spare parts available in stock with an overall aim of extending our products' life span. It is our aim to introduce QR codes across our product ranges to educate the consumer on how to use and maintain the product more effectively to extend its lifespan through access to wider instructions and information videos.

So far 161 products have a QR code with a focus to increase this next year once a full review of our product ranges is completed to determine which products require one. A target will then be set. Currently 806 of our product portfolios (predominately electrical items) now have spare parts available to help the consumer extend their life span and effective use. The use of QR code will also complement the purchase of spare parts as both together will be used to educate our customers on how these can ensure greater use of our products over a sustained period of time.

As we enter the transitional phase of the Carbon Border Adjustment Mechanism (CBAM) regulations, our teams have been reaching out to our relevant suppliers to engage and educate them on the impact of these changes in the coming years. Specific training courses have been completed in partnership with our major testing houses (such as SGS and TUV) and certification provided to each factory. As such, accurate Scope 3 data is now being gathered to ensure we are compliant for the January 2026 deadline.

Developing our product packaging even further

Significant improvements have continued in our focus to remove unnecessary plastics within our product packaging with a 74% reduction now seen this year. It is our intention to increase our target, but consideration must be given to the necessity that plastic does provide protecting some of our products, such as covering knife blades. Therefore, greater focus will be placed on increasing the use of recycled alternatives where plastic remains a necessity in our packaging.

We have continued to make significant progress with our FSC packaging, with all new products brought to market done so with FSC packaging included. This has led to a substantial increase towards achieving our target, moving from 20% in FY23 to 62% for FY24. Considering the EU Deforestation Regulation, it is crucial we continue our focus on FSC-certified packaging to ensure we are fully prepared to meet the compliance requirements. In light of this, our next focus is to target the use of FSC-certified outer cartons.

It is also understood that FSC packaging carries a lower carbon footprint, further enhancing the sustainability of our packaging.

EPR compliance

With the Extended Producer Responsibility regulations (EPR) due to be implemented in April 2025, there has been significant focus on establishing what impact this will have on the Company from a compliance and financial perspective, to ensure we are suitably prepared. An external organisation has been appointed to complete a full review of our product packaging portfolio against the requirements of the EPR regulation and a detailed report of recommendations is due in Autumn 2024. These recommendations will be considered and implemented by our product teams to ensure any financial implications are suitably managed and business risks considered.

Case study

Salter Recycled Aluminium Pan Range

Our Salter Recycled Aluminium range was developed with sustainability in mind. The pan body is made from 100% recycled aluminium, which can also be recycled, therefore contributing to a more circular economy. Using recycled aluminium also lowers the carbon emissions compared to virgin material, reducing the carbon footprint of the product. Additionally, the cookware offers excellent, even heat distribution and a fast heat-up time to get the best cooking results. The range also features a PFOA-, PFAS- and PTFE-free ceramic coating that is free from harmful chemicals giving peace of mind while cooking that no chemicals are being released into your food. Our packaging for this range is made of FSC-certified, natural card.

Environmental, Social and Governance Report continued

Our journey to net zero

We recognise that our journey to net zero will be challenging, especially within our wider supply chain. But our commitment to this is unwavering as we continue to update our own operations with more sustainable solutions whilst educating our wider supply chain partners to do the same.

Anthony Pole
ESG Lead for Net Zero

Aim: To Have Net Zero Carbon Emissions from Manufacturing to Delivery

Focus areas	What we have delivered so far including this financial year (new in bold)		What we are focused on next and considering
Overall Management of Net Zero	• ESG roles and responsibilities (ESG Leads) assigned throughout the business including net zero responsibility. • Main Board led ESG Committee, reporting to the Board to maintain action and focus on the ESG strategy. • Fully developed ESG strategy communicated to our stakeholders. • Regular review and monitoring of environmental and climate risks. • **Compliance to Energy Saving Opportunities Scheme (ESOS) assessments and necessary corrective actions.** • SO14001 Environmental management system (EMS) accreditation and adoption of best practices throughout our operation. • Development of colleague led environmental committee whose purpose is to generate ideas and drive positive change throughout the organisation.	• Implementation of the 4R's Initiative (Remove, Replace, Reduce, Rebalance) to increase colleague engagement and develop wider new sustainability ideas. • Implementation of our Carbon Accounting Platform (Normative) to be able to accurately report our carbon data annually (since FY19) for all of Scope 1, 2 & 3. • **Continued refinement of our carbon accounting data, moving the first of our key suppliers from spend-based data to activity-based data.** • **Launch of the 2024 Supplier Conference, where the importance of environmental impact and net zero was specifically discussed and expectations set to our supplier base.**	• Continuing to refine our carbon data using the Normative platform, particularly with our Scope 3 supply chain partners. • Move more suppliers to activity-based data from spend-based data, initially targeting "upstream transport & distribution" category. • Refinement of our supplier manual to encompass greater education of environmental responsibilities of our supply chain partners. • Continued strengthening and updating of environmental and ESG related policies and procedures.

Environmental, Social and Governance Report continued

Focus areas	What we have delivered so far including this financial year (new in bold)		What we are focused on next and considering
Net Zero for Scope 1 & 2 by 2040	• **100% of our sites having either LED or energy saving lighting fitted throughout.** • 100% of UK sites having effective waste management including the separation of recyclable waste, WEEE waste and food. • Eco-friendly materials in our Distribution Centres such as tape and paper infills for our parcelling. • Installation of 1,150 solar panels at a cost of £385k at our UK head office. Producing to the Group 40% of Manor Mill's ongoing energy requirements. • At our UK sites replacing all external wooden windows with more heat retaining alternatives in UPVC double-glazed windows reducing heat loss. • Paper reduced working environments across all sites and increasing the use of technology (automation, iPads, dual screens) to enable colleagues to cover their original needs of printing via other more environmentally friendly means. • **Switching our UK electricity provider for both sites to EDF, who are "Britain's biggest generator of zero carbon electricity," ensuring our supply is from more environmentally-minded partners.**	• Switching our UK waste management provider to B&M Waste who are carbon neutral and actively help their customers with waste segregation initiatives and help turn waste into new raw materials, products, and energy. • Stopped the use of single use plastics on all sites, instead providing free access to UP water bottles and filtered water onsite. • **Introduction of milk pergals in all UK sites to reduce single plastic milk cartons.** • The implementation of instant hot water taps in our canteens, reducing the use of kettles and other boiling water appliances. • Introduction of work from home policy for all office colleagues and introduction of virtual customer showroom meetings to reduce commuting and global business travel. • **Commencement of replacing gas heaters to more energy efficient electric heaters within our UK Distribution Centres.** • **Electric vehicle salary sacrifice scheme being implemented for all UK colleagues.**	• Continued replacement of gas heaters for more environmentally alternatives within our Distribution Centres. • Replacement of all external shutters within our Distribution Centres to those that promote better heat retention. • Improvement of UK sites water facilities to minimise water wastage. • Cycle to work scheme for all UK colleagues.
Net Zero for Scope 3 by 2050	• Identification of our top ten suppliers causing the most negative environmental impact and continually educating them. • Data Cleanse – Scope 3 – making our data more accurate by moving key suppliers to activity-based data.	• Reduction of unnecessary transport and container usage in China using the Northern China and Southern China consolidation warehouses (CFS).	• Regular environmental auditing of our supplier base. • Identification of next ten suppliers causing most negative environmental impact and engaging with them on targets. • We are exploring how we can use the data collected from suppliers via our Waste Packaging & FSC Systems, to move Suppliers in the "Purchased goods & services" category to activity-based data.

TCFD and environmental reporting

TCFD reporting

Task Force on Climate-related Financial Disclosures (TCFD) is a framework for companies to report climate-related risks and opportunities. TCFD is structured into 11 supporting disclosure recommendations which span four key themes: Governance, Strategy, Risk Management and Metrics & Targets. In this climate-related financial disclosure, we aim to report in line with the requirements of Listing Rule 9.8.6R and the TCFD supporting recommendations.

With the impacts of climate change being increasingly felt around the world, we understand the importance of the role we can play to help reduce this. We have committed to reduce our GHG emissions within our operations by 2040 and within our wider supply chain by 2050, as part of the ambition of the Paris Climate Change Agreement. We are aware that climate change is going to have an impact on our business, presenting risks and opportunities over the short, medium, and long term.

Our business model relies on supplying products; the production, transportation, packaging, use and disposal of these products have an inherently negative impact on the environment. However, our business model is technologically agnostic; our heritage brands have evolved over many years, with the products which we source and sell changing over time to meet the demands of both consumers and regulators. This flexibility of our business model will be key in our ability to mitigate risks and take advantage of opportunities as they arise.

Governance

Our Board of Directors is responsible for oversight of our ESG initiatives and this includes climate-related risks and opportunities. The Board ensures action plans are embedded into the business strategy and future financial planning to mitigate climate-related risks and capitalise on climate-related opportunities. The Board considers the threat of climate change and has been actively involved in taking steps to address its potential impact through assigning day-to-day responsibilities to the Executive Directors. They have received a full ESG update twice during the current year, which included updates on progress made towards climate change targets during the period.

The Board is supported in this role by the ESG Committee which was chaired by Jill Easterbrook (NED) (to be replaced by Jose Carlos Gonzalez-Hurtado), and includes Christine Adshead (Chair) and Chris Dent (CFO) as members. The ESG Committee is in turn supported by a Committee for TCFD led by our CFO, Chris Dent, and an Environmental Committee led by Katie Maxwell, Trading Director, and Tony Pole, Process Development Director. The Committee for TCFD is responsible for the identification and assessment of risks, and reports into both the ESG and Audit & Risk Committees, which are responsible for monitoring risks and overseeing progress against goals and targets for addressing climate-related issues. The Environment Committee is made up of executives and is responsible for the day-to-day management of environmental risks.

In addition, the Remuneration Committee has in the current year approved a bonus structure for senior management which includes targets related to the environmental goals which we have set ourselves as laid out on page 34.

Strategy

The TCFD framework helps us to understand and manage the climate-related risks and opportunities we face. During the year, our Committee for TCFD, with support from the Environmental Committee, held our second annual scenario planning day at which we reviewed a number of different climate risks and opportunities which could impact our business model and strategy. In our considerations, we reviewed two different types of risk that we will face, and the potential opportunities that these could bring to our business: Transition risk and Physical risks. Transition risk as a result of moving to a low-carbon future may impact our business model through changing customer preferences, changes in technology or government regulation. Physical risks include the higher risks of climate-related short-term extreme weather events, such as flooding, or long-term physical changes which may result in permanent changes in topography.

We used the following scenarios and time horizons to understand our vulnerability to the impacts of climate change and how they vary over time:

Financial impact range

	Revenue	Costs
High	>£10m	>£1m
Medium	>£5m	>£500k
Low	<£1m	<£100k

Time horizons

Time Period	Years	
Short	0 to 5 years	Aligned to our viability period planning
Medium	5 to 15 years	Medium-term transition risks are assumed to occur in this time scale
Long	15 to 30 years	Longer-term physical risks are assumed to occur in this time scale

TCFD and environmental reporting continued

Risk Type	Classification	Time Horizon	Description	Financial Impact	Potential Mitigations
Transition	Policy & Legal	S M	Introduction of further plastic taxes, especially in relation to use of virgin plastics in products.	Medium direct increase to costs, which could lead to an increase in prices, which could in turn lead to lower revenues.	Redesign of products to use more sustainable and environmentally friendly materials. Each year we currently introduce around 900 new products to market, with an aim to reduce this number to 600. However, the aim is for these 600 new products to be more sustainable. It is assumed that some costs could potentially be passed on to our customers and consumers to encourage purchase of lower emissions products.
Transition	Policy & Legal	M	Banning sales of products which incorporate non-sustainable materials (such as non-recyclable plastics).	Medium revenue loss/opportunity. The Group has the opportunity to be ahead of the market in terms of changing materials.	Redesign of products to use more sustainable and environmentally friendly materials. We are working with our suppliers to change the materials we use over the medium term.
Transition	Market	M	Consumer behaviour changes away from products using plastics, and non-essential products to concentrate on only essential and sustainable products.	High revenue loss potential, but a significant opportunity as we change our product mix over time.	Over the long term, our product mix will change; currently we aim to introduce 600 new products each year out of the 3,000 we sell. As consumer habits change, we will change our product mix to reflect their changed priorities.
Transition	Reputation	S M	A failure to fully commit to moving to a low-carbon business model leads to reputational damage.	Consumers not using our products (revenue loss), employees not choosing to work for us (increased costs), and banks and investors not choosing to fund us.	Ensuring that we continue to commit to our ESG strategy, and that we continue to work with integrity in terms of our carbon journey.
Physical	Acute (2°C or lower)	M L	Increased likelihood of flooding and drought or other extreme weather events leading to reduction of production by supplying factories. Currently, our supply base has a geographical concentration in China which could have a higher risk of physical impact.	Increased costs of goods, and potential for low revenue loss.	Working with our suppliers to understand their risks, and to create climate adaption plans for them. Geographical diversification of suppliers to reduce risk from any given extreme weather events.
Physical	Chronic (2°C or higher)	L	Increased competition for basic resources due to extreme weather events leading to higher prices for essential goods, leading to lower demand for discretionary items.	High revenue loss as consumers move spending from discretionary to essential products.	Long-term diversification of revenue base, expanding worldwide to decrease reliance on any single geographical territory. Concentration of product suite on more essential sectors and on sustainable products.

Key: S Short term M Medium term L Long term

TCFD and environmental reporting continued

Risk management

The steps we have taken to identify, assess and manage each climate-related issue have been based on our existing risk management process to ensure a consistent and efficient assessment and categorisation.

Step 1 – Identifying the risks: Our Committee for TCFD is responsible for identifying the risks within the business and is led by Chris Dent, our CFO, and Christine Adshead. During the year, the Committee held its second scenario planning day with key senior management representing core functions of our businesses including IT, Buying, Supply Chain and HR, at which we identified a number of different risks and opportunities for the business.

Step 2 – Assessing the business impact: We used climate scenario analysis to assess the impact of both physical and transition climate-related risks and opportunities on our operations. These findings were presented to the Audit & Risk Committee during September 2024.

Step 3 – Classifying risks: Each climate-related issue was classified using our rating system to highlight the implications of a risk occurring. This rating system considers the likelihood of a risk occurring, the potential impact of the risk, and the existence of any inherent mitigations, to provide an overall risk classification.

Step 4 – Addressing the risks: Our analysis shows that the likelihood of climate-related risks impacting our overall operations in a significant manner during the transition to a low-carbon economy is low due to underlying flexibility of our business model being based on brands rather than being fixed to any certain products, materials or technology. Despite this resilience, further mitigating actions are being initiated to develop greater strategic resilience due to the greater level of risk the business is exposed to in relation to longer-term physical risks as they begin to impact our supply chains. The potential risk management options were appraised, and a risk management response was determined for each climate-related issue.

Step 5 – Monitor risks: We have embedded a climate change perspective into the ongoing assessment of our internal corporate risk register and will continue to review our risk management process. To ensure we are fully prepared for climate change, we will continue to embed annual climate scenario analyses into our existing risk management framework and financial planning processes to identify future risks and ensure adequate mitigation.

Absolute GHG emissions CO_2e tonnes

CO_2e tonnes	Baseline	FY23	FY24
Scope 1 (Direct emissions)	309.2	99.73	**82.94**
Scope 2 (Indirect emissions)	83.01	85.26	**71.38**
Scope 3	110,700	110,600	**97,980**
Turnover £m	123.3	166.3	**160.7**
Scope 1&2 GHG intensity per £1m turnover	2.5	0.6	**0.5**
Scope 3 GHG intensity per £1m turnover	897.8	665.1	**609.6**

Greenhouse Gas Protocol (SECR reporting)

	Baseline		2023		2024	
	tCO_2e	tCO_2e/FTEE	tCO_2e	tCO_2e/FTEE	tCO_2e	tCO_2e/FTEE
Scope 1	288.28	0.97	92.69	0.24	**81.8**	**0.22**
Scope 2	216.26	0.73	163.16	0.43	**165.32**	**0.45**
UK %	76%		76%		**84%**	
Statutory total (Scope 1 & 2)	505.54	1.69	255.85	0.68	**246.5**	**0.68**
Statutory total in KWh (Scope 1 & 2)	1,868,434		1,304,443		**1,183,391**	
Full-time equivalent employee (FTEE)	298		379		**330**	

The positive improvements seen in our reduction in CO_2 emissions this year are due to the continued great work we are completing on our net zero journey (noted on page 36 of this report) and that we continue to enhance our carbon data reporting through a commitment to more accurate data capturing with our suppliers (Scope 3). We continue to request and successfully obtain more and more activity-based CO_2 data from our supply chain partners, enabling more accurate reporting.

TCFD and environmental reporting continued

The greenhouse gas (GHG) statement below provides a summary of Ultimate Products' greenhouse gas (carbon) emissions including its baseline year (2019) and the last two financial years to 31 July 2024. It gives a summary of emissions from Scope 1 and Scope 2. We have adopted the operational control approach, as defined in The Greenhouse Gas Protocol, a Corporate Accounting and Reporting Standard (Revised Edition), 2004. As a growing business, over the coming years, we shall also start to consider the use of science based targets (SBTs) where appropriate to the size and scope of our operation.

Assessment parameters

Risk Type	Classification
Baseline year	2019
Consolidation approach	Operational control
Boundary summary	All facilities under operational control were included
Consistency with the Financial Statements	The use of the operational control approach causes a variation to our Financial Statements. Third party locations utilised in our operations were not under our operational control and are therefore not included in our emissions table. However, approximately 4 Fleet vehicles and 18 Grey Fleet, which were under our operational control, appear in our emissions table but not in our consolidated Financial Statements.
Emission factor data source	DEFRA (October 2016).
Assessment methodology	The Greenhouse Gas Protocol and ISO 14064-1 (2006).
Materiality threshold	Materiality was set at Group level at 5%, with all facilities estimated to contribute >1 % of total emissions included.
Intensity ratio	Emissions per full-time equivalent employee (FTEE).

Section 172 statement

Doing the right thing is at our core

Our Directors are bound by their duties under the Companies Act 2006 (the "Act") to promote the success of the Company for the benefit of our shareholders as a whole, having regard to our other key stakeholders.

We believe that in order to progress our strategy and achieve long-term sustainable success, the Board must consider all stakeholders relevant to a decision and satisfy themselves that any decision upholds our culture of "doing the right thing'" Our values, as set out on page 01, are key to how we do business and are closely aligned to the matters the Directors must consider as part of their Section 172 duties.

The Board recognises that stakeholder engagement is essential to understand what matters most to our stakeholders and the likely impact of any key decisions. Ultimate Products' stakeholders are its employees, customers, suppliers, shareholders and lenders and the Board recognises the need to regularly review and consider who its stakeholders are as it makes decisions. We encourage the development of long-term relationships with our stakeholders in accordance with our culture and values, with the ongoing desire to be a trusted, best-in-class partner to all of our stakeholders equally. The Board is aware that in some situations, stakeholders' interests will be conflicted and they may have to prioritise interests. The Board, led by the Chair, ensures that as part of its decision-making process, the Directors assess the impact of the decision on our stakeholders and the likely consequences of any decision in the long term. Examples of some of the principal decisions taken by the Board during the year and an explanation of which factors the Directors had regard to when reaching such decisions, including those set out in Section 172(1)(a) to (f) of the Companies Act 2006, are set out on the next page.

Stakeholders	Importance to the Group	How we engage	Relevant Links
Employees	Our committed and dedicated employees are our most important resource. We aim to cultivate and maintain a positive working environment and provide learning and development opportunities, recognition and rewards.	• Employee Consultation Group • People engagement survey • SAYE and PSP schemes • Ask initiative where different departments present their purpose to the wider Company • Continuing development of our people through formal and informal training, with the graduate development scheme being at the heart of our employee strategy	ESG Report on pages 24 to 41
Shareholders & lenders	Our shareholders support the long-term growth of the Group. We rely on them to finance our development and growth plans. Engaging with them regularly to communicate progress, understand their perspectives, discuss long-term issues and ensure feedback is taken into account as it is critical to the long-term success of the Group.	• Annual Report, Interim Report, trading updates • Regular meetings with institutions and analysts • Regular calls and meetings with our lenders • Use of Equity Development to engage with retail investors who may not be able to access institutional analysis • Attending of investors conferences such as Mello to meet with current and potential retail investors	

Section 172 statement continued

Stakeholders	Importance to the Group	How we engage	Relevant Links
Customers	We are passionate about providing the highest possible customer service. Understanding the needs of our customers, evaluating our performance delivery against KPIs and evaluating feedback helps us to continually improve.	• Meeting at one of our showrooms in Oldham, Paris or Guangzhou where we can showcase our wide range of products and help them visualise how they may be presented in store • We monitor product ratings and feedback so that we can further improve products or, for example, produce videos and "how to" guides, helping consumers get the most out of their purchases • We understand our customers' needs, markets and their customers, carrying out in-depth research and conducting store visits to support our understanding, so that we can present the products that best exceed their expectations	
Suppliers	Our suppliers provide us with the highest possible quality of products and services. This allows us to deliver beautiful products to our consumers and a first-class service to our customers.	• Our team of local sourcing, ethics and quality colleagues in China has allowed regular engagement with our suppliers • We have high expectations of our suppliers but we recognise our responsibilities and commit to prompt payment according to agreed terms • Regular reviews take place to ensure a supply chain free of slavery and human trafficking	

Board decision-making

Board Decision	Directors' consideration of factors in accordance with S.172(1)
Capital allocation policy	During FY21, the Group increased its level of borrowings to complete the transformational acquisition of Salter. During the current year, the acquisition debt has largely been repaid. The Board, therefore, took the decision to approve a new Capital Allocation Policy, with the aim of maintaining the net bank debt/adjusted EBITDA ratio at around 1.0x. The Board believes that this would be positive for both our shareholders and lenders, as it will allow for further returns of capital to shareholders and allow for our lenders to continue to provide us with debt facilities. A continuation of having debt facilities, rather than fully paying down debt, means that our longstanding, flexible, working capital facilities continue to be in place which allows for smooth payment of our suppliers. Our bank facilities are primarily working capital facilities, which give the business sufficient headroom to allow for growth in our working capital, which supports the overall growth of the business, which is positive for all stakeholders.
Share buy-back	During the year, the Group undertook a process to gain permission from its Shareholders and the Takeover Panel to commence with a Share buy-back programme. This decision was taken in-line with the new Capital Allocation Policy of the Group. The Group currently has sufficient headroom within its facilities to ensure that the Group has sufficient funds for investment in growth of the business, which supports our suppliers, customers, employees and shareholders. The Board decided that the excess cash should be returned to shareholders using share buy-backs. The Board considered an alternative of paying the excess cash in the form of increased dividends, but the Board believed that the current dividend policy of returning around 50% of post-tax profits to shareholders was sufficient for maintaining flexibility and future optionality for the business. The share buy-back programme is flexible and can be altered if the business requires further funding for growth, such as when the business increased its indebtedness to fund the acquisition of Salter. In addition, the Board believes that the share buy-back would have a positive effect on the liquidity of its shares in the medium term (in the long term reducing the free float could decrease liquidity), which would be of benefit for shareholders.
Board changes	During the year there have been several Board changes, including the appointment of Christine Adshead as Non-executive Chair, Andrew Gossage as Chief Executive Officer and Simon Showman as Chief Commercial Officer. The appointment of Andrew as the Chief Executive Officer was part of the longer-term succession planning within the business, with thought being given to both shareholders and employees. Previously, the Group had the dual roles of CEO and MD leading the business, which made longer-term succession planning more difficult. Having a single figurehead allows for clarity for corporate governance purposes and allows senior employees to more fully understand longer-term succession planning. The appointment of Simon as Chief Commercial Officer was considered to be positive for both shareholders and customers, as it allows for Simon to concentrate on building longer-term strategic partnerships with our retail customers which will help to support our customer goals and be key for growing sales and resilience. It light of these changes within the business it was considered that having continuity when looking for a replacement Chair was a key factor. In addition to Jim McCarthy being required to step down from the Board due to Corporate Governance time limits, the Nomination Committee noted that both the Senior Independent Director and the Chair of the Audit Committee would need to step down over the course of the next two years. Therefore, in appointing Christine as Chair, the Board considered her existing understanding of, and support for, the Group's culture, strategy and people would provide stability and continuity against a backdrop of other changes, which would be beneficial for both shareholders in terms of continuation of strategy, and employees in terms of continuation of leadership.

Principal risks and uncertainties

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness, supported by the Audit and Risk Committee.

We review our business regularly to identify and document key business risks. Once identified, risks are assessed according to the likelihood and impact of the risk occurring and an appropriate mitigating response is determined. This risk mitigation plan is then regularly monitored by the Audit and Risk Committee with periodic review and discussion by the Board as a whole. The table below sets out the Group's principal risks as determined by the Board, the gross risk movement from the prior year and the corresponding mitigating actions. This represents the Group's current risk profile and is not intended to be an exhaustive list of all risks and uncertainties that may arise.

Area	Risk	Mitigation	Movement
Macroeconomic factors	Macroeconomic trends affecting consumer confidence and reducing non-food spending, such as reductions in GDP per capita, unemployment, inflation, interest & tax rates, could all affect consumer demand. In addition, aggregate demand for our products can be influenced by individual retail partner performance and strategy. As well as affecting demand for our goods, reduced retail demand can also impact the credit worthiness of our customers. During the year, the UK economy experienced a mild recession, as interest rate rises designed to reduce inflation have reduced consumption.	The Group's international business provides economic diversity and some protection against a downturn in the UK economy. Despite the challenging market conditions, the Group sees the opportunity to increase its market share by developing new customer relationships, particularly internationally and through online channels. The Group's products, being mass-market and value-led, are well placed in the event of an economic downturn. The business has well-established procedures for managing credit risk with its customers including credit insurance. The Group has a well-diversified customer base, and is not reliant on any one customer, and has a 20% gross profit limit for individual customers. This helps to reduce risk when their demand changes due to their financial performance or strategy. The Group also has a well-diversified product base, selling over 3,000 SKUs each year, therefore it is not dependent on any one given product.	
Sourcing	A major loss of continuity in the supply of goods for resale could adversely affect the Group's revenues. In addition, we have heavy reliance on China as a source of products. Any deterioration in, or changes to, political, economic or social conditions in China could disrupt the supply of goods or result in higher product cost prices. In addition, we have a QA/reputational risk from our factories. The quality of our factories is of huge importance to our ongoing reputation with our consumers and retail partners.	The Group uses over 300 suppliers, which reduces risk over any individual supplier. The Group maintains close relationships with its suppliers through regular factory visits and interaction with its local teams. We have detailed processes in terms of taking on new factories. Wherever possible, multiple sources of supply are sourced for major products. The Group closely monitors developments in China and continues to consider and use alternative sources when practicable and viable. In the current year, buying teams have begun to have an element of variable remuneration linked to decreasing geographical supply concentration.	
Supply chain management	As a wholesaler, the Group has a significant working capital requirement. Inefficient stock management could result in overstocking, which may adversely affect working capital. Conversely, understocking could limit the Group's ability to maximise revenue opportunities. In the current year, we have seen a reduction in the risks related to the shipping crisis which affected global supply chains, particularly in relation to the costs and availability of shipping capacity.	Stock levels and purchasing are closely managed, with all purchase orders being reviewed before being placed. The Group's systems facilitate close management of the completion and timing of purchase orders placed. Stock is categorised between "free" and "(pre) sold" to ensure that management focus on higher risk items. "Free" stock is reviewed and prompt actions are taken where necessary.	
Margin pressure	As a wholesaler, the Group faces consistent price pressures from retail customers, whilst facing changes to input costs, such as freight costs, exchange rate fluctuations, factory gate price and changes in the costs of raw materials. In the current year, we have once again seen shipping costs begin to rise due to the disruption in the Red Sea. However, we have seen a more benign and stable currency situation.	The Group's strategy of international growth, expansion of online channels and increased penetration of supermarkets continues to provide greater diversity and a balanced-margin portfolio. The Group also employs a combination of margin-enhancing initiatives, including monitoring profitability of individual product lines, continued product innovation and refreshing product ranges, balanced against the need to ensure that our products remain competitive. Furthermore, the Group seeks to constantly develop and implement productivity improvements. The Group actively manages foreign exchange risk through use of forward contracts.	

Principal risks and uncertainties continued

Area	Risk	Mitigation	Movement
Protection of brands	Failure to develop and enhance the product range of our brands could result in loss of our competitive advantage, which could impact on the Group's turnover. Failure to properly develop and protect brands could restrict growth, given the Group's brand-led strategy. There is a balance to be struck in terms of the development of new products under our key brands. Development of many different products can produce poor quality new products, as product development uses resource. Therefore, it is important that the business focuses its development of products to bring a focused range of products to market that enhance our brands.	A high level of new product development focus is maintained and monitored by the Board. Buying teams attend trade shows and carry out store and factory visits to ensure that they are in touch with the latest consumer demands and trends. We have reduced our aim in terms of new products from 1,000 to 600 to ensure a focused approach to bring high-quality products to market. The Group continues to hold a "second tier" of brand, as alternatives to use if inappropriate to use our premium brands. We have professionalised the use of our brands through the hiring of a brand director. The Group aims to standardise and focus how we use our brands, to both protect and enhance their value to the business. In the current year, we have invested in the rebranding of Salter and have begun with the rebrand of Beldray.	
Climate change and environmental	Climate change is a widely acknowledged global emergency, with the need to act faster becoming evident. Managing the greenhouse gas emissions associated with our supply chain is critical to reducing our impact on climate change. The physical and financial impacts of climate change are already being felt and are set to intensify. As it becomes increasingly likely that targets set by intergovernmental bodies will be missed, the long-term risk for our business continues to increase despite the mitigating actions we are taking.	We have established a Group-wide ESG Committee to extend oversight and governance for monitoring the delivery of the Group's climate commitments. We have stated a strong commitment to be net zero by 2050. This pledge is in the process of being supported by roadmaps and targeted decarbonisation plans. We are working internally and with third-party organisations in developing this suite of metrics to enable us to monitor progress. We also continue to report our climate-related financial disclosures. To incentivise the buying teams, ESG elements have been added to the bonus targets in the current year.	
Legal and regulatory	Failure to comply with legal and regulatory requirements, including environmental and climate change developments, both in the UK and in other countries in which the Group operates, could result in fines or an adverse impact on the Group's reputation.	The Board monitors the changing landscape of laws and regulations. New legal and regulatory requirements are discussed by the Audit and Risk Committee whose members contribute insight and experience of such matters. External technical and consulting expertise is sought when required. The Group has procedures for ensuring ongoing compliance with legal obligations, including external annual audits, and runs a programme of new-starter/refresher annual training.	–
Human resources	Failure to attract and retain high-quality individuals, both in the UK and internationally, could impact on the delivery of the Group's strategy.	The Group's Graduate Development Scheme, along with links to local universities, provides a steady inflow of high-quality staff to support the future growth of the Group, whilst the Group's Senior Management Development Programme and its "Introduction to Leadership" courses aim to create a succession of employees into senior roles. Steps are taken to encourage the retention of the employees, including various share ownership schemes to incentivise its workforce and to further improve retention.	–
Cyber security	Risk of cyber crime with the potential to cause operational disruption, loss or theft of information, inability to operate effectively, loss of online sales or reputational damage.	The Group continues to review and invest, where appropriate, in the development and maintenance of its IT infrastructure, systems and security. An external IT security audit is carried out on an annual basis to ensure that any weaknesses in our systems are identified and can be rectified. New employees receive IT training to increase awareness of cyber risk. Disaster recovery, business continuity and crisis communication plans are maintained.	–

Viability Statement

At the year end the Group had a net bank debt/adjusted EBITDA ratio of 0.6x (FY23: 0.7x)

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the viability of the Group over a five-year period to July 2029, taking account of the Group's current position and the Group's principal risks, as detailed in the Strategic Report. Based upon this assessment, and the assumption of the banking facilities continuing as referred to below, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period to July 2029.

In making this statement, the Directors have considered the resilience of the Group in severe but plausible scenarios, taking account of its current position and prospects, the principal risks facing the business, how these are managed and the impact that they would have on the forecast financial position. In assessing whether the Group could withstand such negative impacts, the Board has considered cash flow, impact on debt covenants and headroom against its current borrowing facilities over the five-year period. In such a scenario, any return to shareholders would be reduced.

The Group has a suite of working capital facilities with HSBC including a £25.0m invoice discounting facility which runs until June 2027 and a £12.0m import loan facility, which is repayable on demand and subject to annual renewal. During the year, the Group paid off the £10m amortising loan it had used for the acquisition of Salter Brand Limited.

In line with the Group's stated Capital Allocation Policy, it is expected that the Group will aim to keep its net debt at a level of around 1x the Group's Adjusted EBITDA. Therefore, the Directors believe that, in the ordinary course of business, the Group will continue to wish to use facilities to fund short-term working capital requirements, and it is assumed that these facilities will continue throughout the period to 31 July 2029.

The following three principal risks were selected for enhanced stress testing:

- Macroeconomic factors: the impact of a significant economic downturn and reduced consumer spending arising out of matters including, but not limited to, inflationary pressures, higher interest rates, higher taxation, and the impact from recession or reduced consumer spending.
- China sourcing: in particular a severe restriction in product supply levels due to potential power outages and significantly reduced shipping capacity.
- Margin dilution: including the effects of changes in exchange rates and changes in freight costs.

The adverse impacts of the stress testing were reflected as reductions in revenue and gross margin. In the situations reviewed, the business remained robust, with sufficient funding and headroom and compliance with key covenants, and able to remain in operation over the period reviewed.

The stress testing also included layering of risks, whereby multiple risks occurred simultaneously. These scenarios showed the limits of the Group's resilience. In each test a number of mitigating operational and financial actions were taken including the suspension of the dividend, lowering of capital expenditure, the reduction in discretionary operating spending, and, in the case of a severe downturn from reducing headcount. With these mitigating actions, it was shown that the Group would be able to remain in operations.

In addition to the enhanced stress testing, the Group has also considered climate change as a key long-term risk to our business model. This fuller assessment of the climate-related risks the Group faces, and our actions to mitigate these risks, is provided in the TCFD-related disclosures on pages 38 to 41.

The Board considers that the Group's long-term relationships with many of its customers and suppliers, its increased diversification through new customer relationships and international focus, and its mass-market branded consumer goods strategy offer the Group protection from, and the necessary resilience to withstand, such severe scenarios materialising.

The Board selected the period of five years to 31 July 2029 as an appropriate period for the Group's Viability Statement, as management currently use five-year forecasts as part of the business planning process.

Corporate Governance

Doing the **right thing**

Board of Directors

The Board of Directors has overall responsibility for the Group. Its aim is to represent all stakeholders and to provide leadership and control in order to promote the successful growth and development of the business.

Committee Membership

- A Audit and Risk Committee
- N Nomination Committee
- R Remuneration Committee
- E ESG Committee
- C Chair of Committee

Christine Adshead
Non-executive Chair

Date appointed
August 2024

Key skills and experience
Christine Adshead is a former Partner at PwC, where she spent nearly 20 years providing transaction advisory services across a range of corporate activities and a variety of sectors, including retail and consumer goods. She was PwC's London region private equity leader, as well as being a national leader for mid-tier private equity. Christine was also an elected member of the PwC Supervisory Board, the governance body for PwC in the UK which represents the interests of over 900 partners and is responsible for providing constructive challenge to PwC's UK Executive Board. Christine is a Non-executive Board Member of Hill Dickinson LLP, an international commercial law firm headquartered in Liverpool. Joined the Company on 21 September 2020 when she was appointed Non-executive Director.

Committee Membership
A N R E

Andrew Gossage
Chief Executive Officer

Date appointed
February 2024

Key skills and experience
Andrew is a chartered accountant and started his career with Arthur Andersen where he held positions in audit and transaction support. In 1998, he transferred into industry, taking on the role of Finance Director & General Manager of Mersey Television, an independent television producer of continuing drama including Hollyoaks, Brookside and Grange Hill. Andrew joined Ultimate Products in 2005, initially as Finance Director, and was an integral part of the management buyout team that year. He joined the Company initially as Finance Director in 2005 before being promoted to Chief Operating Officer in 2007 and Managing Director in 2014.

Simon Showman
Chief Commercial Officer & Founder

Date appointed
February 2024

Key skills and experience
Simon began his career working for an auctioneer before founding Ultimate Products in 1997. Since then, Simon has led the Group through its transformation from a clearance business to an international branded wholesale business. Simon leads the Group's international expansion strategy and is directly responsible for the key trading functions of sales and buying, continuing to be the driving force building strategic relationships with our key retail customers. Having been Chief Executive Officer since 2005, he stepped into the new role of Chief Commercial Officer on 8 February 2024.

Committee Membership
E

Board of Directors continued

Christopher Dent
Chief Financial Officer

Date appointed
April 2022

Key skills and experience
Chris has substantial accounting and financial experience from his time in the profession and as CFO of publicly listed companies. Chris began his career at Deloitte LLP where he spent ten years within audit, corporate finance and transactional accounting services. He subsequently spent four years as CFO of AIM-listed 7digital Group plc, and then five years as CFO of AIM-listed Franchise Brands plc. Chris is a Fellow of the Institute of Chartered Accountants of England and Wales.

Committee Membership
E

Robbie Bell
Senior Independent Non-executive Director

Date appointed
March 2017

Key skills and experience
Robbie is currently Chief Financial Officer of Highbourne Group whose brand portfolio includes City Plumbing, The Bathroom Showroom, The Underfloor Heating Store & Plumbworld. He was formerly CFO of Holland & Barrett, Europe's largest health and wellness retailer, prior to which he was Chief Executive Officer of motorway services operator Welcome Break Group along with ten years at Screwfix, overseeing sales growth of over £1bn.

Committee Membership
A N R

Alan Rigby
Independent Non-executive Director

Date appointed
March 2017

Key skills and experience
Alan spent the majority of his working career at HSBC plc, joining in 1975 and gaining broad experience through a range of management positions including credit and risk, retail, commercial, large corporate and global banking markets. Prior to his retirement from HSBC, he was Head of Corporate Banking in Manchester between 2004 and 2014. In the three years to December 2016, Alan provided independent consultancy services to private companies on strategy, corporate transactions and refinancing.

Committee Membership
A N R

José Carlos González-Hurtado
Independent Non-executive Director

Date appointed
October 2024

Key skills and experience
José Carlos is Senior Advisor to private equity firm Advent International and to Roland Berger, a management consultancy. He is a member of the Advisory Board of Dichter & Neira, a data and market research company, and until recently was an adviser to Mintec Ltd, a provider of commodity price data and market intelligence. He was previously President of International for Information Resources, Inc., a technology and data company, Group CCO for retailer Carrefour, and VP at Procter & Gamble, where he spent more than 20 years. He holds an MBA and a Masters in Law (equivalent) from Universidad Pontificia Comillas (Madrid) and has lectured on Marketing and Business subjects in several universities in Spain and Israel.

Committee Membership
A N R E

Andrew Milne
Independent Non-executive Director

Date appointed
October 2024

Key skills and experience
Andrew has been CEO of AIM-listed Nichols plc, a diversified soft drinks business, since 2021 having joined Nichols as Commercial Director in 2013. He was previously a Sales Director for Coca Cola Enterprises, prior to which he held a variety of commercial roles at GSK, after having started his career at Marks & Spencer. He holds a BSc in Business and Technology from Sheffield Hallam University.

Committee Membership
A N R E

Chair's introduction

Preserving value for shareholders

I am pleased to present this year's Corporate Governance Report which describes our approach to governance and sets out how the principles of the 2018 UK Corporate Governance Code (the "Code") have been applied during the year. Information about the operation of the Board and its Committees, and an overview of the Company's system of internal controls are also included.

Christine Adshead
Chair

Corporate governance plays a crucial role in helping to preserve value for shareholders by providing a process for decision-making which should ensure that all major decisions are considered in good time, that the Board is provided with good-quality briefing materials which cover all relevant factors and that our deliberations consider the risks, as well as the opportunities, in the issues before us. It is for these reasons that the Board is committed to achieving high standards of corporate governance.

As a company listed on the main market of the London Stock Exchange, the Company is required to comply with the Code, Listing Rules, Disclosure Guidance and Transparency Rules and the Companies Act 2006. As the Company is below the FTSE 350, some provisions of the Code do not apply. However, the Company intends, wherever possible, to apply best practice to maintain strong governance.

Compliance with the Code

The Board is committed to maintaining an embedded culture of good and effective governance, to support the sustainable success of the business for the benefit of its members as a whole. The Company is committed to applying the principles of corporate governance contained in the Code and to comply with the provisions therein. Each of the provisions of the Code has been reviewed and the Directors consider that the Company has generally complied throughout the year ended 31 July 2024 with the provisions of the Code.

The Board

The Board has eight members, comprising of three Executive Directors, a Non-executive Chair and four Independent Non-executive Directors.

The Board reflects a good balance of skills and a diversity of expertise from operational, financial, sector-specific and general business background. The Board is committed to ensuring that it continues to have an appropriate balance of skills, experience and knowledge of the Group and its sector to enable it to discharge its duties and responsibilities effectively.

The Executive Directors work solely for the Company and the Board considers that any other directorships held do not interfere with their responsibilities to the Company. The Board are satisfied that other commitments of the Chair and of the Non-executive Directors do not prevent them from devoting sufficient time to the Company. The Board considers each of the Non-executive Directors to be independent for the purposes of the Code and free to exercise independent judgement.

Chair's introduction continued

The Board considers that, at the time of her appointment, the Chair was independent for the purposes of the Code.

The roles of Chair and Chief Executive Officer are separate and there is a clear division of responsibilities between those roles. The Chair is responsible for the leadership and governance of the Board and ensures the effective engagement and contribution of all Non-executive and Executive Directors. The Chair also ensures that Board meetings are conducted with openness and challenge. The Chief Executive Officer has overall responsibility for all commercial and operational elements of day-to-day running of the Group.

The Chair maintains regular contact with the Independent Non-executive Directors to discuss and address any issues or concerns outside of formal Board meetings. The Chair also provides support to the Executive Directors, where required.

The Senior Independent Non-executive Director provides a sounding board for the Chair and is available to shareholders if they have concerns that have not been resolved via the normal channels of Chair, Chief Executive Officer or the other Executive Directors, or where communication through such channels would be inappropriate.

Role of the Board

The Board is collectively responsible to the Group's shareholders for the long-term success of the Group, determines the strategic direction of the Group and reviews operating, financial and risk performance. The Board is required to maintain strong governance processes and oversight to help drive the culture of the business so that it can deliver on its responsibility to its wider stakeholders.

There is a formal schedule of matters reserved for the Board which includes such matters include:

- the approval of the Group's annual business plan;
- the Group's strategy;
- acquisitions;
- capital expenditure projects above certain thresholds;
- Financial Statements;
- the Company's dividend policy;
- changes to the capital and structure;
- borrowing powers;
- appointments to the Board;
- legal actions brought by or against the Group above certain thresholds; and
- the scope of delegations to Board committees, subsidiary boards and the management committee.

It is the intention that the reserved matters will be reviewed as part of the annual evaluation of board effectiveness.

The Board is supported by a dedicated and experienced Operating Board in the delivery and execution of their objectives. Responsibility for the development of strategy and operational management is delegated to the Executive Directors with the support of the Group's Operating Board, which as at the date of this report includes the Executive Directors and seven senior managers. The Board aims to meet with the Operating Board once each year to formally consider the strategic direction of the Group. The latest strategy day occurred in May 2024.

Evaluation of Board performance

In line with the Code, a formal and rigorous performance appraisal of the Board, its Committees, the Directors and the Chair is conducted annually, as we recognise that our effectiveness is critical to the Group's continued long-term success. The Company's Articles require that every three years the Board's performance is externally facilitated, with the prior year being one of those years. The Board appointed New Street Consulting Group Limited (NSCG) to carry out a review of the Board and its principal committees, and this review occurred during the current year, with a formal report being issued to the Group in October 2023. Overall, the review found that the Board and its Committees were functioning well and are cohesive in their desire for continuous improvement. The Board subsequently had further detailed discussions of the report in January 2024 and agreed on a set of actions in order to further improve its performance and effectiveness. In the current year, the Chair of the Board changed on 1 August 2024. Therefore, the timing of the internal board effectiveness review has been scheduled for January 2025 in order to allow a period of time for the new Chair to settle before a performance appraisal is undertaken.

Training and development

On appointment to the Board, new Directors are given a tailored induction to introduce them to the business, which will include any training which may be deemed necessary. The Company will provide any further training deemed necessary at the direction of the Board member, along with participation in strategic and other reviews to ensure that the Directors continually update their skills, knowledge and familiarity with the Group's business.

The Directors are also able to take independent professional advice, as deemed necessary, to discharge their responsibilities effectively. All Directors have access to the advice and services of the Company Secretary. The Non-executive Directors have access to senior management of the business.

Conflicts of interest

The Articles allow the Board to authorise potential conflicts of interest that may arise from time to time, subject to certain conditions. The Company has appropriate conflict authorisation procedures, whereby actual or potential conflicts are considered and authorisations sought as appropriate. Each Board meeting and Committee meeting agenda includes conflicts of interest to ensure that any potential conflicts are identified and handled accordingly, in advance of any discussion on the identified matter.

Committees of the Board

The Board has formally delegated specific responsibilities for audit, risk management and financial control, Board composition and remuneration to various committees, namely the Audit and Risk Committee, Nomination Committee, Remuneration Committee and the ESG Committee. These committees are all chaired by an Independent Non-executive Director or the Chair, enabling them to take an active role in influencing and challenging the work of the Executive Directors and Senior Management Team. Details of the composition, responsibilities and activities of these committees are set out below. The Terms of Reference of each committee are reviewed annually and are available on the Company's website, www.upplc.com.

Chair's introduction continued

Audit and Risk Committee

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to reviewing and monitoring the integrity of the financial information provided to shareholders, the Group's system of internal controls and risk management (including climate-change related risks), the internal and external audit process and auditors, presenting a fair, balanced and understandable assessment of the Group's position and prospects, and the processes for compliance with laws, regulations and ethical codes of practice. The Audit and Risk Committee is chaired by Robbie Bell, with other members being Alan Rigby and Christine Adshead. The report of the Audit and Risk Committee is included on pages 54 to 57.

Nomination Committee

The Nomination Committee leads the process for making appointments to the Board and ensures that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board. The remit of the Nomination Committee also includes reviewing the composition of the Board through a full evaluation of the skills, knowledge and experience of Directors and ensuring an effective succession plan is maintained for appointments to the Board and senior management positions. The Nomination Committee makes recommendations to the Board on its own membership and that of its other committees.

The Nomination Committee believes and applies the concept that building a diverse and inclusive culture is integral to the success of the Group.

Diversity includes aspects such as diversity of skills, perspectives, industry experience, educational and professional background, gender, ethnicity and age. It is the Group's aim to have the appropriate level of diversity on the Board to reflect the diverse nature of the Group's operations and provide a wider perspective to decision-making. We remain committed to ensuring that recruitment and promotion of individuals throughout the Group, including those at Board and senior management level, is based on merit and objective criteria, always considering relevant skills, experience, knowledge, ability and with due regard for the benefits of diversity and inclusion. At the date of this report, female representation on the Board was 12.5% and on the Group's Operating Board was 40%, in line with the Board's initial target for gender diversity.

Currently the Board is not fully compliant with the Listing Rules requirements of LR9.8 as amended in 2023, but recent appointments to the Board have increased its overall diversity. The appointment of Christine Adshead as Chair of the Board means that a woman holds a senior Board position. The Board does not currently contain a Director from a minority ethnic background.

It is expected that over time the composition of the Board will change, and that, when appointing any new Directors, due weight will be given to the overall diversity of the Board when considering succession and Board appointments.

Succession planning is a key responsibility of the Nomination Committee, who continue to review and provide feedback on the corporate succession plan prepared for the Board, senior management and other key positions, along with consideration of alternative leadership structures.

The plan addresses both emergency cover and long-term succession. The Committee believes that maintaining an open dialogue with the Executive Directors is crucial to support effective succession planning and, to this end, the Chair held meetings with the Executives to discuss and understand their current thoughts for the future.

During the year, the Nomination Committee has made significant progress in relation to long term succession planning. Since listing, the Group has maintained a leadership team comprised of a Chief Executive Officer and a Managing Director. The Nomination Committee reviewed the responsibilities of the roles and concluded that moving forward a more conventional approach would be conducive to succession planning. As such the Nomination Committee appointed Andrew Gossage as Chief Executive Officer, with overall responsibility for the Group's strategy. Simon Showman was appointed into the newly created role of Chief Commercial Officer to allow Simon to focus on the Commercial aspects of the business including business development, product development and managing key retailer relationships.

In addition, the Committee has made progress with relation to changes to the Non-executive make up of the Board. The Committee was aware that the Chair, Senior Independent Director, and Chair of the Audit Committee would all have completed their full nine-year terms at the same point in time in FY26, having all been appointed at the time of the Companies Listing in 2017. Therefore during the year, the Committee designed and began implementation of a process and timetable by which the candidate search and handover of each of these important Non-executive Director roles could be done to provide suitable continuity and without the inevitable disruption and potential damage to the operation of the Board if succession in all these roles occurred simultaneously. The first, and most crucial, step that the Committee took was the appointment of Christine Adshead as new Chair of the Board to replace Jim McCarthy. Christine has been a Non-executive Director since her appointment 21 September 2020 and understands the Group's culture, strategy and people. Her leadership will provide continuity whilst Andrew and Simon grow into their new roles, and whilst the Nomination Committee works on replacing the other non-executive roles which need to be replaced over the next year. Since year end, this process has resulted in the appointment of two new Non-executive Directors to the business, Andrew Milne and José Carlos González-Hurtado. Andrew brings with him an in-depth knowledge of the UK consumer goods landscape. José Carlos' experience of running and advising businesses across Europe will be additive to our own ambitious growth plans for that region.

In line with our medium-term succession planning, Robbie Bell, Board member since March 2017, has been appointed to the role of Senior Independent Director. Alan Rigby remains on the Board.

Under the guidance of the Nomination Committee, the Group has continued to support the Senior Management Development Programme (the "Programme"), which aims to promote the development of talent from within, along with supporting the succession planning and diversity objectives of the Board. Colleagues on the Programme periodically update and reassess their personal skills matrix, their development areas and training needs to allow them to enrich their skills, experience and development.

Chair's introduction continued

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibility to ensure that the Remuneration Policy and practices of the Company are fair, responsible, linked to performance and have regard to statutory and regulatory requirements. The Remuneration Committee is currently chaired by Christine Adshead, who replaced Alan Rigby during the year and its other members during the year were James McCarthy, Robbie Bell and Jill Easterbrook. It is noted that Christine Adshead has now taken the position of Chair of the Board from 1 August, and will, therefore, be stepping down from the position of Chair of the Remuneration Committee once she has completed the responsibilities in relation to the current financial year. The Remuneration Committee Report is included on pages 58 to 77.

ESG Committee

The ESG Committee assists the Board in defining the Company's strategy relating to ESG matters and reviewing the practices and initiatives relating to ESG matters ensuring they remain effective, up to date and aligned to the overall business strategy. This includes: the Group's impact on the natural environment and its response to climate change, including greenhouse gas emissions, energy consumption, generation and use of renewable energy, pollution, efficient use of resources, the reduction and management of waste, and the environmental impact of the Group's supply chain; the Group's interactions with employees, customers, suppliers, other stakeholders and the communities in which it operates and the role of the Group in society, including workplace policies, working conditions and employee opportunities, equality, gender and diversity policies, ethical/responsible sourcing, social aspects of the supply chain (including modern slavery), and engagement with and contribution to the broader community through social projects and charitable donations, and the ethical conduct of the Group's business, including its corporate governance framework, business ethics, policies and codes of conduct, the management of bribery and corruption, and the transparency of non-financial reporting. Jill Easterbrook chaired the Committee during the year, before stepping down post year end. I want to take the opportunity to thank her for the excellent work she did in the establishment of this committee. The ESG Committee Report is included on pages 24 to 41.

Meetings and attendance

Board meetings are scheduled to be held monthly. As required, additional Board and committee meetings may be held to progress the Company's business. In the year ended 31 July 2024, the number of scheduled meetings of the Board and of the Committees of the Board, along with the attendance of individual Directors, are set out in the table below.

In advance of their meetings, the Board is provided with an agenda and all relevant documentation, reports and financial information in a timely manner to assist them in the discharge of their duties and to ensure that decisions are well informed and made in the best interests of the Group. No one Board member has the power to make a decision without the sanction of the other members.

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee	ESG Committee
Number of meetings	12	6	5	7	3
James McCarthy	12		5	6	
Simon Showman	12				1
Andrew Gossage	12			1*	
Chris Dent	12	6*	5*	7*	3
Alan Rigby	11	6	5	7	
Robbie Bell	12	6	5	7	
Christine Adshead	12	6	5	7	3
Jill Easterbrook	12		5	7	3

* Denotes Directors who attended Board Committee meetings during the year by invitation.

If any member is unable to attend a Board meeting, they have the opportunity to discuss any agenda items with the Chair before the meeting.

Shareholder engagement

The Board is fully committed to open and constructive engagement with shareholders, and, during the year, the Executive Directors carried out two investor roadshows to present to major existing and potential shareholders and to gain an understanding of their views. Furthermore, the Board fully appreciates the importance of private shareholders and their need for reasonable information and engagement. Therefore, the Board continues to engage Equity Development Limited to provide regular, publicly available research notes on the Group (also posted to the Group's website) along with video interviews and hosting webinars to present results and trading statements.

The Company is considerate of the views of its major shareholders and commits to providing an accessible, professional approach and provision of timely and accurate data in its interactions with its shareholders. To ensure that the whole Board develop an understanding of the views of major shareholders about the Company, feedback is provided to the Board following shareholder contact and this understanding will continue to be developed going forward.

All shareholders are entitled to attend the AGM and can lodge their votes by way of proxy and/or to attend such meetings in person. They also have the opportunity to ask questions of the Board, including the Chairs of the Board Committees and to meet informally with the Directors to discuss any issues they may wish to raise.

Christine Adshead
Chair

28 October 2024

Audit and Risk Committee Report

The Committee was pleased with the smooth transition of the external audit to PKF Littlejohn LLP during the year.

Robbie Bell
Chair of the Audit and Risk Committee

Introduction

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, internal controls and risk management, the internal and external audit process and auditors, including reviewing and monitoring the integrity of the Group's annual and half-yearly Financial Statements.

Committee Membership

Robbie Bell (Chair)

Alan Rigby

Andrew Milne

José Carlos González-Hurtado

Number of meetings held during the year

6

Robbie Bell
Chair of the Audit and Risk Committee

Governance

The Committee's Terms of Reference are published on the Group's website. The Board is satisfied that Robbie Bell has recent and relevant financial experience, as required by provision 24 of the Code and has determined that the current composition of the Committee as a whole has competence relevant to the sector in which the Company operates. The meetings are attended by all of the Committee members and, by invitation, the Chief Financial Officer and other senior employees of the Group, along with representatives from the external auditors. In addition, the Committee has also met with the external auditor without the Executive Directors present.

Role and responsibilities

The primary role of the Committee is to assist the Board in fulfilling its oversight responsibilities. This includes:

- monitoring the integrity of the annual and interim Financial Statements and formal announcements relating to the Group's financial performance, and reviewing any significant financial reporting estimates, judgements and disclosures that they contain;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices;
- if requested by the Board, ensuring that a robust assessment of the principal risks facing the Company is undertaken and providing advice on the management and mitigation of those risks. In the current year, the Committee performed a detailed review of the risks surrounding stock;

Audit and Risk Committee Report continued

- reviewing and monitoring the effectiveness of the Group's internal control and risk management systems;
- whilst the Group has no internal audit function, considering at least annually the need for an internal audit function, reporting its recommendation and reasons thereof to the Board;
- making recommendations to the Board in relation to the appointment and removal of the external auditor and approving its remuneration and terms of engagement;
- reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process;
- reviewing the policy on the engagement of the external auditor to supply non-audit services;
- reviewing and monitoring the appropriateness of the Group's whistleblowing and anti-bribery procedures; and
- reporting to the Board on how it has discharged its responsibilities.

Activities of the Audit and Risk Committee

During the year and the period to the date of this report, the Committee has:

- reviewed and discussed with the external auditor the key accounting considerations, estimates and judgements reflected in the Group's results for the six-month period ended 31 January 2024;
- reviewed and agreed the external auditor's audit strategy memorandum in advance of its audit for the year ended 31 July 2024;
- reviewed the non-audit services provided to the Group by the external auditor and assessed its independence and objectivity;
- agreed the terms of engagement and fees to be paid to the external auditor for the audit of the 2024 Financial Statements;
- reviewed reports from management regarding their approach to key accounting considerations, estimates and judgements in the Financial Statements for the year ended 31 July 2024;
- discussed the report received from the external auditor regarding its audit in respect of the year ended 31 July 2024;
- reviewed the half-year and full-year Financial Statements;
- considered the Group's principal and emerging risks, together with the processes for mitigating these risks and assigning appropriate actions with reference to the external environment;
- discussed and considered the Group's exposure to the risk of fraud, including the safeguards in place to mitigate this risk;
- reviewed and approved the Group's Viability Statement, including the approach and assumptions taken, giving consideration to key risks;
- discussed and agreed the nature and scope of the review and assessment of the Group's internal control framework;
- reviewed the effectiveness of the Group's internal control systems, including reviewing the key control cycles and reviewing the results of substantive testing of key internal controls; and
- considered the effectiveness of the Group's IT security in relation to cyber attacks.

At the request of the Board, the Committee also considered whether the Annual Report and Accounts for the year ended 31 July 2024, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Following enquiry into and discussion of management's processes in this regard, along with consideration of the draft Annual Report and Accounts, the Committee recommended to the Board that it could make the required disclosure as set out in the Directors' Responsibilities Statement on page 81.

Significant issues

The significant matters and key accounting estimates considered by the Committee during the year were:

Significant issues	How the issue was addressed
Revenue recognition The Group has various revenue streams which have different recognition policies. The Audit and Risk Committee sought assurance that the Group's revenue recognition policy was appropriate and that it had been consistently applied throughout the period.	The Audit and Risk Committee reviewed and assessed management's key internal controls in relation to the recording of revenue and were satisfied that the Group's revenue recognition policy had been applied consistently throughout the year. Having also liaised with the external auditors, the Audit and Risk Committee was satisfied that revenue was correctly recognised.
Customer rebates and discounts Estimation is required in the determination of the rebates and discounts provision at the year end and the resultant reduction in revenue. Estimates are required as there are not always formal agreements in place and calculations can be complex, with varying criteria, such that estimation is required.	The Audit and Risk Committee has reviewed and challenged management on the approach taken to determining the level of provision required for rebates and discounts. Having also liaised with the external auditors, the Audit and Risk Committee was satisfied with the approach taken and the level of provision included within the Financial Statements.

Audit and Risk Committee Report continued

Review of risk management and internal financial controls

The Committee has conducted a robust assessment of the principal risks faced by the business and the mitigating factors in force, along with a review of the internal financial controls, including those that would threaten its business model, future performance, solvency or liquidity.

The Group maintains a register of principal risks faced by the business, as determined by discussions with Executive and Non-executive Directors and members of the Senior Management Team. Once identified, risks are assessed by the Committee according to their likelihood, potential impact and time horizon. Risks are reassessed based on the strength of mitigating controls in place and an appropriate risk response is determined. The risks are subject to ongoing monitoring and review by both the Board and the Committee, including an update on the movements in impact and likelihood of each and progress on mitigating actions. The principal risks and uncertainties of the Group and their mitigation are included on pages 44 to 45. The impact of these risks has been considered in the Viability Statement on page 46 and the Going Concern assessment on page 97.

The Group's financial reporting process is underpinned by the established system of internal financial controls and review procedures that form part of the monthly Group reporting process. The procedures are well established and incorporate a thorough review of performance, supported by appropriate segregation of duties and defined approval processes to minimise the risk of misappropriation.

Each year, the review and assessment of the Group's internal control framework is planned and prioritised taking account of any developments during the year, the business's key risks as identified by the risk register, and through discussion with the external auditor regarding those areas presenting the most significant risk of misstatement. Accordingly, during the year, the Group's internal control cycles were reviewed and key controls were identified and tested.

The Group's risk management and internal control systems have been in place throughout the financial year and up to the date of approval of the Annual Report and Financial Statements. The Committee is satisfied that the internal financial controls have operated effectively for the period under review and to the date of the Annual Report and Financial Statements.

Internal audit

The Committee is responsible for monitoring and reviewing the effectiveness of the systems established to identify, assess, manage and monitor financial risk. The Group does not have an internal audit function. During the year and the period to the date of this report, the Committee reviewed the results of the internal control cycles and concluded that the controls employed are appropriate, functioning as intended and sufficient for the size and nature of the Group.

The Committee will continue to review, on an ongoing basis, whether the Group's size and activities are such that an internal audit function should be established in the future.

External audit

During the previous year the Group appointed PKF Littlejohn LLP as its auditor following the completion of a formal tender process. The independence and objectivity of the auditor is regularly considered by the Committee, taking into consideration relevant UK professional and regulatory requirements. The Committee reviews an annual statement from the auditor detailing their independence policies and safeguards and confirming its independence, considering relevant ethical guidance regarding the provision of non-audit services by the external auditor. The Committee has considered and approved the terms of engagement and fees of the external auditor for the year ended 31 July 2024. There were no contingent fee arrangements. Audit fees payable by the Group to PKF Littlejohn LLP in the year ended 31 July 2024 totalled £126,000 (2023: £115,000). The Committee reviewed the level of non-audit services and fees provided by PKF Littlejohn LLP. For the year ended 31 July 2024, these totalled £13,000 (2023: £nil) which all related to half-year assurance services (in the prior year this service was provided by BDO). The ratio of audit fees to non-audit fees, in total, for the year ended 31 July 2024 is 1:0.1.

Auditors' remuneration:

	2024 £'000	2023 £'000
Fees for audit of the Company	**53**	50
Fees for the audit of the Company's subsidiaries	**74**	65
Total audit fees	**126**	115
Other assurance services	**13**	–
Total non-audit fees	**13**	–

Audit and Risk Committee Report continued

The Committee is required to consider and review the effectiveness of the external auditor on an annual basis and report its findings and recommendations to the Board. The assessment of effectiveness was completed by means of an ongoing process of review throughout the year with the Committee seeking assurances and understanding of the auditor's approach to the audit. In particular, the Committee reviewed and approved the external auditor's plan for undertaking the year-end audit, including the scope of their work and their proposed approach to key risk areas identified. The Committee also reviewed the detailed reports prepared by the external auditor setting out their findings from year-end audit. The results were reported to and discussed by the Audit and Risk Committee. Following the completion of the current year audit, it is the Committee's intention that this approach is supplemented by the completion of a questionnaire by the members of the Audit and Risk Committee and senior members of the finance team involved in the audit, to include consideration of the audit partner and team, as well as approach and communication.

Considering the ongoing review of the effectiveness, the independence and the length of tenure of the auditors, the Committee recommends that a resolution for the reappointment of PKF Littlejohn LLP as the Company's auditor should be proposed at the forthcoming AGM.

Robbie Bell
Chair of the Audit and Risk Committee

28 October 2024

Remuneration Committee Report

I am pleased to present the FY24 Directors' Remuneration Report (the "Report") on behalf of the Remuneration Committee ("Committee").

Christine Adshead
Outgoing Chair of the Remuneration Committee

Introduction

The role of the Committee is to ensure that Remuneration Policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance

Committee Membership

Christine Adshead (Outgoing Chair)

Alan Rigby

Robbie Bell

José Carlos González-Hurtado

Andrew Milne (Chair Designate of Remuneration Committee)

Number of meetings held during the year

5

Christine Adshead
Outgoing Chair of the Remuneration Committee

Board changes

As set out on page 50, during the course of this year we have seen the Board transition to new leadership under the new CEO, A Gossage, who has been the Managing Director for the Company since 2014 and been responsible for the Group's strategy and overseeing its operational functions and online business. Subsequently, S Showman has stepped down from his CEO duties and has taken the position as Chief Commercial Officer. Further details on the approach to Andrew and Simon's remuneration is set out below.

In addition, as set out on page 50, the Company is currently going through a period of transition with Jill Easterbrook stepping down from the Board and the appointment of Andrew Milne and José Carlos González-Hurtado to the Board on 28 October 2024. As part of this transition, this will be my last year as the Committee Chair, having stepped to take up the position of the Chair of the Board. On behalf of the Committee, I would like to welcome Andrew Milne, who will be taking over as the Committee Chair, and José Carlos González-Hurtado to the Committee.

The Report is set out in the following sections:

Remuneration Committee Report continued

This year saw the first year of the implementation of our new Directors' Remuneration Policy, which was very well received by shareholders, being approved with over 93% of votes in favour at the Annual General Meeting on 15 December 2023. On behalf of the Remuneration Committee, I would like to thank shareholders and their advisory bodies for taking the time to engage with us and for their feedback, which provided valuable input and assisted the Committee to develop the new Remuneration Policy.

The Committee is satisfied that the Remuneration Policy has operated as intended in FY24. This report complies with the relevant provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulation 2008 (as amended). The Committee has prepared this report in line with the recommendations of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing Rules and with consideration given to guidance provided by investors including the Investment Association's Principles of Remuneration.

Our approach to remuneration

The Committee's long-standing view is that the remuneration of Executive Directors should be competitive without being excessive, aligned with the Group's corporate strategy and, in the case of variable remuneration, be accompanied by stretching and relevant performance conditions focused on delivering shareholder value.

The Committee has continued to enjoy the backing and understanding of the Executive Directors in this approach, each of whom respect the independence of the Committee.

Implementation of Remuneration Policy during the year

The Committee is satisfied that the Remuneration Policy was operated as intended and in line with the statement of our intentions set out in last year's report.

In reflection of the role changes for S Showman and A Gossage, as described above, an independent analysis was undertaken by our external advisers to assess the market rate for the new roles. Based on this market data, and an assessment of the skills and experience of the incumbents, the Committee set the CEO's salary at £365,000 and the CCO's salary at £315,000 on appointment in their new roles. This represents an increase in salary of 36% for A Gossage and a reduction in salary of 19% for S Showman. The Committee is comfortable that the proposed base salaries and subsequent total remuneration packages are appropriate in the context of external and internal relativities as well as the experience of the Directors.

The base salary for C Dent was also reviewed during the year and changed with effect from 1 July 2024. On appointment, the CFO's salary was set at a discount to the market rate, accommodating for increases as he develops within his roles. His salary was increased by 13% to £180,000 to reflect his development in his role as CFO and Company Secretary since appointment.

Performance and pay outcomes during the year

Annual bonus

Under the awards for FY24, 80% of the maximum bonus opportunity was based on the achievement of an Adjusted EBITDA target and 20% on achievement of personal objectives. As the EBITDA performance during the year was below the threshold level, the EBITDA underpin was not met. Therefore, despite progress against their personal objectives, S Showman and A Gossage did not receive any bonus payout for the year.

Incentive Plan awards

Under the awards for FY24, 71% of the maximum Incentive Plan opportunity was based on the achievement of an Adjusted EBITDA target and 29% on achievement of personal objectives. As set out above, the EBITDA performance underpin was not met and thus the Incentive Plan award for C Dent did not vest.

No Management incentive plan (MIP) awards have been exercised by participants during the year.

Conclusion

We remain committed to an open and transparent dialogue with our shareholders and welcome any feedback which shareholders may have in relation to this report. I will also be available at the AGM to take any questions in relation to this report.

Christine Adshead
Chair of the Remuneration Committee

28 October 2024

Remuneration Committee Report continued

Remuneration Policy

1. Introduction

The Group's Directors' Remuneration Policy is intended to enable the Group to attract, retain and motivate the Executive Directors and other senior executives necessary to achieve the Group's annual goals and long-term purpose, values and strategy and deliver sustainable shareholder value. The Committee believes that:

- individuals should be properly rewarded where justified by the Group's financial performance and their personal contribution;
- the Group should pay no more than is necessary;
- remuneration packages should be constructed so as to include stretching performance objectives linked to the long-term success and strategy of the Group; and
- remuneration structures should discourage the taking of excessive risk that is not aligned with the long-term interests of shareholders.

The Ultimate Products Executive Remuneration Policy (the "Policy") has been prepared to comply with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UK Listing Authority's Listing Rules. Due consideration has also been given to the recommendations of the UK Corporate Governance Code (the "Code") and to guidance provided by investors including the Investment Association's Principles of Remuneration. This Policy was approved by Shareholders at the 2023 Annual General Meeting and is intended to operate for a three-year term. The Group will only make remuneration payments to current or prospective Directors, or payments for loss of office if the payment is in line with the Policy. If the Committee wishes to change the Policy within this period, or is required to do so, it will submit a revised Policy to shareholders for approval.

2. Summary of components of Executive Directors' remuneration:

Fixed remuneration: Salary	
Element, purpose and link to strategy	To provide an appropriate amount of basic fixed income to enable the recruitment and retention of individuals who can facilitate the achievement of the Group's strategy.
Operation	The Committee reviews base salaries on an annual basis, taking into account: • absolute and relative Group profitability; • any changes to the scope of each role and its responsibilities; • any changes to the size and complexity of the Group; • salaries in comparable organisations; • pay increases elsewhere in the Group; and • the impact of any increases to base salary on the total remuneration package.
Maximum opportunity	The Committee has set no overall maximum on salary increases, as it believes that this creates an anchoring effect for Executive Directors and other employees. In most circumstances, salary increases for Executive Directors will not exceed the average increase awarded to other employees in the Group. Increases above this level will only be granted in exceptional circumstances including (without limitation): • a material increase to the responsibilities attaching to a role; • a material increase in the scope of a role; • a promotion to a different role; • where a salary has fallen out of step with market norms; or • where an Executive Director has been recruited on a below-market salary and the Committee is gradually transitioning that person to a market rate. In considering any increases to salary for Executive Directors, the Committee shall carefully consider the impact of such changes on associated indirect costs including pension contributions.
Performance measures	None, although the Committee takes into account individual performance, skills and experience when setting and reviewing salaries.

Remuneration Committee Report continued

Remuneration Policy continued

Fixed remuneration: Benefits	
Element, purpose and link to strategy	To provide market-competitive and cost-effective benefits to attract and retain suitable Executive Directors and where appropriate, assist an Executive Director in the performance of his or her duties.
Operation	The Group provides a range of benefits to its Executive Directors in line with market norms. These currently include the provision of a company car (or a car allowance), sick pay and private medical insurance for the Executive Director and his or her spouse and dependent children. Other than in respect of the Chief Commercial Officer, for whom a life assurance policy with critical illness cover is provided, the Group does not currently provide life assurance or permanent health insurance to Executive Directors. However, the Remuneration Committee notes that the provision of such benefits is common at comparable companies and if the Remuneration Committee in future determines that such provision is necessary to attract or retain suitable Executive Directors, then it may elect to provide these to one or more of the Executive Directors. The Group reimburses reasonable work-related expenses to Executive Directors, such as business travel and subsistence whilst on work trips, or expenses incurred in the performance of their duties along with any tax liabilities that may arise. Any additional benefits provided to Executive Directors are reviewed by the Committee and approved only if reasonable, in line with good market practice and obtainable at a proportionate cost. For Executive Directors based outside of the UK, the Committee may consider providing additional allowances where this is in line with local market practice and expectations and is necessary in order to recruit or retain suitably skilled individuals.
Maximum opportunity	The maximum opportunity will depend upon the cost of providing the relevant benefits and the individual's personal circumstances. The Committee has full regard to the cost of providing any benefits and is committed to only providing benefits that are in line with market practice, cost-effective for the Group and appropriate to the requirements of a specific role or individual.
Performance measures	None.

Fixed remuneration: Retirement provision	
Element, purpose and link to strategy	To provide an income for Executive Directors in their retirement and enable the Group to recruit and retain suitable individuals by aligning their overall package with those offered by competitors for talent.
Operation	The Group operates a defined contribution pension plan in which the Executive Directors are eligible to participate and may provide contributions to the Executive Directors' personal pension arrangements or a cash allowance in lieu of pension contributions.
Maximum opportunity	The Executive Directors currently receive 3.5% of basic salary as a contribution to their pension arrangements (or as an equivalent cash allowance), which is aligned to the wider workforce. For newly appointed Executive Directors, the contribution level (or payments in lieu) will be aligned with those available to the Group's broader workforce, other than in exceptional circumstances.
Performance measures	None.

Remuneration Committee Report continued

Remuneration Policy continued

Variable remuneration: Annual Bonus Plan (A Gossage and S Showman only)	
Element, purpose and link to strategy	To incentivise Executive Directors to deliver the Group's corporate strategy by focusing on annual goals that are consistent with longer-term strategic objectives and rewarding the delivery of exceptional performance.
Operation	Annual bonus targets are reviewed and set on an annual basis to ensure that they: • align with the Group's long-term strategy; • are focused on the Group's immediate strategic priorities; • are appropriate given broader market conditions; and • remain stretching. Pay-out levels are determined by the Committee after the year end, based upon a rigorous assessment of performance against the targets. The threshold payment is between 0% and 25% of the maximum award. Other levels of payout are set by the Committee from year to year depending on the appropriate level of stretch in the targets to align with the business plans. Bonuses may be paid in the form of cash or shares, and a proportion may be deferred for a period of time, as determined by the Committee each year in the light of the significant shareholdings of A Gossage and S Showman. Malus provisions apply for the duration of the performance period and to shares or cash held under the deferral arrangements, allowing the Committee to reduce to zero any unvested or deferred awards. Clawback provisions apply to cash amounts paid and shares or cash released for three years following payment or release (as the case may be), allowing the Committee to claim back all or part of any amount paid or released.
Maximum opportunity	The maximum annual bonus opportunity that can be earned for any year is capped at 100% of base salary in the case of A Gossage and S Showman. For the avoidance of doubt, no other Executive Director can participate in this plan.
Performance measures	The awards under the annual bonus will be earned based on achievement against a scorecard of measures set on an annual basis. At least 50% of the awards will be assessed against financial performance metrics, with the balance assessed against non-financial strategic/personal objectives. The Committee is of the opinion that, given the commercial sensitivity of the detailed performance measures used for the annual bonus plan, disclosing precise targets in advance would not generally be in the interests of the Group or its shareholders. Actual targets, performance levels achieved, and the resulting payments made will therefore be disclosed, in most circumstances, retrospectively at the end of the performance period. In exceptional circumstances such that the Committee believes the original measures and/or targets are no longer appropriate, the Committee has discretion to amend performance measures and targets during the year.

Variable remuneration: Incentive Plan	
Element, purpose and link to strategy	To incentivise Executive Directors to deliver on our financial and strategic goals, align with longer-term shareholder value over a total term of five years from award, and reward exceptional performance.
Operation	Awards will be subject to performance targets measured over a one-year period. Targets are reviewed and set on an annual basis to ensure that they: • align with the Group's long-term strategy; • are focused on the Group's immediate strategic priorities; • are appropriate given broader market conditions; and • remain stretching. Pay-out levels are determined by the Committee after the year end, based upon a rigorous assessment of performance against the targets. The threshold payment is between 0% and 25% of the maximum award. Other levels of payout are set by the Committee from year to year depending on the appropriate level of stretch in the targets to align with the business plans. Up to 50% of any award is paid in cash following the end of the performance year, with the remaining proportion (i.e. minimum of 50%) being deferred into shares for four years. Deferred awards vest subject to continued service and the satisfaction of a discretionary performance underpin, assessed by the Committee at the end of the deferral period. The value of any dividends during the deferral period may be payable to the Executive Directors upon vesting at the choice of the Committee. In the light of the significant shareholdings of A Gossage and S Showman and their continued participation in the MIP, these Executive Directors will not participate in the Incentive Plan and will instead remain in the current Annual Bonus Plan. In determining whether the performance measures have been satisfied, the Committee shall take account of the extent to which the measured outcome reflects overall corporate performance and the experience of the shareholders of the Company in terms of value creation. Where the Committee is of the opinion that the formulaic application of any performance measure produces an outcome that is unjust to the Group, its shareholders or the Executive Director, it shall be entitled, acting in its absolute discretion, to make such adjustments as it sees fit to its determination of whether (and, if relevant, to what extent) the performance measure has been satisfied, at all times having due regard to the interests of shareholders of the Group. The Committee shall not exercise any such discretion to the material advantage of an Executive Director other than in exceptional circumstances and following consultation with key shareholders. Malus provisions apply for the duration of the performance period and to deferral awards, allowing the Committee to reduce to zero any in-year or deferred awards. Clawback provisions apply to amounts paid following the performance period for four years following payment, allowing the Committee to claim back all or part of any amount paid.

Remuneration Committee Report continued

Remuneration Policy continued

Variable remuneration: Incentive Plan continued	
Maximum opportunity	200% of salary, with the majority of the award earned being subject to deferral for four years.
Performance measures	The awards under the Incentive Plan will be earned based on achievement against a scorecard of measures set on an annual basis. At least 50% of the awards will be assessed against financial performance metrics, with the balance assessed against non-financial strategic/personal objectives. The Committee is of the opinion that, given the commercial sensitivity of the detailed performance measures used for the annual bonus plan, disclosing precise targets in advance would not generally be in the interests of the Group or its shareholders. Actual targets, performance levels achieved, and the resulting payments made will therefore be disclosed, in most circumstances, retrospectively at the end of the performance period. In exceptional circumstances such that the Committee believes the original measures and/or targets are no longer appropriate, the Committee has discretion to amend performance measures and targets during the year.

Variable remuneration: All-employee share plans	
Element, purpose and link to strategy	To align the broader employee base with the interests of shareholders and aid recruitment and retention.
Operation	The Group operates an all-employee save-as-you-earn plan approved by HM Revenue & Customs under Schedule 3 of the Income Tax (Earnings and Pensions) Act 2003. Executive Directors are, as required by the relevant legislation, entitled to participate on the same basis (and subject to the same maximums) as other Group employees.
Maximum opportunity	In line with HMRC limits in force from time to time.
Performance measures	None.

Other: Shareholding guidelines	
Element, purpose and link to strategy	To create alignment between the Executive Directors' interests and those of shareholders.
Operation	The Remuneration Committee expects all Executive Directors, within a period of five years from appointment, to build up a meaningful shareholding in Ultimate Products.
Maximum opportunity	The Chief Executive Officer and the Chief Commercial Officer, will be required to build up interests in the Group's shares worth 250% of base salary. All other Executive Directors will be required to build up interests in shares worth 125% of base salary. The Remuneration Committee requires that all Executive Directors continue to comply with a tapered shareholding requirements for two years following termination of their directorship, whereby they shall reduce their holding from the 250% or 125% of base salary level by no more than 50% in year 1 and 50% in year 2.
Performance measures	None.

Remuneration Committee Report continued

Remuneration Policy continued

Malus and clawback

Malus and/or clawback provisions under the Incentive Plan may be triggered in the following scenarios:

- the Executive Director has participated in or was responsible for conduct which resulted in significant losses to a Group company;
- the Executive Director has failed to meet appropriate standards of fitness and propriety;
- the Remuneration Committee has reasonable evidence of fraud or material dishonesty by the Executive Director;
- the Company has become aware of any material wrongdoing on the part of the Executive Director;
- the Executive Director has acted in any manner which in the opinion of the Committee has brought or is likely to bring any Group company into material disrepute or is materially adverse to the interests of any Group company;
- there is a breach of the Executive Director's employment contract that is a potentially fair reason for dismissal;
- the Executive Director is in breach of a fiduciary duty owed to any Group company;
- an Executive Director who has ceased employment was in breach of their employment contract or fiduciary duties in a manner that would have prevented the grant or release of an award had the Remuneration Committee been aware (or fully aware) of that breach, and of which the Remuneration Committee was not aware (or not fully aware) at the relevant time;
- there was a material error in determining whether an award should be made or in determining the size and nature of the award or in assessing the extent to which any performance measure was satisfied;
- a Group company misstated any financial information for any part of any year that was taken into account in determining whether an award should be made or in determining the size and nature of such award or assessing the extent to which any performance measure was satisfied; or
- a Group company or business unit that employs or employed the Executive Director, or for which the Executive Director is or was responsible, has suffered a material failure of risk management.

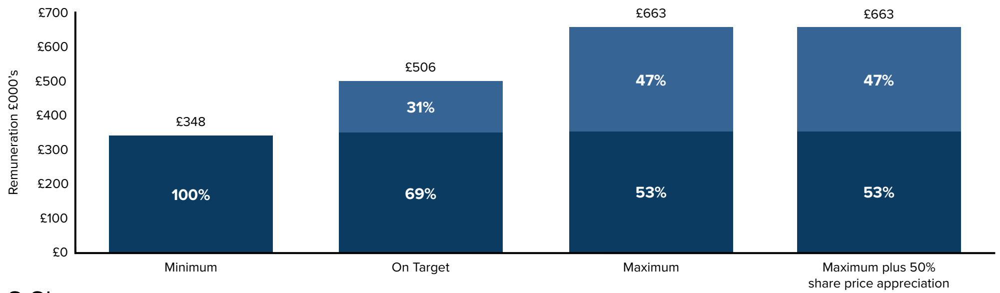
Performance conditions

As detailed in the Policy table above, the Committee determines the performance conditions to be used under the variable pay plans on an annual basis. The Committee's intention is that Adjusted EBITDA will continue to be included as it is a key measure of the Group's financial performance. The performance conditions chosen for each year's incentive awards will be disclosed in the Directors' Remuneration Report following the end of the relevant year.

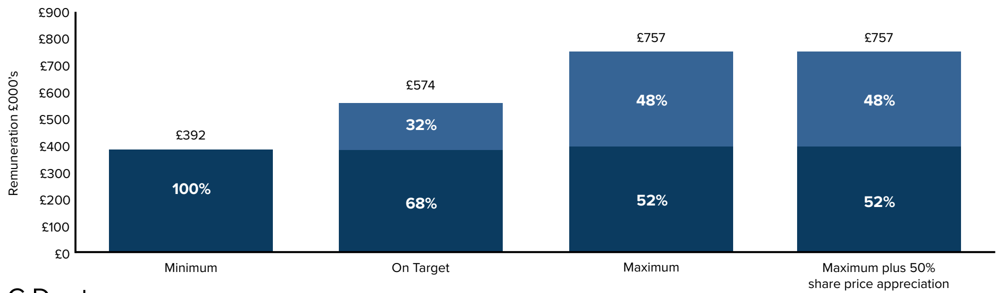
Illustrations of application of Policy

The charts below illustrate the potential value of the remuneration packages for the Executive Directors under the operation of the Policy during FY25 and under the scenarios in the following table.

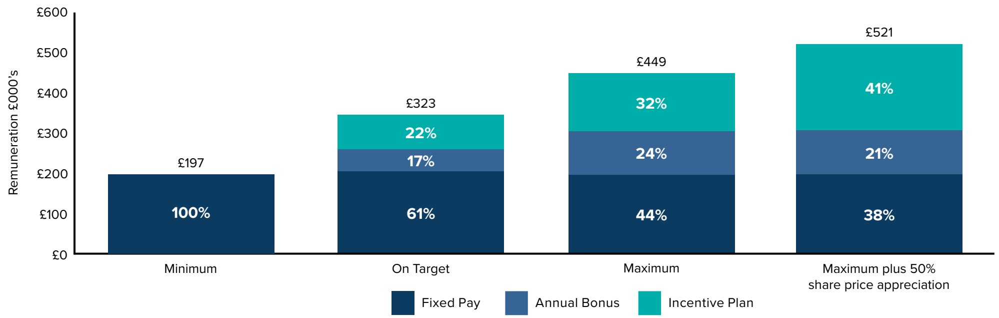
A Gossage



S Showman



C Dent



Remuneration Committee Report continued

Remuneration Policy continued

Performance level	Fixed Pay	Incentive Plan / Annual bonus plan
Minimum	Fixed elements of remuneration – base salary, car allowance, benefits and pension only.	No award
On Target		50% of maximum: • 70% of salary for C Dent, of which 40% of salary is deferred into shares • 50% of salary for A Gossage and S Showman, of which 15% of salary is deferred
Maximum	Base salary is as at 31 July 2024 and the value for benefits has been calculated as per the single figure table for FY24.	100% of maximum: • 140% of salary for C Dent, of which 80% of salary is deferred into shares • 100% of salary for A Gossage and S Showman, of which 30% of salary is deferred
Maximum plus share price growth	As for Maximum above, but with the value of 50% share price growth included within the deferred element of the Incentive Plan for C Dent.	

Note that the SAYE plan has not been incorporated into the scenarios above on the basis of materiality.

3. Statement of consideration of employment conditions elsewhere in the Group

In designing the Policy and in making decisions in relation to the remuneration of Executive Directors pursuant to the Policy, the Committee has and will continue to take into account the remuneration of employees across the Group. The Committee and Executive Directors believe that the success of the Group in meeting its strategic objectives is highly dependent upon the talents and performance of the Group's wider employee base. The Group regularly reviews the remuneration of Group employees in a process led by the Group HR Director. In line with the policy of the Committee towards the Executive Directors, the Group's policy is to set competitive pay levels that allow the Group to attract and retain the talent necessary to thrive, without paying more than is necessary in the markets in which it operates. The main pay review takes place in June of each year, with an extra "hindsight" review in December of each year. The Group HR Director reports the results of the pay review to the Committee.

Whilst the Committee does not have a formal process for directly consulting employees on the remuneration of Executive Directors, it does take full account of the pay, benefits and employment conditions of the wider workforce when setting the remuneration of Executive Directors. In particular, the Committee has determined that in most circumstances, salary increases for Executive Directors should not exceed the average increase awarded to other employees in the Group. Increases above this level will only be granted in exceptional circumstances as set out in the policy table under Fixed Remuneration: Salary above.

The Group's Colleague Consultation Group ("CCG"), which is chaired by the HR Director, is used as a formal communication channel between employees and the Executive Directors to communicate and consult on matters of importance both to and from the employees in a constructive manner. The CCG produces papers for the Board at least twice per year, which are discussed by the Board, and responded to where required.

4. Statement of consideration of shareholders' views

The Committee actively welcomes the input of shareholders in respect of its remuneration policies and decisions and is committed to engaging in an open and transparent dialogue with shareholders in relation to executive remuneration.

In developing the Policy, the Chair of the Committee sought the views and input of the Group's key shareholders. The Committee considered all views expressed by shareholders in refining and developing the Policy and will continue to engage with shareholders throughout the full term of the Policy. Shareholders have expressed a strong preference for the Committee to demonstrate transparency in all aspects of the operation of the Policy, and the Committee remains committed to open and clear communication with its shareholders. The Committee agrees that such transparency is a legitimate interest of shareholders, and intends to provide maximum disclosure in all circumstances except where such disclosure would materially prejudice the interests of the Group.

As a listed company, the Group strives hard to build a long-term, two-way relationship with its investors and will consider their views in all areas of its business, including on the remuneration of its key employees.

Remuneration Committee Report continued

Remuneration Policy continued

5. Recruitment remuneration

The Committee will determine the remuneration of new Executive Directors in accordance with this Remuneration Policy, taking into account the individual's skills, experience and current remuneration package, together with the responsibilities attaching to the role concerned.

Where the Committee considers it appropriate to offer a below-market salary initially, for example where a recruit's current remuneration package is considerably below the market norm for the role that they are being recruited to perform, a series of planned above inflation annual increases to reach a market salary may be used. Such increases may be made subject to Group and individual performance. In some circumstances, to recruit individuals of an appropriate calibre, it may be necessary to buy out their variable remuneration arrangements, which would be forfeited due to leaving their previous employment. Where this is done, the Committee will take into account the form of any such award, any performance conditions attaching to it (including the likelihood of such performance conditions being achieved) and the period of vesting.

Any buyout payments made will generally seek to reflect the structure and level of the award it replaces, as far as reasonably practicable. The Committee will pay no more than is necessary to compensate such individuals for the awards they will be losing, taking into account anticipated vesting levels. The Committee would normally impose clawback provisions on such recruitment awards made to Executive Directors, activated should such individuals resign or be summarily dismissed within two years of joining the Group. Shareholders will be informed of any such payments at the time of recruitment along with the reasons for making such payments.

The maximum level of annual variable pay, which may be awarded to a new Executive Director, will be in line with the maximum amounts specified in the Incentive Plan, as set out in the above, being a total of 200% of salary. For the avoidance of doubt, this excludes the value of any buyout payments associated with forfeited awards.

The Committee may approve the meeting of an Executive Director's reasonable and proportionate relocation expenses where this is considered appropriate in all the circumstances.

Where an Executive Director is recruited partway through a financial year, the individual may be invited to participate in the Incentive Plan on a pro-rated basis in that first year.

For the recruitment of an Executive Director in a non-UK jurisdiction, the Committee may approve the payment of alternative or additional benefits and pension arrangement in line with local market practice. In some circumstances, the Remuneration Committee may agree to pay an expatriate allowance, reimbursement of advisers' fees and/or offer tax equalisation arrangements.

6. Service agreements and termination payments

It is the Group's policy that Executive Directors' service agreements may be terminated by no more than one year's notice by the employer at any time and by payment of no more than one year's basic salary and other fixed benefits in lieu of notice by the employer. Upon the termination of an Executive Director's employment, in addition to considering the terms of the individual's service agreement, the Committee has the following policies:

- The Committee shall be guided by the core principle of seeking an outcome that is in the best interests of the Group and its shareholders and shall take into account all of the circumstances of the termination.
- If the termination is as a result of death or any other reason that the Committee considers to be appropriate (a 'Good Leaver Reason'), the Committee shall consider making a payment to the Executive Director under the Annual Bonus Plan or Incentive Plan. This would normally be pro-rated for the period worked during the financial year and any deferred amounts (whether held in shares or cash) will normally be released at their normal vesting date subject to performance and/or underpins under their original terms.
- If the termination is as a result of anything other than a Good Leaver Reason, no payment will be made under the Annual Bonus Plan or Incentive Plan on cessation of employment of an Executive Director and any deferred amounts will normally lapse.
- In the event of a compromise or settlement agreement, the Committee shall consider agreeing to reasonable payments in respect of the settlement of legal claims, including any compensation relating to the breach of the Executive Director's statutory or contractual rights and in respect of any reasonable professional fees incurred by the individual in relation to the agreement.

The service contracts of Executive Directors and the letters of appointment of Non-executive Directors are available for inspection at the Group's registered office during normal business hours and will be available at the Annual General Meeting.

7. Change in control

On a change in control, awards under the Group's incentive plans will generally vest but in most circumstances, such vesting will be subject to:

i. the extent to which the Committee considers that the performance conditions have been satisfied; and

ii. time apportionment in accordance with the rules of each plan.

On a change in control, any shares held under compulsory deferral arrangements under the Group's incentive plans (i.e. after the end of any performance periods) shall normally vest in full.

Remuneration Committee Report continued

Remuneration Policy continued

8. Fees retained for external non-executive directorships

The Committee is of the view that Executive Directors can, in some circumstances, benefit by holding non-executive directorships in other companies. The Committee therefore permits such non-executive directorships and permits the Executive Directors to personally retain the fees from such non-executive directorships, providing that the Committee's advance permission is sought and that such appointment does not conflict with the Director's duties and commitments to Ultimate Products.

9. Discretion

The Committee has an element of discretion in several areas of the Policy and has discretion in some areas under the rules of certain incentive plans. These discretions include:

- selecting participants for each plan and arrangement;
- determining the quantum of awards under each plan or arrangement, subject to the maximums stated in the policy table above;
- selecting the most suitable timing for granting awards and making payments;
- assessing the extent to which performance conditions have been satisfied and thereby the extent to which awards shall vest;
- setting the targets applicable to the various performance measures used in the Group's plans and arrangements;
- conducting an annual review of performance measures and the relative weightings thereof;
- determining whether a participant shall be considered to be a Good Leaver in exceptional circumstances, outside of the prescribed circumstances; and
- making necessary adjustments to any plan or arrangement in circumstances such as a rights issue, restructuring, special dividend or change of control (subject to the rules of the relevant plan or arrangement).

If an event occurs which means, in the opinion of the Committee, that the performance conditions or associated targets are no longer an appropriate measure of the performance of the Group's business or its adherence to strategy then, in exceptional circumstances, the Committee shall have the discretion to adjust, supplement or amend any performance condition or target, subject always that the adjusted, supplemental or amended performance condition must be not materially less difficult to satisfy. Other than in the case of minor or administrative changes, any such action would be taken only after consultation with the Group's major shareholders and would be disclosed in the subsequent Annual Report on Remuneration.

Specifically, in determining whether the performance measures have been satisfied for awards made under the Annual Bonus Plan, Incentive Plan or PSP, the Committee is required to take account of the extent to which the measured outcome reflects overall corporate performance and the experience of the shareholders of the Company in terms of value creation.

Where the Committee is of the opinion that the formulaic application of any performance measure produces an outcome that is unjust to the Company, its shareholders or the Executive Director, it shall be entitled, acting in its absolute discretion, to make such adjustments as it sees fit to its determination of whether (and, if relevant, to what extent) the performance measure has been satisfied, at all times having due regard to the interests of shareholders of the Company. The Committee shall not exercise any such discretion to the material advantage of an Executive Director other than in exceptional circumstances and following consultation with key shareholders.

The Committee has the discretion to amend the Policy with regard to minor or administrative matters where, in the opinion of the Committee, it would be disproportionate to seek or await shareholder approval for such an amendment.

10. Legacy agreements

In addition to payments provided for under this Policy, the Committee may authorise payments to honour commitments made prior to its adoption to any current or former Executive Directors.

In particular, Awards under the following plans have not yet vested, and therefore all the terms of these awards (outlined in previous Directors' Remuneration Reports) will continue to apply under the Policy, including performance conditions, vesting and holding schedule and malus and clawback provisions:

- Deferred share awards under the Annual Bonus plan granted to C Dent, which vest in equal tranches after one, two and three years.
- Awards granted to C Dent under the Performance Share Plan (PSP), which vest three years from the date of grant subject to EPS and strategic performance conditions.
- Awards granted under the MIP, which participants may exercise at any point up to 28 February 2026, whose value is based on growth in the Company's share price above a hurdle (which increased from 166.4p to 193.02p with effect from 28 February 2024).

For the avoidance of doubt, no new awards will be granted under any of these legacy plans, except for deferred awards under the Annual Bonus Plan for A Gossage and S Showman.

Where appropriate, in the case of an internal promotion to an Executive Director position, the Committee may make payments to such Executive Director in relation to terms agreed with them at a time when the relevant individual was not an Executive Director of the Group – providing that such payment was not in consideration for the individual becoming an Executive Director. Any such payments will only be made with a view to transitioning the Executive Director to terms compatible with this Remuneration Policy as soon as possible. Details of any such payments will be included in each Annual Report on Remuneration.

Remuneration Committee Report continued

Remuneration Policy continued

11. Terms and conditions of Non-executive Directors

Non-executive Directors are appointed for an initial period of three years and will stand for re- election at each AGM of Ultimate Products. Thereafter, the Board may invite them to serve for an additional period of three years, subject to re-election at each AGM.

The fees paid to Non-executive Directors are determined by the Board in light of independent surveys of fees paid to Non-executive Directors of comparable companies and with regard to the time commitment and responsibilities involved. The Chair of the Board is paid a single fee covering all of their responsibilities and other Non-executive Directors receive a basic fee, with Committee Chairs being paid additional fees to reflect their extra responsibilities. Non-executive Directors are entitled to be reimbursed for reasonable expenses, in relation to the performance of their duties and for any related tax liabilities that may arise.

The appointment of Non-executive Directors is terminable by either party on one month's written notice. No compensation is payable upon termination of their appointment and they are not entitled to participate in the Group's incentive or pension arrangements.

Remuneration Committee Report continued
Remuneration Report

Single total figure of remuneration for each Director (audited)
The table below sets out in a single figure the total remuneration, including each element, received by each of the Directors for the years ended 31 July 2024 and 31 July 2023.

	Basic Salary/Fees[1,3] 2024 £	All Taxable Benefits 2024 £	Pension 2024 £	Total Fixed 2024 £	Bonus and Incentive Plan 2024 £	MIP and PSP[2] 2024 £	Total Variable 2024 £	Total 2024 £
Executive Directors								
A Gossage	330,736	14,098	–	344,834	0	–	0	344,834
S Showman	363,904	14,466	8,000	386,370	0	–	0	386,370
C Dent	161,208	10,566	5,851	177,625	0	–	0	177,625
Non-executive Directors								
J McCarthy	92,400	–	–	92,400	–	–	–	92,400
A Rigby	45,644	–	–	45,644	–	–	–	45,644
R Bell	55,644	–	–	55,644	–	–	–	55,644
C Adshead	58,894	–	–	58,894	–	–	–	58,894
J Easterbrook	55,644	–	–	55,644	–	–	–	55,644
	1,164,074	**39,130**	**13,851**	**1,217,055**	**0**	**0**	**0**	**1,217,055**

Remuneration Committee Report continued

Remuneration Report continued

	Basic Salary/Fees[1,3] 2023 £	All Taxable Benefits 2023 £	Pension 2023 £	Total Fixed 2023 £	Bonus and Incentive Plan 2023 £	MIP and PSP[2] 2023 £	Total Variable 2023 £	Total 2023 £
Executive Directors								
A Gossage	274,399	14,038	–	288,437	204,096	–	204,096	492,533
S Showman	388,000	14,272	4,000	406,272	220,907	–	220,907	627,179
C Dent	144,125	10,378	8,135	162,638	70,688	–	70,688	233,326
Non-executive Directors								
J McCarthy	88,367	–	–	88,367	–	–	–	88,367
A Rigby	50,970	–	–	50,970	–	–	–	50,970
R Bell	53,470	–	–	53,470	–	–	–	53,470
C Adshead	49,470	–	–	49,470	–	–	–	49,470
J Easterbrook	53,470	–	–	53,470	–	–	–	53,470
	1,102,271	38,688	12,135	1,153,094	495,691	–	495,691	1,648,785

1 The salaries noted above include the following amounts of pension contributions from the remuneration package that were paid as salary:

	2024 £	2023 £
A Gossage	**16,151**	19,279
S Showman	**11,744**	23,822
	27,895	47,101

2 The Group has two long-term incentive plans in operation for the years ended 31 July 2024 and 31 July 2023; the MIP and PSP. No MIP awards have been exercised by participants and no PSP awards have vested during the year.

3 The remuneration noted above for C Adshead includes £3,250 received in respect of fees for delivering executive coaching sessions to the Group's senior operating managers in the year ended 31 July 2024 (2023: £3,000).

Remuneration Committee Report continued

Remuneration Report continued

Individual elements of remuneration

Base salary

The Remuneration Committee consulted with its remuneration advisers and considered market reports on remuneration data from comparable listed companies when reviewing the base salaries of the Executive Directors, having regard to the scope of the respective roles, the experience, performance and contribution of the relevant individuals and the markets in which the Group operates. From 1 July 2024, the base salaries of the Executive Directors are as follows, including comparison to the previously agreed rates:

	Base Salary 1 July 2024 £	Base Salary 1 July 2023 £	Movement %
A Gossage	**365,000**	267,876	36%
S Showman	**315,000**	386,587	-19%
C Dent	**180,000**	159,500	13%

* Movement in the salaries of S Showman and A Gossage reflect their change in roles as noted earlier in this report.

Taxable benefits

Each Executive Director is entitled to medical expenses insurance. Car allowances are paid to the Executive Directors as follows: A Gossage £12,500; S Showman £12,500; and C Dent £10,000. The car allowances have remained unchanged.

Pension benefits (audited)

The Group operates a defined contribution pension scheme, which the Directors are eligible to participate in. The Executive Directors currently receive 3.5% of their salary (excluding any car allowance), which is aligned to the wider workforce, as a contribution to their pension arrangements or the equivalent as a cash allowance. The contracts of employment for the Executive Directors do not define a normal retirement age and given the arrangements in place, the Executive Directors have not accrued pension entitlements at 31 July 2024 (2023: £nil).

Non-executive Director fees

The Non-executive Directors are subject to shareholder approval, appointed for an initial period of three years and will stand for re-election at each Annual General Meeting of the Company. The period of service can be extended for a further three years based upon Board approval.

The fees payable to the Non-executive Directors are determined by the Board in light of independent surveys of fees paid to Non-executive Directors of comparable companies and with regard to the time commitment and responsibilities involved.

The Board considered remuneration data from comparable listed companies when reviewing the fees paid to the Non-executive Directors, having regard to the scope of the respective roles, the experience, performance and contribution of the relevant individuals and the markets in which the Group operates. The base fees payable to the Non-executive Directors for their services is £45,644 per annum, the fee in respect of Chairing one of the three main Board Committees (Remuneration, Audit & Risk, ESG) is £10,000 per annum and the fee in respect of services as Non-executive Chair of the Board is £92,400.

Annual bonus scheme

Awards made in respect of the year to 31 July 2024

In accordance with the Remuneration Policy, the maximum bonus opportunity under the Annual Bonus Plan for FY24 was set at 100% of base salary for S Showman and A Gossage (FY23: 100%). The Remuneration Committee attached performance conditions to each award, one based upon adjusted EBITDA and two based upon personal strategic targets which were chosen to align with the Group's strategic pillars. No payment in respect of the personal strategic targets were permissible unless at least the threshold level of adjusted EBITDA (£21.7m) was obtained. The targets attaching to the Annual Bonus Plan for FY24 are set out below.

Remuneration Committee Report continued

Remuneration Report continued

Incentive plan awards

Awards made in respect of the year to 31 July 2024

In accordance with the Remuneration Policy, the maximum bonus opportunity under the Incentive Plan for FY24 was set at 140% of base salary for C Dent, of which up to 60% and 80% of salary could be settled in cash and shares respectively. The Remuneration Committee attached performance conditions to each award, one based upon adjusted EBITDA and two based upon personal strategic targets which were chosen to align with the Group's strategic pillars. No payment in respect of the personal strategic targets were permissible unless at least the threshold level of adjusted EBITDA (£21.7m) was obtained. The targets attaching to the Incentive Plan for FY24 are set out below.

		Opportunity (% of salary)		
Performance condition	Level	S Showman	A Gossage	C Dent
Adjusted EBITDA	Threshold (£21.7m)	**0%**	**0%**	**0%**
	Target (£22m)	60%	60%	75%
	Stretch 1 (£23.65m)	65%	65%	82%
	Stretch 2 (£25.3m)	70%	70%	88%
	Stretch 3 (£26.95m)	75%	75%	94%
	Stretch 4 (£28.6m)	80%	80%	100%
	Adjusted EBITDA Outcome (£m)		£18.0m	
	Outcome (% of salary)	**0%**	**0%**	**0%**
Personal Target 1 (subject to Adjusted EBITDA underpin)	Below Threshold	**0%**	**0%**	**0%**
	Threshold	5%	5%	10%
	Target	7.5%	7.5%	15%
	Stretch	10%	10%	20%
Personal Target 2 (subject to Adjusted EBITDA underpin)	Below Threshold	**0%**	**0%**	**0%**
	Threshold	5%	5%	10%
	Target	7.5%	7.5%	15%
	Stretch	10%	10%	20%
Total opportunity		100%	100%	140%
Overall outcome (% of base salary)		**0%**	**0%**	**0%**
Overall outcome (% of max. opportunity)		**0%**	**0%**	**0%**

As EBITDA for FY24 was £18.0m, the target level of performance was not delivered, resulting in no bonus being paid to the Executive Directors for this element. In addition, as this was below Threshold, no bonuses in respect of personal targets were permissible, despite progress being made on these individual objectives. The Committee considered that the bonus and incentive plan outcomes appropriately reflected individual and business outcomes. No discretion was used in assessing the outcomes as set out above.

Long-term incentive plans (audited)

PSP awards granted during the financial year

There have been no new share options granted under the PSP scheme in the current year, and there have been no PSP awards with a performance period ending in the current year for the current Directors.

MIP

The 2017 MIP is structured as an award of A ordinary shares in Ultimate Products UK Limited ('Subsidiary Shares'). The right attaching to the Subsidiary Shares originally included a put option with a three-year vesting period that could be exercised up to seven years following the vesting date. Exercise of the put option was subject to the share price of Ultimate Products plc exceeding a hurdle set at a premium to the IPO price. Following a shareholder vote at the FY22 AGM, the time horizon of the MIP was extended by two years to 28 February 2026 subject to an uplift in the Hurdle from 166.4p to 193.02p (equating to an 8% increase to the Hurdle for each of the two years by which the MIP was extended). At the point of exercise, the recipient will receive the value of the Subsidiary Shares in either cash or shares in Ultimate Products plc ('Plc Shares'), at the discretion of Ultimate Products plc, subject to a cap of 6.25% of the issued share capital of Ultimate Products plc as at the date of the IPO. The table below shows the maximum number of Plc Shares that could be issued in exchange for the Subsidiary Shares, based upon the share price of Ultimate Products plc as at the relevant date had the put options been exercised at such time:

As at 31 July 2023 and 2024:

	Subsidiary Shares Held	Maximum Potential Plc Shares at 31 July	Face Value
Executive Directors			
A Gossage	32	–	–
S Showman	48	–	–

Remuneration Committee Report continued

Remuneration Report continued

Face value is calculated as the number of Plc Shares that could be acquired upon exercise of the put option, multiplied by the average mid-market share price at the relevant year end date. The price at this date is taken as this is linked to the maximum potential shares to be issued based upon the conditions at that time. As at 31 July 2024 and 2023, the share price of Ultimate Products plc was below the hurdle price so, at that date, the put option would not be exercisable.

Service contracts

The following table sets out the key terms of the service contracts in place:

	Date of appointment	Date of service contract	Notice period
Executive Directors			
A Gossage	28 July 2005	8 February 2024	12 Months
S Showman	28 July 2005	8 February 2024	12 Months
C Dent	4 April 2022	4 April 2022	6 Months
Non-executive Directors			
A Rigby	1 March 2017	2 November 2020	1 Month
R Bell	1 March 2017	2 November 2020	1 Month
C Adshead	21 September 2020	21 September 2020	1 Month
J C González-Hurtado	28 October 2024	28 October 2024	1 Month
A Milne	28 October 2024	28 October 2024	1 Month

All other Outside appointments are disclosed in the Director biographies set out on pages 48 and 49 of the Annual Report.

Payments for loss of office (audited)

There have been no such payments made in either the year ended 31 July 2024 or the comparative period.

Payments to former Directors (audited)

There have been no such payments made in either the year ended 31 July 2024 or the comparative period.

Directors' shareholdings (audited)

The table below sets out the total number of shares held at 31 July 2024 by each Director of the Company.

	A Ordinary shares owned[1]	Shares owned outright	Shares under option	Potential MIP shares[1]	Deferred bonus shares[2]
Executive Directors					
A Gossage	32	8,052,400	–	–	–
S Showman	48	18,530,600	–	–	–
C Dent	–	90,710	40,000	–	14,624
Non-executive Directors					
J McCarthy	–	1,000,000	–	–	–
A Rigby	–	25,000	–	–	–
R Bell	–	502,144	–	–	–
C Adshead	–	–	–	–	–
J Easterbrook	–	–	–	–	–

1 The A Ordinary shares held in UP Global Sourcing UK Limited give rise to a potential entitlement to acquire additional shares in UP Global Sourcing Holdings plc, as explained in the "Long-Term Incentive Plan" section above. The share price at 31 July 2024 did not exceed the hurdle price and as such, the potential MIP shares at 31 July 2024 were nil.

2 Pursuant to the Remuneration Policy, 30% of the award payable under the Annual Bonus Plan to C Dent in respect of the year ended 31 July 2023 was deferred into shares that vest in three equal tranches after one, two and three years. The legal title to these shares are held under a nominee agreement by JTC Employer Solutions Trustee Limited, the trustee of the Group's Employee Benefit Trust. As requiring S Showman and A Gossage to defer a portion of their bonus award into shares would have triggered a mandatory offer under Rule 9 of the City Code on Takeovers and Mergers, the Remuneration Committee instead arranged (in compliance with the Remuneration Policy) for 30% of their award to be held as cash, again under a nominee agreement by the trustee of the Group's Employee Benefit Trust for the year ended 31 July 2024. Similarly, 30% of the award payable under the Annual Bonus Plan to S Showman and A Gossage for the years ended 31 July 2022 and 31 July 2023 were deferred in the same way.

Remuneration Committee Report continued

Remuneration Report continued

The table below sets out the change in the number of shares held by each Director of the Company in the period since 31 July 2024:

	Shares owned outright at 31 July 2023	Shares owned outright 31 July 2024	Shares held under share options 31 July 2024	Potential MIP shares 31 July 2024	Deferred bonus shares 31 July 2024	Shares owned outright at 28 October 2024
A Gossage	8,052,400	8,052,400	–	–	–	8,052,400
S Showman	18,530,600	18,530,600	–	–	–	18,530,600
C Dent	73,855	90,710	40,000	–	14,624	92,490
J McCarthy	1,000,000	1,000,000	–	–	–	1,000,000
A Rigby	25,000	25,000	–	–	–	25,000
R Bell	502,144	502,144	–	–	–	502,144
C Adshead	–	–	–	–	–	–
J Easterbrook	–	–	–	–	–	–

Shareholding requirement

	Base Salary[1] £	Total Shareholding	Shareholding Requirement as % of Salary	Shareholding Requirement[2]	Actual Shareholding as % of Requirement
A Gossage	365,000	8,052,400	250%	651,786	1,235%
S Showman	315,000	18,530,600	250%	562,500	3,294%
C Dent[3]	180,000	105,334	125%	160,714	66%

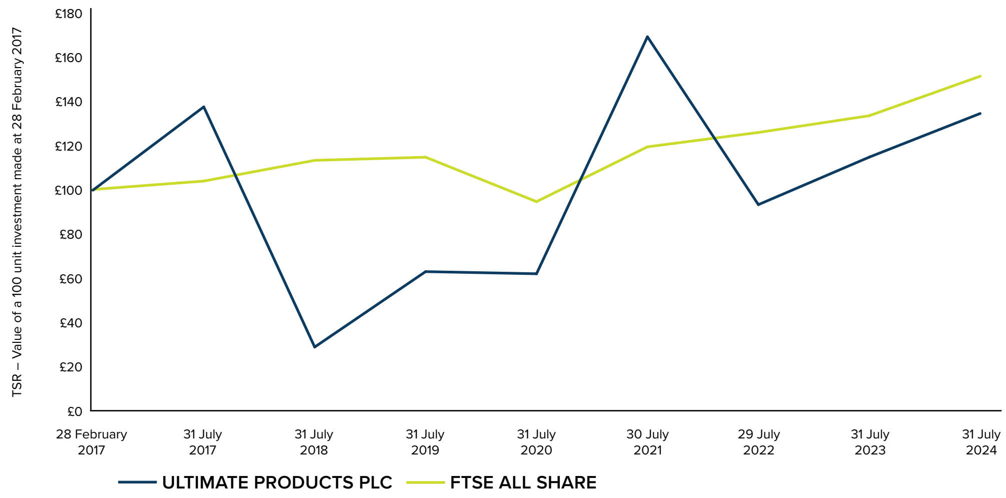
1 Base salary above excludes any amount in respect of a car allowance.

2 Salary divided by the 31 July 2024 share price of 140p, multiplied by percentage of salary.

3 C Dent was appointed on 4 April 2022 and is in the process of building up his shareholding to the required 125% of salary within the maximum period of five years as required by the Remuneration Policy; the Committee will continue to monitor this process. In the prior year the comparative was 46% actual shareholding as % of the requirement.

Performance graph and CEO remuneration table

This graph illustrates the Group's performance against the FTSE All Share since the date of the IPO, measured by Total Shareholder Return. The FTSE All Share has been chosen as the appropriate comparator, as Ultimate Products plc is a constituent of this index. This illustrates the movement in a hypothetical £100 invested in the Company from the date of the IPO.



Remuneration Committee Report continued

Remuneration Report continued

The table below sets out the remuneration data for the Director undertaking the role of CEO for the period since IPO:

Chief Executive	Year	Single Figure Remuneration £'000	Annual Bonus (% of maximum)	PSP Vesting (% of maximum)
A Gossage (from the period of 8 February 2024 to 31 July 2024)	2024	193	Nil	Nil
S Showman (for the period to 7 February 2024)	2024	213	Nil	Nil
S Showman	2023	627	60%	Nil
S Showman	2022	437	10%	Nil
S Showman	2021	595	60%	Nil
S Showman[1]	2020	345	Nil	Nil
S Showman	2019	710	79%	Nil
S Showman	2018	382	Nil	Nil
S Showman	2017	1,434	Nil	Nil

1 It is noted that the single figure remuneration for 2020 includes the impact of a salary reduction that was taken by S Showman as a result of the COVID pandemic.

Relative importance of spend on pay

The table below illustrates the Group's expenditure on pay in comparison to distributions to shareholders by way of dividends.

	2024 £'000	2023 £'000	% Change
Total employee costs (note 7 – Financial Statements)	16,437	17,854	-7.9%
Dividends	6,411*	6,591*	-2.7%

* Dividends declared and proposed in respect of the year ended 31 July 2024 and 2023, including any such amounts waived.

CEO pay ratio

The table below compares the total remuneration of S Showman, the former CEO, and A Gossage, the current CEO for the respective periods served as CEO during FY24 (as included in the single figure table on page 69 to the remuneration of the 25th, 50th and 75th percentile of our UK employees).

Total pay ratio	Method	25th percentile	Median	75th percentile
Year ended 31 July 2024	A	15.8:1	14.1:1	11.3:1
Year ended 31 July 2023	A	25.4:1	22.5:1	15.3:1
Year ended 31 July 2022	A	17.6:1	15.3:1	10.8:1
Year ended 31 July 2021	A	24.7:1	22.0:1	15.4:1

As permitted by the legislation, we have calculated the ratio using Option A as this is considered to be the most statistically accurate way. Under this option, the full-time equivalent total remuneration has been determined for all UK employees for the years ended 31 July 2023 and 31 July 2024. Representative employees have then been identified for each quartile using this data. No assumptions have been used to estimate the full-time equivalent employees. The remuneration figure for the employee at each quartile was determined with reference to 31 July 2023 and 31 July 2024. The total pay and benefits and the base salary component of total pay and benefits are set out as follows:

	Base Salary 2024[1] £	Total pay and benefits 2024[2] £	Base Salary 2023 £	Total pay and benefits 2023 £
CEO remuneration	373,940	406,863	386,587	627,112
25th percentile employee	25,064	25,816	24,000	24,720
Median employee	28,000	28,840	27,000	27,810
75th percentile employee	35,000	36,050	34,000	41,020

1 The base salary for the CEO excludes car allowance and pension payments taken as cash. These amounts are included in total pay and benefits.

2 There has been a decrease in the ratios for the financial year ending 31 July 2024, which is driven primarily by varying incentive outcomes. It is to be expected that the ratio will vary from year-to-year, primarily as the CEO's package consists of a much higher level of variable pay that is dependent on performance, whereas the wider workforce remuneration is predominantly fixed in nature, which is normal practice for these roles. In this context, the Committee is satisfied that the ratios are appropriate and fair.

Remuneration Committee Report continued

Remuneration Report continued

Annual percentage change in remuneration of Directors compared to employees

This table shows the percentage change in salary, taxable benefits and annual bonus set out in the single figure of remuneration tables, paid to each Director in respect of the financial years ended 31 July 2024, 31 July 2023 and 31 July 2022 compared to that of the average pay of all employees of the Group.

	Salary/fees			Benefits			Annual Bonus		
	2022	2023	2024	2022	2023	2024	2022	2023	2024
Executive Directors									
A Gossage	+4.2%	+5.0%	+14.6%	+1.2%	+0.6%	+0.4%	-76.8%	+457.0%	-100.0%
S Showman	+4.3%	+5.0%	-9.2%	+1.1%	+0.5%	+1.4%	-82.6%	+526.6%	-100.0%
C Dent	n/a	+10.0%	+11.9%	n/a	+4.3%	+1.8%	n/a	+100.0%	-100.0%
Non-executive Directors									
J McCarthy	+3.5%	+5.0%	0.0%	0.0%	0.0%	0.0%	–	–	–
A Rigby	+3.5%	+5.0%	0.0%	0.0%	0.0%	0.0%	–	–	–
R Bell	+3.5%	+5.0%	0.0%	0.0%	0.0%	0.0%	–	–	–
C Adshead	+3.5%	+5.0%	0.0%	0.0%	0.0%	0.0%	–	–	–
J Easterbrook	+3.5%	+5.0%	0.0%	0.0%	0.0%	0.0%	–	–	–
Average pay of all employees[2]	7.6%	+10.5%	+5.8%	-11.9%	+18.8%	+7.1%	-11.8%	-2.0%	-19.0%

1 The salary used in the calculation excludes the pension contributions that were paid as salary but includes car allowances.

2 Average pay is determined using all employees in the Group, as the Parent Company has no employees. The calculations are based on all employees who were employed throughout the relevant comparator.

Statement on implementation of Remuneration Policy in the following financial year

Base salary

As described in the Chair's statement, the base salaries for the Executive Directors were reviewed during the year. The resulting rates of salary are as follows:

Executive Director	Base salary from 1 July 2023	Base salary from 1 July 2024	Increase
A Gossage	£267,876	£365,000	+36%
S Showman	£386,587	£315,000	-19%
C Dent	£159,500	£180,000	+13%

Benefits and pension

There are no planned changes to the provision of benefits for FY25.

A Gossage, S Showman and C Dent will receive a pension contribution of 3.5%, aligned to the wider workforce level.

Incentive awards

The maximum incentive opportunity for C Dent will be 140% of salary. Under the awards for FY25, 65% of the maximum incentive opportunity is again based on the achievement of an Adjusted EBITDA target and 35% on achievement of personal objectives. In relation to the award, up to 60% will be paid in cash at the end of the performance period and up to 80% deferred into shares for four years. The awards will also be subject to malus and clawback provisions.

For A Gossage and S Showman, the maximum incentive opportunity will be 100% of salary. Under the awards for FY24, 70% of the maximum bonus opportunity is again based on the achievement of an Adjusted EBITDA target and 30% on achievement of personal objectives. Up to 70% of salary will be paid following the performance period in cash, and up to 30% of salary deferred into cash vesting over a period of three years.

The Committee has decided that, given the commercial sensitivity of the detailed performance measures used for the annual bonus plan, disclosing these targets prospectively is not in the interests of the Group or its shareholders. The targets, performance levels achieved and resulting payments will be disclosed retrospectively after the end of the performance period.

Remuneration Committee Report continued
Remuneration Report continued

Non-executive Director fees
The rate of fees for the Chair of the Board and Non-executive Directors remain the same as in the prior year:

Role	Fee from 1 July 2024
Chair of the Board	92,400
Non-executive Director base fee	45,644
Additional fee for chairing Audit Committee	10,000
Additional fee for chairing Remuneration Committee	10,000
Additional fee for chairing ESG Committee	10,000

Consideration of matters relating to Directors' remuneration
The following Directors were members of the Committee when matters relating to Directors' remuneration were considered:

- C Adshead
- A Rigby
- J McCarthy
- R Bell
- J Easterbrook

J C González-Hurtado and A Milne were appointed to the Committee post the end of the financial year and were not involved in matters relating to the current financial year.

External advisers
The adviser to the Committee during the year was PricewaterhouseCoopers LLP (PwC).

PwC advised on market practice, corporate governance and regulations, incentive target-setting, and other matters that the Committee was considering, as well as assistance in drafting the annual Remuneration Report. The Audit and Risk Committee consider PwC to have been objective and independent during the year, as there are no conflicts of interest. PwC is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct and the Committee is therefore satisfied that the advice PwC will provide is objective and independent. PwC have fees of £64,000 for Committee matters in the year to 31 July 2024.

Statement of shareholder voting
Shareholder voting in relation to the resolutions to approve the Directors' Remuneration Policy (December 2023 AGM) and the Directors' Remuneration Report (December 2023 AGM), was as follows:

Resolution	For (No. of shares)	For (%)	Against (No. of shares)	Against (%)	Votes Withheld (No. of shares)
To receive and approve the Directors' Remuneration Policy	63,369,050	93.42%	4,465,538	6.58%	7,415
To receive and approve the Directors' Remuneration Report	63,400,635	93.46%	4,433,953	6.54%	7,415

The Remuneration Report was approved by the Board on 28 October 2024.

On behalf of the Board.

Christine Adshead
Outgoing Chair of the Remuneration Committee

28 October 2024

Directors' Report and other statutory disclosures

The Directors present their report and the audited consolidated Financial Statements of the Group for the year ended 31 July 2024.

Strategic Report

The Companies Act 2006 requires the Directors to present a review of the business during the year to 31 July 2024 and of the position of the Group at the end of the financial year, together with a description of the principal risks and uncertainties faced. The Strategic Report can be found on pages 5 to 46 and is incorporated by reference into this Directors' Report.

Corporate governance statement

The Disclosure and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Corporate Governance Report on pages 48 to 81 and is incorporated by reference into this Directors' Report.

Results and dividends

The Group's profit after tax for the financial year ended 31 July 2024, was £10.5m (2023: £12.6m). In line with our policy of distributing around 50% of the Group's adjusted profit after tax, the Board is pleased to propose a final dividend of 4.93p per share (2023: 4.95p per share). This takes the total dividend for the year to 7.38p per share (2023: 7.38p per share). Subject to shareholder approval at the AGM on 13 December 2024, the final dividend will be paid on 31 January 2025 to shareholders on the register at the close of business on 3 January 2025.

Future developments

In accordance with s414A of the Companies Act 2006, the Group has disclosed future developments within its Strategic Report on pages 5 to 46.

Directors

Names, biographical details and appointment dates of the Directors of the Company at the date of this report are shown on pages 48 and 49.

Subject to the Company's Articles of Association (the "Articles") and any relevant legislation, the Directors may exercise all of the powers of the Company and may delegate their power and discretion to committees. The powers of the Directors to issue or repurchase ordinary shares are set by resolution at a general meeting of shareholders. The Articles give the Directors power to appoint and remove Directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board. Additionally, the Company may by ordinary resolution, subject to the wider provisions of the Articles, appoint a Director or the Company may by special resolution, or in accordance with the provisions of the Companies Act 2006, remove a Director. In compliance with the UK Corporate Governance Code, the Articles require all Directors to retire and submit themselves for re-election at each Annual General Meeting.

Directors' indemnity provisions

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out their role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings, or any claim in relation to the Company or brought by a regulator as they are incurred, provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The Company's total liability under each indemnity is limited to £10m for each event, giving rise to a claim under that indemnity. The indemnities are qualifying third-party indemnity provisions for the purposes of the Companies Act 2006. In addition, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

Political donations and political expenditure

No company within the Group made any political donations or incurred any political expenditure in the year (2023: £nil).

Post balance sheet events

The Directors propose a final dividend, as set out in note 11 to the Financial Statements.

Global operations

The Group's head office and primary distribution facilities are in Oldham. In addition, the Group also has a presence in China, Germany, France and Poland. The registered Representative Office in China strengthens the Group's Far East sourcing and quality functions, managing orders with suppliers on a day-to-day basis as well as providing a Far East showroom. The branches in Europe employ local sales teams to support the Group's international strategy.

Employee engagement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. Employees are consulted regularly on a wide range of matters affecting their current and future interests and open feedback from all employees across the Group is encouraged through our CCG and employee annual People Engagement Survey, which is led by the CCG.

Employment of disabled persons

Suitable procedures are in operation to support the Group's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where members of staff become disabled, every effort is made to ensure that they are retrained according to their abilities and reasonable adjustments are made to the working environment to accommodate their needs.

Directors' Report and other statutory disclosures continued

Substantial shareholdings

As at the date of this report, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in the Company's ordinary share capital:

	Number of shares	% of voting rights	Type of holding
Schroder Investment Management	11,325,209	12.9%	indirect
Barry Franks	7,270,400	8.2%	indirect
Ennismore Fund Management Limited	7,063,331	8.0%	indirect
Slater Investments Limited	2,655,005	3.0%	indirect
Ultimate Products Employee Benefit Trust	2,507,161	2.8%	indirect

Relationships with controlling shareholders

Under Listing Rule 9.8.4R(14), the Company has entered into a relationship agreement with the controlling concert party. During the period the Company has complied with the independence provisions in the agreement, and as far as the Company is aware the controlling concert party has also complied with the independence provisions and the procurement obligation in the agreement.

Share capital

At 31 July 2024, the Company's entire issued share capital comprised a single class of 88,628,572 ordinary shares of 0.25p each. Further details of the Company's issued share capital, together with details of shares repurchased during the year, is shown in note 22 to the Financial Statements. All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attaching to the shares are set out in the Articles.

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and, on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of AGM gives full details of the deadlines for exercising voting rights in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld, in relation to each resolution, are announced at the AGM and published on the Company's website after the meeting. Subject to the relevant statutory provisions and Articles, shareholders are entitled to a dividend where declared and paid out of profits available for such purposes. There are no restrictions on the transfer of ordinary shares in the Company other than:

- those which may from time-to-time be applicable under existing laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the Financial Conduct Authority, whereby certain Directors and employees of the Company require the approval of the Company to deal in the Company's ordinary shares and are prohibited from dealing during closed periods.

A dividend waiver is in place in respect of the Trustee's shareholdings under the Ultimate Products Employee Benefit Trust (UP EBT). Unless the Company directs that the Trustee may vote on a particular occasion, the Trustee abstains from voting in respect of the shares it holds for the benefit of the UP EBT. If the Company directs that the Trustee may vote, the Trustee may vote, or abstain from voting, in the manner that it thinks fit in its absolute discretion.

At 31 July 2024, pursuant to shareholder resolutions passed on 15 December 2023 and 2 May 2024, and the waiver received from the Panel on Takeovers and Mergers, the Company had authority to: (i) issue ordinary shares without first offering such shares to existing shareholders, up to a value of 5% of the Company's issued share capital; and (ii) purchase up to 10% of its issued share capital. Such authorities will expire at the conclusion of the AGM of the Company on 13 December 2024. It is proposed that such authorities are renewed at the AGM for 2024, as detailed in the AGM Notice.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Change of control

As disclosed in the Directors' Remuneration Report, awards under the Company's share incentive plans contain provisions relating to a change of control of the Company. The Company's banking facilities with HSBC Bank plc may, at the discretion of the lender, become repayable upon a change of control.

Articles of Association

The Company's Articles may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles at the 2024 AGM.

Carbon emission reporting

Disclosures regarding greenhouse gas emissions, energy consumption and energy efficiency action are included in the Strategic Report on page 40. This information is incorporated by reference into this Directors' Report.

Financial risk management and internal controls

Information on the exposure of the Group to certain financial risks and on the Group's objectives and policies for managing each of the Group's main financial risk areas is detailed in the financial risk management disclosure in note 21.

Directors' Report and other statutory disclosures continued

Contracts of significance

The contracts of significance, as defined by Listing Rule 9.8, in existence during the financial year relate to the lease of the Group's offices, showroom and distribution facilities at Manor Mill and Heron Mill. The lease for Manor Mill, originally entered into on 11 November 2016 by Ultimate Products UK Limited was extended on 21 January 2020 on normal commercial terms. The lessor is Berbar Properties Limited, a company of which former Director Barry Franks is a director and sole shareholder. The lease is for a term of ten years and the current rent is £180,000 per annum. The lease of Heron Mill was entered into by Ultimate Products UK Limited on normal commercial terms on 27 June 2024 with Heron Mill Limited, which is controlled by its Directors Simon Showman and Andrew Gossage and former Director Barry Franks. The lease is for a term of seven years and the current rent is £387,500 per annum.

Going concern

The Financial Statements have been prepared on a going concern basis, as set out in the Statement of Directors' Responsibilities on page 81. Having considered the ability of the Company and the Group to operate within its existing facilities and meet its debt covenants, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of this Annual Report). Accordingly, they consider it appropriate to adopt the going concern basis in preparing the Financial Statements. The Group's Viability Statement is set out on page 46 of the Strategic Report.

Disclosure of information under listing rule 9.8.4R

The information required to be disclosed under Listing Rule 9.8.4R, where applicable to the Company, can be found in the 2024 Annual Report and Financial Statements at the references provided below:

Section	Description	Annual Report location
(1)	Interest capitalised	Not applicable
(2)	Publication of unaudited financial information	Page 118
(4)	Details of long-term incentive schemes	Pages 58 to 77
(5)	Waiver of emoluments by a Director	Not applicable
(6)	Waiver of future emoluments by a Director	Not applicable
(7)	Non-pre-emptive issues of equity for cash	Not applicable
(8)	Item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Page 80
(11)	Provision of services by a controlling shareholder	Remuneration Report
(12)	Shareholder waivers of dividends	Page 79
(13)	Shareholder waivers of future dividends	Page 79
(14)	Agreements with controlling shareholders	Directors' Report

Directors' statement as to disclosure of information to auditor

So far as each Director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditor is unaware. Each Director has taken all steps that ought to be taken by a Director, to make themselves aware of and to establish that the auditor is aware of any relevant audit information.

Auditor

The Audit and Risk Committee has responsibility delegated from the Board for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. In accordance with Section 485 of the Companies Act 2006, a resolution proposing that PKF Littlejohn LLP be reappointed as auditors of the Group and to authorise the Audit and Risk Committee to fix their remuneration will be proposed at the 2024 AGM.

Annual General Meeting

The Company's AGM will be held at 14:00 pm on 13 December 2024 at the Company's registered office, Manor Mill, Oldham, OL9 0DD. The Notice of the AGM accompanies this Annual Report and will be available on the Group's website at www.upplc.com. Two resolutions will be proposed as special business. Explanatory notes on these resolutions are set out in the Notice of the meeting.

Recommendation to shareholders

The Board considers that all of the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in their favour.

By order of the Board.

Chris Dent
Company Secretary

28 October 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with UK adopted international accounting standards and applicable law and regulations. Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group and Company Financial Statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group and Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- the Financial Statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group and Company; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

This Directors' Report and Responsibility Statement was approved by the Board of Directors on 28 October 2024 and is signed on its behalf by

Chris Dent
Company Secretary

28 October 2024

Financial Statements

Providing the **best service**

Independent Auditor's Report

To the members of Ultimate Products plc

Opinion

We have audited the financial statements of Ultimate Products plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 July 2024 which comprise of the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 July 2024 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's assessment that supports the Board's conclusions about the appropriateness of using the going concern basis for the preparation of the financial statements and assessed the adequacy and accuracy of the disclosures made in the financial statements around going concern;
- evaluating management's historical forecasting accuracy by comparing performance to budgets from prior financial periods;
- testing the assessment and underlying forecasts for mathematical accuracy;
- obtaining an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- agreeing the underlying cash flow projections to management-approved forecasts, recalculating the impact on banking covenants and liquidity headroom for the base case scenario;
- assessing whether key inputs and assumptions, including sales growth rates, gross profit margins, overheads and financing cashflows made were reasonable;
- performing independent sensitivity analysis on management's key assumptions and inputs, including applying incremental adverse cash flow sensitivities. The sensitivity analysis included the impact of certain severe but plausible scenarios, evaluated as part of management's work on the group's viability, including pandemic disruption, operational disruption, technology displacement and increase in costs from inflation;
- evaluating the amount and timing of identified mitigating actions available to respond to a severe downside scenario, such as ability to restrict capital expenditure and cash payments associated with dividends and whether those actions are feasible and within the group's control; and
- considering the appropriateness of management's downside scenario, to understand how severe conditions would have to be to breach liquidity and whether the reduction in Earnings Before Interest Taxes Depreciation and Amortisation (EBITDA) required has no more than a remote possibility of occurring.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors' considered it appropriate to adopt the going concern basis of accounting. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report

To the members of Ultimate Products plc continued

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed, or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Materiality for the group financial statements as a whole was set as £715,000 (2023: £825,000). This was calculated based upon 5% of profit before tax (2023: 5% of profit before tax) due to the group's profitability and since it is one of the group's key performance indicators. Performance materiality and the triviality threshold for the consolidated financial statements was set at £500,000 (2023: £495,000) and £35,750 (2023: £41,250) respectively due to the number of significant risks and this being our second year of engagement.

Materiality for the parent company financial statements as a whole was set as £390,000 (2023: £480,000). This was calculated based upon 1.5% of gross assets (2023: 1.5% of gross assets) due to significant value of, and focus on, the investment in and balances due from subsidiaries. Performance materiality and the triviality threshold for the parent company was set at £270,000 (2023: £288,000) and £19,000 (2023: £24,000) respectively due to the number of significant risks identified and this being our second year of engagement.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £500,000 and £680,000 (2023: £740,000 and £800,000).

We also agreed to report to the Audit Committee any other audit misstatements below the triviality thresholds established above which we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain such as the valuation of non-contractual rebates. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The group has two trading companies within the consolidated financial statements, both of which are based in the UK. We identified two significant components: the parent company – Ultimate Products plc; and the subsidiary Ultimate Products UK Limited, which were subject to a full scope audit by a team with relevant sector experience undertaken from our office based in London. We engaged the assistance of a component auditor to assist with inventory count procedures, as we were not able to visit an overseas third party warehouse.

The other four entities within the group were assessed as being not material, and therefore only analytical procedures at a group level were performed in respect of these entities.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

To the members of Ultimate Products plc continued

Key audit matters continued

Key Audit Matter	How our scope addressed this matter
Revenue recognition (Note 5) The group has a number of material revenue streams. Each revenue stream has its own distinct revenue recognition policy according to the point in time at which each performance obligation is satisfied. In addition, the group incurs significant costs from customers in relation to discounts, contributions, advertising, marketing and other related services provided by its customers. Given the material value of sales and the number of different revenue streams, there is a risk that the various streams of revenue are not accounted for in the correct period in accordance with the underlying contractual terms of sale and IFRS 15 Revenue from Contracts with Customers.	Our procedures included but were not limited to: • Obtaining and documenting an understanding of the information systems and related controls relevant to each material revenue stream during the year ended 31 July 2024; • Evaluating the appropriateness of the information systems and the effectiveness of the design and implementation of the related controls over the various revenue streams; • Performing a review in accordance with IFRS 15 for all material revenue streams and comparing with the entity's accounting policy to ensure compliance with the relevant financial reporting framework; • Obtaining records of all sales invoices, sales orders and good despatch notes raised in the year, vouching an appropriate sample to supporting documentation, and comparing and reconciling revenue to these three categories of documents. We also reviewed and tested an appropriate sample of reconciling items; • Reconciling revenue per the sales invoice listing to revenue recognised within the nominal ledger for the year; • Selecting a sample of credit notes raised during the year to ensure they have been appropriately raised and authorised. Also selecting a sample of credit notes raised post year-end to ensure they have been recognised in the correct period and assessing whether there is an indication that revenue recognised at year-end was overstated; • Assessing the valuation and completeness of deferred revenue, for revenue streams where the risks and rewards of ownership are transferred on delivery; • Obtaining a list of costs in relation to services provided by customers in the year and assessing whether the classifications determined by management are in accordance with IFRS 15; and • Agreeing an appropriate sample of costs in relation to services provided by customers in the year to supporting documentation to ensuring that the costs have been recorded at the correct value and in the correct period. Based on conducting the aforementioned procedures, we consider that the revenue recognition policies adopted by management for each revenue stream were reasonable. We also consider that the accounting policies adopted by management in respect of costs incurred from customers were reasonable.

Independent Auditor's Report

To the members of Ultimate Products plc continued

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate governance statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's and parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 80;
- Directors' explanation as to their assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 46;
- Directors' statement on whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities set out on page 46;
- Directors' statement that they consider the annual report and the financial statements, taken as a whole, to be fair, balanced and understandable set out on page 81;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 56;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 56; and
- The section describing the work of the audit committee set out on page 55.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

To the members of Ultimate Products plc continued

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Listing Rules, UK Companies Act 2006, Disclosure and Transparency Rules, UK Corporate Governance Code, The Consumer Protection Act 1987, and The Money Laundering and Terrorist Financing (Amendment) Regulations 2019.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
  - Making enquiries of management;
  - Reviewing board minutes;
  - Review the parent company's and subsidiaries' legal expenses; and
  - Reviewing Regulatory News Service announcements.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was potential for management bias in relation to the estimates and judgements made in accounting for customer rebates and we addressed this by challenging the assumptions and judgments made by management and conducting procedures to gain assurance over the completeness and accuracy of accrued rebates.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit Committee on 30 June 2023 to audit the financial statements for the period ending 31 July 2023 and subsequent financial periods. Our total uninterrupted period of engagement is 2 years, covering the periods ending 31 July 2023 to 31 July 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

28 October 2024

Consolidated Income Statement
For the year ended 31 July 2024

	Note	2024 £'000	2023 £'000
Revenue	5	**155,497**	166,315
Cost of sales		**(115,043)**	(123,568)
Gross profit		**40,454**	42,747
Adjusted earnings before interest, tax, depreciation, amortisation, share-based payments & non-recurring items ('Adjusted EBITDA')		**18,022**	20,213
Depreciation and loss on disposal of fixed assets	6	**(2,169)**	(2,238)
Amortisation of intangibles	6	**(22)**	(22)
Share-based payment expense	23	**(137)**	(837)
Total administrative expenses		**(24,760)**	(25,631)
Operating profit	6	**15,694**	17,116
Finance expense	8	**(1,381)**	(1,132)
Profit before tax		**14,313**	15,984
Tax expense	9	**(3,786)**	(3,398)
Profit for the year attributable to equity holders of the Company		**10,527**	12,586
All amounts relate to continuing operations			
Earnings per share			
Basic	10	**12.2**	14.6
Diluted	10	**12.0**	14.3

Consolidated Statement of Comprehensive Income
For the year ended 31 July 2024

	2024 £'000s	2023 £'000s
Profit for the year	**10,527**	12,586
Items that may subsequently be reclassified to the income statement		
Fair value movements on cash flow hedging instruments	**(1,108)**	(1,329)
Hedging instruments recycled through the income statement at the end of hedging relationships	**1,605**	(3,445)
Deferred tax relating to cashflow hedges	**(123)**	875
Items that will not subsequently be reclassified to the income statement		
Foreign currency translation	**–**	(2)
Other comprehensive income/(loss)	**374**	(3,901)
Total comprehensive income for the year attributable to the equity holders of the Company	**10,901**	8,685

Consolidated Statement of Financial Position

At 31 July 2024

	Note	2024 £'000	2023 £'000
Assets			
Intangible assets	13	**36,981**	37,003
Property, plant and equipment	14	**7,574**	8,443
Total non-current assets		**44,555**	45,446
Inventories	16	**36,578**	28,071
Trade and other receivables	17	**29,710**	29,890
Derivative financial instruments	21	**667**	1,233
Cash and cash equivalents		**4,733**	5,086
Total current assets		**71,688**	64,280
Total assets		**116,243**	109,726
Liabilities			
Trade and other payables	18	**(39,084)**	(30,005)
Derivative financial instruments	21	**(996)**	(1,806)
Current tax		**(105)**	–
Borrowings	19	**(15,151)**	(15,891)
Lease liabilities	20	**(811)**	(836)
Total current liabilities		**(56,147)**	(48,538)
Net current assets		**15,541**	15,742
Borrowings	19	**–**	(3,990)
Deferred tax	15	**(6,898)**	(6,797)
Lease liabilities	20	**(3,436)**	(4,262)
Total non-current liabilities		**(10,334)**	(15,049)
Total liabilities		**(66,481)**	(63,587)
Net assets		**49,762**	46,139
Equity			
Share capital	22	**221**	223
Share premium	22	**14,334**	14,334
Capital redemption reserve	22	**2**	–
Employee Benefit Trust reserve	22	**(1,946)**	(1,989)
Share-based payment reserve	22	**1,431**	1,817
Hedging reserve	22	**(286)**	(660)
Retained earnings		**36,006**	32,414
Equity attributable to owners of the Group		**49,762**	46,139

These Financial Statements were approved by the Board of Directors and authorised for issue on 28 October 2024 and signed on its behalf by:

Andrew Gossage
Chief Executive Officer

Chris Dent
Chief Financial Officer

Company registered number: 5432142

Company Statement of Financial Position

At 31 July 2024

	Note	2024 £'000	2023 £'000
Assets			
Investments	12	**20,947**	20,810
Total non-current assets		**20,947**	20,810
Trade and other receivables	17	**5,254**	9,040
Current tax		**127**	–
Derivative financial instruments		**150**	587
Cash		**29**	49
Total current assets		**5,560**	9,676
Total assets		**26,507**	30,486
Liabilities			
Trade and other payables	18	**(58)**	(264)
Borrowings	19	**–**	(1,937)
Deferred tax		**(30)**	–
Total current liabilities		**(88)**	(2,201)
Net current assets		**5,472**	7,475
Borrowings	19	**–**	(3,990)
Total non-current liabilities		**–**	(3,990)
Total liabilities		**(88)**	(6,191)
Net assets		**26,419**	24,295

	Note	2024 £'000	2023 £'000
Equity			
Share capital	22	**221**	223
Share premium	22	**14,334**	14,334
Capital redemption reserve	22	**2**	–
Share-based payment reserve	22	**1,431**	1,817
Hedging reserve	22	**90**	385
Retained earnings		**10,341**	7,536
Total equity		**26,419**	24,295

The Directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented an income statement for the Company. The Company's profit for the year was £9,535,000 (2023: loss of £1,595,000) and the total comprehensive income for the year was a profit of £9,240,000 (2023: loss of £1,478,000).

These Financial Statements were approved by the Board of Directors and authorised for issue on 28 October 2024 and signed on its behalf by:

Andrew Gossage
Chief Executive Officer

Chris Dent
Chief Financial Officer

Company registered number: 5432142

Consolidated Statement of Changes in Equity

For the year ended 31 July

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	EBT reserve £'000	Share-based payment reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total Equity £'000
As at 31 August 2022		223	–	14,334	(1,571)	1,166	3,239	26,102	43,493
Profit for the year		–	–	–	–	–	–	12,586	12,586
Foreign currency retranslation		–	–	–	–	–	–	(2)	(2)
Cash flow hedging movement		–	–	–	–	–	(4,774)	–	(4,774)
Deferred tax movement	15	–	–	–	–	–	875	–	875
Total comprehensive income for the year		–	–	–	–	–	(3,899)	12,584	8,685
Transactions with shareholders:									
Dividends payable	11	–	–	–	–	–	–	(6,255)	(6,255)
Share-based payments charge	23	–	–	–	–	837	–	–	837
Deferred tax on share-based payments	15	–	–	–	–	–	–	(88)	(88)
Transfer of reserve on exercise/cancellation of share award		–	–	–	–	(186)	–	186	–
Transfer of shares by the EBT to employees on exercise of share award		–	–	–	297	–	–	(115)	182
Purchase of own shares by the EBT		–	–	–	(715)	–	–	–	(715)
As at 31 July 2023		**223**	**–**	**14,334**	**(1,989)**	**1,817**	**(660)**	**32,414**	**46,139**
Profit for the year		–	–	–	–	–	–	10,527	10,527
Foreign currency retranslation		–	–	–	–	–	–	–	–
Cash flow hedging movement		–	–	–	–	–	497	–	497
Deferred tax movement	15	–	–	–	–	–	(123)	–	(123)
Total comprehensive income for the year		–	–	–	–	–	374	10,527	10,901
Transactions with shareholders:									
Dividends payable	11	–	–	–	–	–	–	(6,411)	(6,411)
Share-based payments charge	23	–	–	–	–	137	–	–	137
Deferred tax on share-based payments	15	–	–	–	–	–	–	140	140
Transfer of reserve on exercise/cancellation of share award		–	–	–	–	(523)	–	523	–
Transfer of shares by the EBT to employees on exercise of share award		–	–	–	692	–	–	(187)	505
Purchase of own shares by the EBT		–	–	–	(649)	–	–	–	(649)
Share buy-back	22	(2)	2	–	–	–	–	(1,000)	(1,000)
As at 31 July 2024		**221**	**2**	**14,334**	**(1,946)**	**1,431**	**(286)**	**36,006**	**49,762**

Company Statement of Changes in Equity

For the year ended 31 July

	Note	Share capital £'000	Capital redemption reserve £'000	Share premium £'000	Share-based payment reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total Equity £'000
As at 1 August 2022		223	–	14,334	1,166	268	15,109	31,100
Profit for the year		–	–	–	–	–	(1,595)	(1,595)
Cash flow hedging movement		–	–	–	–	246	–	246
Deferred tax movement	15	–	–	–	–	(129)	–	(129)
Total comprehensive income for the year		–	–	–	–	117	(1,595)	(1,478)
Transactions with shareholders:								
Dividends payable	11	–	–	–	–	–	(6,255)	(6,255)
Share-based payments charge	23	–	–	–	837	–	–	837
Transfer of reserve on exercise/cancellation of share award		–	–	–	(186)	–	186	0
Transfer of shares by the EBT to employees on exercise of share award		–	–	–	–	–	91	91
As at 31 July 2023		**223**	**–**	**14,334**	**1,817**	**385**	**7,536**	**24,295**
Profit for the year		–	–	–	–	–	9,535	9,535
Cash flow hedging movement		–	–	–	–	(394)	–	(394)
Deferred tax movement	15	–	–	–	–	99	–	99
Total comprehensive income for the year		–	–	–	–	(295)	9,535	9,240
Transactions with shareholders:								
Dividends payable	11	–	–	–	–	–	(6,411)	(6,411)
Share-based payments charge	23	–	–	–	137	–	–	137
Transfer of reserve on exercise/cancellation of share award		–	–	–	(523)	–	523	–
Transfer of shares by the EBT to employees on exercise of share award		–	–	–	–	–	158	158
Share buy-back	22	(2)	2	–	–	–	(1,000)	(1,000)
As at 31 July 2024		221	2	14,334	1,431	90	10,341	26,419

Consolidated Statement of Cash Flows

For the year ended 31 July

	Note	2024 £'000	2023 £'000
Net cash flow from operating activities			
Profit for the year		**10,527**	12,586
Adjustments for:			
Finance costs	8	**1,381**	1,132
Income tax expense	9	**3,786**	3,399
Depreciation	14	**2,165**	2,218
Amortisation	13	**22**	22
Loss on disposal of non-current assets		**4**	20
Derivative financial instruments		**190**	(199)
Share-based payments	23	**137**	837
Working capital adjustments			
(Increase)/Decrease in inventories	16	**(8,507)**	1,090
(Increase)/Decrease in trade and other receivables	17	**(207)**	2,691
Increase in trade and other payables	18	**9,048**	559
Net cash from operations		**18,546**	24,355
Income taxes paid		**(3,176)**	(3,957)
Cash generated from operations		**15,370**	20,398
Cash flows used in investing activities			
Acquisition of subsidiary- deferred consideration		**–**	(987)
Purchase of property, plant and equipment		**(1,300)**	(999)
Net cash used in investing activities		**(1,300)**	(1,986)

	Note	2024 £'000	2023 £'000
Cash flows used in financing activities			
Sale of own shares		**(144)**	(532)
Share buy-back	22	**(1,000)**	–
Proceeds from borrowings		**6,341**	2,753
Repayment of borrowings		**(11,071)**	(13,412)
Principal paid on lease obligations		**(838)**	(840)
Debt issue costs paid		**(137)**	(94)
Dividends paid	11	**(6,411)**	(6,255)
Interest paid		**(1,186)**	(1,147)
Net cash used in finance activities		**(14,446)**	(19,527)
Net decrease in cash and cash equivalents		**(376)**	(1,115)
Exchange gains/(losses) on cash and cash equivalents		**23**	(1)
Cash and cash equivalents brought forward		**5,086**	6,202
Cash and cash equivalents carried forward		**4,733**	5,086

Reconciliation of cash flow to the Group net debt position

Group	Overdraft £'000	Term Loan £'000	RCF £'000	Invoice discounting £'000s	Import loans £'000s	Loan Fees £'000	Leases £'000	Total liabilities from financing activities £'000	Cash £'000	Net debt £'000
At 1 August 2022	(6,020)	(8,000)	(2,217)	(6,197)	(8,179)	155	(2,757)	(33,215)	6,202	(27,013)
Financing cash flows	1,016	2,000	2,217	(2,753)	8,179	94	840	11,593	–	11,593
Other cash flows	–	–	–	–	–	–	–	–	(1,115)	(1,115)
Other changes	–	–	–	–	–	(176)	(3,181)	(3,357)	(1)	(3,358)
At 31 July 2023	**(5,004)**	**(6,000)**	**–**	**(8,950)**	**–**	**73**	**(5,098)**	**(24,979)**	**5,086**	**(19,893)**
Financing cash flows	213	6,000	–	185	(1,668)	137	838	5,705	–	5,705
Other cash flows	–	–	–	–	–	–	–	–	(376)	(376)
Other changes	–	–	–	–	–	(137)	13	(124)	23	(101)
At 31 July 2024	**(4,791)**	**–**	**–**	**(8,765)**	**(1,668)**	**73**	**(4,247)**	**(19,398)**	**4,733**	**(14,665)**

Company Statement of Cash Flows
For the year ended 31 July 2024

	Note	2024 £'000	2023 £'000
Net cash flow from operating activities			
Profit/(loss) for the year		**9,535**	(1,595)
Adjustments for:			
Finance and dividend income		**(10,051)**	–
Finance costs		**198**	392
Impairment of loans from Group undertakings		**302**	2,406
Income tax charge/(credit)		**(180)**	159
Working capital adjustments			
Decrease/(Increase) in trade and other receivables		**28**	(36)
(Decrease)/Increase in trade and other payables		**(16)**	(4)
Net cash (used in)/generated from operations		**(184)**	1,322
Cash flows from investing activities			
Movement in loans from Group undertakings		**3,455**	10,784
Acquisition of subsidiary- deferred consideration		**–**	(987)
Dividends received		**10,051**	–
Net cash generated from investing activities		**13,506**	9,797
Cash flows used in financing activities			
Repayment of borrowings		**(6,000)**	(4,507)
Proceeds from sale of shares		**158**	92
Share buy-back	22	**(1,000)**	–
Debt issue costs paid		**–**	(94)
Dividends paid	11	**(6,411)**	(6,255)
Interest paid		**(89)**	(306)
Net cash used in by finance activities		**(13,342)**	(11,070)
Net (decrease)/increase in cash and cash equivalents		**(20)**	49
Cash and cash equivalents brought forward		**49**	–
Cash and cash equivalents carried forward		**29**	49

Reconciliation of cash flow to the Company net debt position

Company	Term Loan £'000	RCF £'000	Loan fees £'000	Total liabilities from financing activities £'000	Cash £'000	Net debt £'000
At 1 August 2022	(8,000)	(2,507)	136	(10,371)	–	(10,371)
Financing cash flows	2,000	2,507	94	4,601	–	4,601
Other cash flows	–	–	–	–	49	49
Other changes	–	–	(157)	(157)	–	(157)
At 31 July 2023	**(6,000)**	**–**	**73**	**(5,927)**	**49**	**(5,878)**
Financing cash flows	6,000	–	–	6,000	–	6,000
Other cash flows	–	–	–	–	(20)	(20)
Other changes	–	–	(73)	(73)	–	(73)
At 31 July 2024	**–**	**–**	**–**	**–**	**29**	**29**

Notes to the Financial Statements

1. General information

Ultimate Products plc (`the Company') (formerly UP Global Sourcing Holdings plc) and its subsidiaries (together `the Group') is a supplier of branded, value-for-money household products to global markets. The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The address of its registered office is Ultimate Products plc, Manor Mill, Victoria Street, Chadderton, Oldham OL9 0DD.

2. Basis of preparation

The Financial Statements have been prepared in accordance with UK adopted international financial reporting standards. The consolidated Group Financial Statements and Company Financial Statements are presented in Sterling and rounded to the nearest thousand unless otherwise indicated. The Financial Statements are prepared on the historical cost basis, except for certain financial instruments and share-based payments that have been measured at fair value. The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented an income statement or a statement of comprehensive income for the Company alone.

Going Concern

The Directors have adopted the going concern basis in preparing these accounts after assessing the principal risks and having considered the impact of severe but plausible downside scenarios, including pandemic type restrictions, supply chain issues and demand led falls in revenue due to inflation and rises in interest rates. The Directors have considered a number of impacts on sales, profits and cash flows, taking into account experiences learnt from previous business interruptions. The Directors have considered the resilience of the Group in severe but plausible scenarios, taking account of its current position and prospects, the principal risks facing the business, how these are managed and the impact that they would have on the forecast financial position. In assessing whether the Group could withstand such negative impacts, the Board has considered cash flow, impact on debt covenants and headroom against its current borrowing facilities. At the year end the Group had a net bank debt/adjusted EBITDA ratio of 0.6x (FY23: 0.7x), which represents net bank debt of £10.4m (FY23: £14.8m). The Group maintains comfortable levels of headroom within its bank facilities, with headroom at 31 July 2024 of £16.4m (FY23: £16.6m). The Group's banking facilities comprise a revolving credit facility of £8.2m (FY23: £8.2m) (expired 1 October 2024), an import loan facility of £12.0m (FY23: £9.0m), and an invoice discounting facility with a total limit of £25.0m (FY23: £23.5m).

The Group's projections show that the Group will be able to operate within its existing banking facilities and covenants. Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these Financial Statements and, as a result, they have applied the going concern principle in preparing its consolidated and Company Financial Statements.

3. Accounting policies

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated Group Financial Statements incorporate the assets, liabilities, income and expenses of the Company and entities controlled by the Company (its subsidiaries) made up to the Company's accounting reference date. Control is achieved when the Company has the power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date that the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intra Group assets and liabilities, equity, income, expenses and cash flows, relating to transactions between the members of the Group, are eliminated on consolidation.

The results of overseas subsidiaries are translated at the monthly average rates of exchange during the period and their statements of financial position at the rates ruling at the reporting date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowings or deferred consideration, to the extent that they hedge the Group's investment in such subsidiaries, are reported in the statement of comprehensive income. All Financial Statements are drawn up to 31 July 2024.

Operating segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board. The Board is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns that are different to those of the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance, is based wholly upon the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8. The results and assets for this segment can be determined by reference to the Income Statement and Statement of Financial Position.

Notes to the Financial Statements continued

3. Accounting policies continued

Employee Benefit Trust (EBT)

As the Group is deemed to have control of its EBT, it is treated as a subsidiary and consolidated for the purposes of the Consolidated Financial Statements. The EBT's assets (other than investments in the Company's shares), liabilities, income and expenses are included on a line-by-line basis in the Consolidated Financial Statements. The EBT's investment in the Company's shares is deducted from equity in the Consolidated Statement of Financial Position as if they were treasury shares.

Business combinations

The acquisition method of accounting is used to account for business combinations. The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

The difference between the acquisition date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Presentational currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Group operates, which is Sterling (£). Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Cash

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

Adjusted Performance Measures (APMs)

APMs are utilised as key performance indicators by the Group and are calculated by adjusting the relevant IFRS measurement by share-based payments and non-recurring items. The two main APMs which are used are Adjusted EBITDA and Adjusted EPS. The reconciliation of these items to IFRS measurements can be found in the Chief Financial Officer's Review. APMs are non-GAAP measures and are not intended to replace those financial measurements, but are the measures used by the Directors in their management of the business, and are, therefore, important key performance indicators (KPIs).

Revenue recognition

Revenue is recognised at a point in time on the satisfaction of each performance obligation as that obligation is satisfied.

Performance obligations relate to the sale of goods and revenue is recognised at the point when goods are delivered, and control has passed to the customer. Revenue is measured as the fair value of the consideration received or receivable and represents the amount receivable for goods supplied and services rendered, net of returns and expected returns, discounts and rebates given by the Group to customers.

The Group has rebate agreements in place with certain customers. The rebates are treated as variable consideration and are recognised at the point of sale as a deduction from revenue. Where the calculation of variable consideration including rebates and contributions involves estimation, the expected charge is calculated based on past history of claims and expected revenue over the rebate contract term. Revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Notes to the Financial Statements continued

3. Accounting policies continued

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when the dividend is paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where they are separable from the acquired entity or give rise to other contractual/legal rights and it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably. Goodwill that arises on business combinations and the acquisition of subsidiaries is stated at cost less any impairment losses. Trademarks are amortised over ten years so as to write off the cost of assets less their residual values over their useful lives. Brands are considered to have an indefinite useful life and are therefore not subject to amortisation, and stated at cost less any impairment loss.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

- Fixtures, fittings and equipment 16–50%
- Motor vehicles 25%
- Right of use assets shorter of the lease term or the useful life of the underlying asset

Impairment

At each reporting end date, the Group reviews the carrying amounts of its intangible and tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Investments

Investments in subsidiaries are carried at cost less impairment. The Group's share option schemes operate for employees of the subsidiary company Ultimate Products UK Limited. As such, in accordance with IFRS 2, the share-based payment charge in relation to these options is shown as an increase in investments in the subsidiary company.

Inventories

Inventories are valued using a first in, first out method and are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in the normal course of business in bringing the products to their present location and condition. At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell, and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised, the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

Taxation

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities. Current tax is based upon taxable income for the year and any adjustment to tax from previous years. Taxable income differs from net income in the income statement because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible.

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Income Statement, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. Deferred tax liabilities and assets are not discounted. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised. Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements continued

3. Accounting policies continued

Share-based payments

The Group issues share-based payments to certain employees and Directors. Equity-settled, share-based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity. The incentives are offered to employees of subsidiary companies and as such the value of the share-based payments are shown as additions to investments in the Parent Company Financial Statements. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of any revision is recognised in profit or loss, with a corresponding adjustment to equity reserves. The fair values of share options are determined using the Monte Carlo and Black Scholes models, taking into consideration the best estimate of the expected life of the option and the estimated number of shares that will eventually vest.

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the income statement. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other receivables

Trade and other receivables, and amounts owed by Group undertakings, are classified at amortised cost and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) less provisions for impairment. These assets are held to collect contractual cash flows being solely the payments of the principal amount and interest. Provisions for impairment of trade receivables are recognised for expected lifetime credit losses using the simplified approach. Impairment reviews of other receivables, including those due from related parties, use the general approach whereby 12-month expected losses are provided for and lifetime credit losses are only recognised where there has been a significant increase in credit risk, by monitoring the creditworthiness of the other party.

Trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method. This method allocates interest expense over the relevant period by applying the effective interest rate to the carrying amount of the liability.

Loans and borrowings

Interest-bearing overdrafts and invoice discounting facilities are classified as other liabilities. They are initially recorded at fair value, which represents the fair value of the consideration received, net of any direct transaction costs associated with the relevant borrowings. Borrowings are subsequently stated at amortised cost and finance charges are charged to the statement of comprehensive income over the term of the instrument using an effective rate of interest. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Leases

The Group assesses whether a contract is, or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration. A right-of-use asset and corresponding lease liability are recognised at commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the lessee's incremental borrowing rate specific to the term, country, currency and start date of each lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Group is reasonably certain to exercise; penalties for early termination if the lease term reflects the Group exercising a break option; and payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right-of-use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option. The right-of-use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. At each reporting date, the Group reviews the carrying amounts of its right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Notes to the Financial Statements continued

3. Accounting policies continued

Leases continued

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Leases of low-value assets and short-term leases of 12 months or less are expensed to the income statement, as are variable payments dependent on performance or usage, “out of contract” payments and non-lease service components.

Derivatives

Derivatives are initially recognised at the fair value on the date that the derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the income statement within finance costs or income as appropriate, unless the derivative is designated and effective as a hedging instrument. Derivatives are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires, and the resulting gain or loss is recognised.

Hedging arrangements

The Group applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. As forward foreign exchange contracts are only held to manage exchange rate exposures this means that they are determined to have a economic relationship and are designated as cash flow hedges of foreign currency exchange rates.

The Group also applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage interest rate exposures and are designated as cash flow hedges of floating rate borrowings. Changes in the fair values of derivatives designated as cash flow hedges, which are deemed to be effective, are recognised in other comprehensive income and accumulated in a cash flow hedge reserve. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change of the fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement. Ineffectivness can occur due to fluctuations in volume of hedge item due to operational changes.

The gain or loss recognised in other comprehensive income is recycled to the income statement when the hedged items is purchased, sold or settled. If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income is held and recognised in income statement when the transaction occurs. Subsequent changes in the fair value of the derivative are recognised in income statement If, at any point, the hedged transaction is no longer expected to occur, the cumulative gain or loss is reclassified from the cash flow hedge reserve to income statement immediately.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk are also recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the Group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to the profit or loss account. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss within finance expense or finance income.

Share buy-back

Purchases of own shares for cancellation are made out of distributable profits. A sum equal to the nominal value by which the Company’s share capital is diminished on cancellation of the shares is transferred to the capital redemption reserve.

Accounting developments

The following new standards and amendments to standards have been adopted by the Group for the first time during the year commencing 1 August 2023. These standards have not had a material impact on the entity in the current reporting period and are not expected to in future reporting periods: Amendments to IFRS 17: Insurance contracts, Amendments to IAS 1: Presentation of financial statements, Amendments to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors, Amendments to IAS 12: Income Taxes and Amendments to IAS 17: Insurance contracts.

The following standards have been published for accounting periods beginning after 1 August 2024 but have not been adopted by the UK and have not been early adopted by the group and could have an impact on the Group Financial Statements. These standards are not expected to have a material impact on the entity in the current or future reporting periods: Amendments to IAS 1: Classification of liabilities as current or Non-current, Amendments to IAS 1: Non-current liabilities with covenants, Amendments to IFRS 16: Lease (lease liability in a Sale and Leaseback), Amendments to IAS 7: Statement of Cash Flows (Supplier Finance Arrangements), Amendments to IFRS 7: Financial Instruments (Supplier Finance Arrangements), and Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability).

Notes to the Financial Statements continued

4. Critical accounting estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. Each of the following items contain significant estimates and have the most significant effect on amounts recognised in the Financial Statements.

Inventory provisioning

The Group sells products across a range of categories and is subject to changing consumer demands and trends. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions around anticipated saleability of finished goods. The carrying amount of inventory provisions at the balance sheet date is £0.5m (2023: £0.5m). See note 16.

Customer rebates

The Group makes estimates of the amounts likely to be paid to customers in respect of rebate arrangements. When making these estimates, management takes account of contractual customer terms, as well as estimates of likely sales volumes, to determine the rates at which rebates should be accrued in the Financial Statements. The carrying amount of rebate accruals at the balance sheet date is £2.0m (2023: £2.9m). See note 18.

Valuation of derivatives held at fair value

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third-party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The carrying amounts of derivatives and balance sheet currency exposures at the balance sheet date, together with sensitivities thereon, are disclosed in note 21.

Valuation of acquired intangibles

On acquisition of a subsidiary or business, the purchase consideration is allocated between the net tangible and intangible assets other than goodwill on a fair value basis, with any excess purchase consideration representing goodwill. The valuation of acquired intangible assets represents the estimated economic value in use, using standard valuation methodologies, including as appropriate, discounted cash flow, relief from royalty and comparable market transactions. Acquired intangible assets are capitalised and amortised systematically over their estimated useful lives, subject to impairment review. The assumptions used are subject to management estimation.

Impairment reviews

Goodwill and brands with indefinite useful lives are subject to annual impairment reviews. An impairment is recognised if the recoverable amount of an asset is estimated to be less than its carrying amount. The recoverable amount of the Group's goodwill and brands has been determined by a value-in-use calculation, the details of which are disclosed in note 13.

Accounting judgements

Revenue Recognition

Revenue Recognition is an inherently complex area of accounting and involves significant levels of judgement in relation to reviewing individual contracts and determining the point in time that each performance obligation is satisfied. The judgement made is that this occurs when goods are delivered, and control has passed to the customer.

Use of Hedge Accounting

Hedge Accounting for financial instruments involves a significant judgement in relation to the judgement that the hedging instruments are to be used to hedge underlying transactions, and are not being used for other purposes. Management has assessed that its use of hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies, and its use of hedge accounting for transactions entered into to manage the cash flow exposures of borrowings, is appropriate.

5. Revenue

Geographical split by location:	2024 £'000	2023 £'000
United Kingdom	**101,152**	115,580
Germany	**11,142**	15,198
Rest of Europe	**41,848**	34,447
Rest of the World	**1,355**	1,090
Total	**155,497**	166,315
International sales	**54,345**	50,735
Percentage of total revenue	**35%**	31%

Notes to the Financial Statements continued

5. Revenue continued

Analysis of revenue by brand:	2024 £'000	2023 £'000
Salter	**56,354**	66,599
Beldray	**34,184**	35,031
Russell Hobbs (licensed)	**12,059**	16,458
Progress	**5,871**	7,425
Petra	**2,576**	3,194
Kleeneze	**3,188**	3,378
Premier brands	**114,232**	132,085
Other proprietorial brands	**14,709**	16,036
Own label and other	**26,556**	18,194
Total	**155,497**	166,315

Analysis of revenue by product:	2024 £'000	2023 £'000
Small domestic appliances	**58,119**	66,813
Housewares	**40,603**	48,008
Laundry	**18,630**	18,163
Audio	**15,160**	15,545
Heating and cooling	**3,028**	6,214
Others	**19,957**	11,572
Total	**155,497**	166,315

Analysis of revenue by sales channel:	2024 £'000	2023 £'000
Supermarkets	**45,409**	49,116
Discount retailers	**44,994**	44,593
Online channels	**33,974**	41,449
Multiple-store retailers	**19,891**	22,178
Other	**11,229**	8,979
Total	**155,497**	166,315

6. Operating profit

Operating profit is stated after charging/(crediting):	2024 £'000	2023 £'000
Foreign exchange loss	**231**	929
Loss on disposal of fixed asset	**4**	20
Depreciation of owned property, plant and equipment	**1,260**	1,367
Depreciation of right of use assets	**905**	851
Amortisation of intangible assets	**22**	22
Auditors' remuneration:		
Fees for audit of the Company	**53**	50
Fees for the audit of the Company's subsidiaries	**74**	65
Total audit fees	**127**	115
Other assurance services	**13**	–
Total non-audit fees	**13**	–

No non-audit services were provided on a contingent fee basis.

Notes to the Financial Statements continued

7. Employee costs

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Wages and salaries	**14,626**	15,224	**306**	309
Social security costs	**1,360**	1,439	**36**	35
Other pension costs	**314**	354	**–**	–
Share-based payments	**137**	837	**–**	–
Total	**16,437**	17,854	**342**	344

The average monthly number of people employed (including Directors) was:

	Group		Company	
Average number of employees:	2024 Number	2023 Number	2024 Number	2023 Number
Sales staff	**80**	83	**–**	–
Distribution staff	**103**	104	**–**	–
Administrative staff	**208**	212	**6**	6
Total	**391**	399	**6**	6

Details of Directors' remuneration and pension entitlements are disclosed in the Remuneration Report on pages 58 to 77. Social security costs payable in respect of the Directors were £218,000 (2023: £214,000).

8. Finance costs

	2024 £'000	2023 £'000
Interest on bank loans and overdrafts	**1,138**	1,114
Interest on lease liabilities	**242**	134
Foreign exchange in respect of lease liabilities (net of hedging actions)	**13**	(81)
Other interest payable and similar charges	**(12)**	(35)
Total finance cost	**1,381**	1,132

9. Taxation

	2024 £'000	2023 £'000
Current period – UK corporation tax	**3,031**	3,040
Adjustments in respect of prior periods	**243**	(72)
Foreign current tax expense	**394**	431
Total current tax	**3,668**	3,399
Origination and reversal of temporary differences	**226**	5
Adjustments in respect of prior periods	**(108)**	(6)
Impact of change in tax rate	**–**	–
Total deferred tax	**118**	(1)
Total tax charge	**3,786**	3,398

Notes to the Financial Statements continued

9. Taxation continued

Factors effecting the tax charge

The tax assessed for the current and previous period is higher than the standard rate of corporation tax in the UK. The tax charge for the year can be reconciled to the profit per the income statement as follows:

	2024 £'000	2023 £'000
Profit before tax	**14,313**	15,984
Tax charge at 25% (2023: 20.5%)	**3,578**	3,277
Adjustments relating to underlying items:		
Adjustment to tax charge in respect of prior periods	**135**	(78)
Effects of expenses not deductible for tax purposes	**53**	119
Impact of overseas tax rates	**20**	56
Effect of difference in corporation tax and deferred tax rates	**–**	15
Adjustments relating to non-underlying items:		
Effects of expenses not deductible for tax purposes	**34**	171
Differences arising on tax treatment of shares	**(34)**	(162)
Total tax expense	**3,786**	3,398

Corporation tax is calculated at 25% (2023: 20.5%) of the estimated assessable profit for the year, being the average effective tax rate in the year. Deferred tax balances at the year-end have been measured at 25%.

10. Earnings per share

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share amounts are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group, including performance-based options which the Group considers to have been earned.

The calculations of earnings per share are based upon the following:

	2024 £'000	2023 £'000
Profit for the year	**10,527**	12,586
	Number	**Number**
Weighted average number of shares in issue	**89,213,704**	89,312,457
Less shares held by the UPGS EBT	**(2,657,123)**	(3,002,142)
Weighted average number of shares – basic	**86,556,581**	86,310,315
Share options	**974,498**	1,576,409
Weighted average number of shares – diluted	**87,531,079**	87,886,724
	Pence	**Pence**
Earnings per share – basic	**12.2**	14.6
Earnings per share – diluted	**12.0**	14.3

11. Dividends

	2024 £'000	2023 £'000
Final dividend paid in respect of the previous year	**4,289**	4,157
Interim declared and paid	**2,122**	2,098
	6,411	6,255
Per share	**Pence**	**Pence**
Final dividend paid in respect of the previous year	**4.95**	4.82
Interim declared and paid	**2.45**	2.43
	7.40	7.25

The Directors propose a final dividend of 4.93p per share in respect of the year ended 31 July 2024.

Notes to the Financial Statements continued

12. Investments

Company	2024 £'000	2023 £'000
Carrying value at beginning of the year	**20,810**	19,974
Non-reimbursed share-based payment charges	**137**	836
	20,947	20,810

At 31 July 2024 the Company owned the following subsidiaries:

	Registered Office	Holding	Proportion of Voting Rights and Shares Held	Nature of Business
Ultimate Products UK Limited	Manor Mill, Victoria Street, Oldham OL9 0DD	Ordinary shares	100%	Supply of branded household products
UP Global Sourcing Hong Kong Limited	Unit B, 13th Floor, Yun Tat Commercial Building, 70–74 Wuhu Street, Hong Kong	Ordinary shares	100%	Supply of branded household products
Salter Brands Limited	Manor Mill, Victoria Street, Oldham OL9 0DD	Ordinary shares	100%	Dormant
Ultimate Products Europe Limited	19 Baggot Street Lower, Dublin 2, DO2 X658, Eire	Ordinary shares	100%	Dormant

13. Intangible assets

	Goodwill £'000	Trademarks £'000	Brands £'000	Total £'000
Cost				
At 1 August 2022	9,794	222	27,072	37,088
Adjustments	–	–	–	–
At 31 July 2023	9,794	222	27,072	37,088
Adjustments	–	–	–	–
At 31 July 2024	9,794	222	27,072	37,088
Amortisation				
At 1 August 2022	–	63	–	63
Charge for year	–	22	–	22
At 31 July 2023	–	85	–	85
Charge for year	–	22	–	22
At 31 July 2024	–	107	–	107
Net book value				
At 31 July 2024	9,794	115	27,072	36,981
At 31 July 2023	9,794	137	27,072	37,003
At 31 July 2022	9,794	159	27,072	37,025

Notes to the Financial Statements continued

13. Intangible assets continued

Intangible assets primarily relate to goodwill and the Salter brand. No amortisation is charged on the Salter brand as it is considered to have an indefinite useful life due to its proven longevity and anticipated future profitability. The amortisation charge reflects the spreading of the cost of the Kleeneze and Petra trademarks over these assets' remaining expected useful lives. Goodwill and brands acquired through business combinations have been incorporated into the existing single segment of the Group as the acquired business from which they arise is the same as the Group's existing operating segment. The recoverable amount of the Group's goodwill and brands has been determined by a value-in-use calculation using a discounted cash flow model, based on a five-year projection period approved by management, together with a terminal value. Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive. The following key assumptions were used in the base case discounted cash flow model:

- 11.2% pre-tax discount rate (FY23: 11.6%);
- 10% per annum projected revenue growth rate; and
- 5% per annum increase in operating costs and overheads.

The discount rate of 11.2% pre-tax reflects management's estimate of the time value of money and the Group's weighted average cost of capital, the risk-free rate and the volatility of the share price relative to market movements. It has increased since the previous year based on increases in interest rates. Management believes the projected 10% revenue growth rate is appropriate and justified based on market conditions and knowledge of the previous long-term trading history of the business. The results of the impairment testing indicate there is no impairment required. The key assumptions were subjected to sensitivity analysis to understand how sensitive the headroom on the recoverable amounts is to changes in the key assumptions. Based on the results of the base case and of the sensitivity analysis performed, the Directors do not believe that any reasonably possible changes in the value of the key assumptions noted above would cause the cash-generating unit carrying amount to exceed its recoverable amount.

14. Property, plant and equipment

Cost	Fixtures, Fittings and Equipment £'000	Motor Vehicles £'000	Right of use assets £'000	Total £'000
As at 1 August 2022	7,608	56	4,973	12,637
Additions	999	–	597	1,596
Disposals	(606)	–	(740)	(1,346)
Lease modifications	–	–	3,238	3,238
As at 31 July 2023	8,001	56	8,068	16,125
Additions	1,300	–	–	1,300
Disposals	(647)	–	–	(647)
Lease modifications	–	–	–	–
As at 31 July 2024	**8,654**	**56**	**8,068**	**16,778**
Accumulated Depreciation and Impairment Losses				
As at 1 August 2022	3,707	53	2,508	6,268
Charge for the year	1,364	3	851	2,218
Disposals	(592)	–	(212)	(804)
Lease modifications	–	–	–	–
As at 31 July 2023	4,479	56	3,147	7,682
Charge for the year	1,260	–	905	2,165
Disposals	(643)	–	–	(643)
Lease modifications	–	–	–	–
As at 31 July 2024	**5,096**	**56**	**4,052**	**9,204**
Carrying Amount:				
As at 31 July 2024	**3,558**	**–**	**4,016**	**7,574**
As at 31 July 2023	3,522	–	4,921	8,443
As at 31 July 2022	3,901	3	2,465	6,369

The Company held no property, plant and equipment. Included in property, plant and equipment are assets held outside of the UK with a carrying amount at 31 July 2024 of £1.0m (2023: £1.8m). Lease modifications during the year ended 31 July 2023 relate to the extension of the leases in respect of the Group's Distribution Centre at Heron Mill and the Guangzhou sourcing office.

Notes to the Financial Statements continued

14. Property, plant and equipment continued

Right of Use assets

Cost	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Property £'000	Total £'000
As at 1 August 2023	192	20	7,856	8,068
Additions	–	–	–	–
Disposals	–	–	–	–
Modifications	–	–	–	–
As at 31 July 2024	**192**	**20**	**7,856**	**8,068**
Accumulated Depreciation				
As at 1 August 2023	46	13	3,088	3,147
Charge	41	7	857	905
Disposals	–	–	–	–
Modifications	–	–	–	–
As at 31 July 2024	**87**	**20**	**3,945**	**4,052**
Carrying Amount				
As at 31 July 2024	**105**	**–**	**3,911**	**4,016**
As at 31 July 2023	146	7	4,768	4,921

15. Deferred tax

Group	Intangibles £'000	Accelerated allowances £'000	Hedging £'000	Share-based payment £'000	Other timing differences £'000	Total £'000
As at 1 August 2022	6,768	545	655	(247)	(136)	7,585
Recognised through the statement of changes in equity	–	–	(875)	88	–	(787)
Credit/(charge) in the year	–	18	–	(68)	49	(1)
As at 31 July 2023	6,768	563	(220)	(227)	(87)	6,797
Recognised through the statement of changes in equity	–	–	123	(140)	–	(17)
Credit/(charge) in the year	–	(26)	–	208	(64)	118
As at 31 July 2024	**6,768**	**537**	**(97)**	**(159)**	**(151)**	**6,898**

The Directors consider that the deferred tax assets in respect of timing differences are recoverable based upon the forecast future taxable profits of the Group. The Group has also unrecognised deferred tax attributive of £577,000 (2023: £577,000) in respect of losses carried forward that are not anticipated to be utilised under current conditions.

16. Inventories

Group	2024 £'000	2023 £'000
Goods for resale	**36,578**	28,071
	36,578	28,071

Inventories at 31 July 2024 are stated after provisions for impairment of £519,000 (2023: £518,000). Inventories are pledged as security for liabilities, as referred to in note 19. Within the income statement of the Group, £93.8m (2023: £101.5m) of inventories were recognised as an expense within the year.

Notes to the Financial Statements continued

17. Trade and other receivables

Group	2024 £'000	2023 £'000
Trade receivables	**28,507**	28,175
Other receivables and prepayments	**1,203**	1,328
Current tax asset	**–**	387
	29,710	29,890

Trade and other receivables are denominated in Sterling, US Dollars, Euros, Canadian Dollars and Polish Zloty. The Group's financial assets subject to the expected credit loss model (ECL) are trade receivables. The Group maintains a high level of credit insurance on its trade receivables and has a history of a low level of losses thereon. Under the credit insurance policy, insured limits are applied for on a customer account level and each customer receivable balance is compared against the limit received. Where the customer balance exceeds or is forecast to exceed the insured limit, the Group's process for monitoring uninsured accounts is applied. Therefore, in measuring ECL the Group has taken account of its low historic loss experience together with its high level of credit insurance and reviewed the receivables on an item-by-item basis. The credit risk of Group undertakings is estimated based on the expected recoverable amount, taking into account the creditworthiness of the other party at the year end and any changes in credit risk during the year. The average age of these receivables at 31 July 2024 is 64 days (2023: 59 days).

	2024			2023		
Group	Up to 1 month past due £'000	Over 1 month past due £'000	Total £'000	Up to 1 month past due £'000	Over 1 month past due £'000	Total £'000
Gross trade receivables (insured)	**27,264**	**1,165**	**28,429**	26,521	1,600	28,121
Expected credit loss	**(45)**	**–**	**(45)**	–	(99)	(99)
Net carrying amount	**27,219**	**1,165**	**28,384**	26,521	1,501	28,022
Gross trade receivables (uninsured)	**100**	**23**	**123**	150	3	153
Expected credit loss	**–**	**–**	**–**	–	–	–
Net carrying amount	**100**	**23**	**123**	150	3	153
Gross Trade receivables (total)	**27,364**	**1,188**	**28,552**	26,671	1,603	28,274
Expected credit loss	**(45)**	**–**	**(45)**	–	(99)	(99)
Net carrying amount	**27,319**	**1,188**	**28,507**	26,671	1,504	28,175

Ageing of past due but not impaired receivables	2024 £'000	2023 £'000
Less than 1 month	**2,725**	2,460
1–2 months	**820**	722
2–3 months	**157**	189
Over 3 months	**211**	592
Total	**3,913**	3,963

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date, taking into account the extent of credit insurance held on the receivable. The largest trade receivables balance with an individual customer represents 19.1% of the total at 31 July 2024. The concentration of credit risk in relation to this is mitigated by credit insurance. Details of the Group's credit risk management policies are shown in note 21. The Group does not hold any collateral as security for its trade and other receivables. The Group holds invoice discounting facilities, which are secured against the Group's trade receivables. Further information can be found in note 19.

Notes to the Financial Statements continued

17. Trade and other receivables continued

Company	2024 £'000	2023 £'000
Amounts owed by Group undertakings	**5,233**	8,991
Other receivables and prepayments	**21**	49
Current	**5,254**	9,040

The credit risk of related parties is estimated based on the expected recoverable amount, taking into account the creditworthiness of the other party. Any expected credit loss is calculated based on the general approach as set out in IFRS 9. The Directors have determined that, following the decision to use the Employee Benefit Trust for the satisfaction of PSP awards (see note 23), the loan from the Trust to the Company will not be repaid resulting in an impairment charge of £0.3m (FY23: £2.4m).

18. Trade and other payables

Group	2024 £'000	2023 £'000
Trade payables	**30,363**	19,024
Accruals	**5,728**	8,971
Other taxes and social security	**2,993**	2,010
	39,084	30,005

Trade payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are typically settled on 30 to 60 day terms. The Directors consider that the carrying value of trade and other payables approximates their fair value. Trade and other payables are denominated in Sterling, US Dollars and Euros. Ultimate Products plc has financial risk management policies in place to ensure that all payables are paid within the credit time frame and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

Company	2024 £'000	2023 £'000
Other payables	**–**	182
Accruals	**58**	82
	58	264

19. Bank borrowings

Group	2024 £'000	2023 £'000
Overdrafts	**4,791**	5,004
Invoice discounting	**8,765**	8,950
Import loans	**1,668**	–
Term loan	**–**	2,000
Unamortised debt issue costs	**(73)**	(63)
Current	**15,151**	15,891
Revolving credit facility	**–**	–
Term loan	**–**	4,000
Unamortised debt issue costs	**–**	(10)
Non-current	**–**	3,990
Total bank borrowings	**15,151**	19,881
Cash	**(4,733)**	(5,086)
Net bank borrowings	**10,418**	14,795

Contractual undiscounted maturities:	2024 £'000	2023 £'000
In less than one year	**15,224**	15,954
Between one and two years	**–**	2,000
Between three and four years	**–**	2,000
Less: Unamortised debt issue costs	**(73)**	(73)
Total borrowings	**15,151**	19,881

At the year end the Group had a net bank debt/adjusted EBITDA ratio of 0.6x (2023: 0.7x), which represents net bank debt of £10.4m (2023: £14.8m). The Group maintains comfortable levels of headroom within its bank facilities, with headroom at 31 July 2024 of £16.4m (2023: £16.6m). The Group's banking facilities comprise a revolving credit facility of £8.2m (2023: £8.2m), an import loan facility of £12.0m (2023: £9.0m), and an invoice discounting facility with a total limit of £25.0m (2023: £23.5m).

Notes to the Financial Statements continued

19. Bank borrowings continued

Company	2024 £'000	2023 £'000
Term loan	–	2,000
Unamortised debt issue costs	–	(63)
Current	–	1,937
Revolving credit facility	–	–
Term loan	–	4,000
Unamortised debt issue costs	–	(10)
Non-current	–	3,990
Total borrowings	–	5,927

Contractual undiscounted maturities:	2024 £'000	2023 £'000
In less than one year	–	2,000
Between one and two years	–	2,000
Between three and four years	–	2,000
Less: Unamortised debt issue costs	–	(73)
Total borrowings	–	5,927

Current bank borrowings include a gross amount of £8.8m (2023: £9.0m) due under invoice discounting facilities, which are secured by an assignment of and fixed charge over the trade debtors of Ultimate Products UK Limited. Furthermore, current bank borrowings include an amount of £1.7m (2023: £nil) due under an import loan facility, which is secured by a general letter of pledge providing security over the stock purchases financed under that facility. Bank borrowings are secured in total by a fixed and floating charge over the assets of the Group. Total bank borrowings are net of £73,000 (2023: £73,000) of fees which are being amortised over the length of the relevant facilities. Interest on bank borrowings is payable at a margin ranging between 1.65% and 2.25% above the relevant bank reference rates. As the liabilities are at a floating rate and there has been no change in the creditworthiness of either of the counterparties, the Directors are of the view that the carrying amount approximates to the fair value.

20. Lease liabilities

The Group's lease portfolio comprises its principal properties along with certain other fixtures, fittings and equipment. All leases consist of fixed future payment amounts. The Manor Mill and Heron Mill leases incorporate a break option to provide operational flexibility; all other leases have fixed terms. Management consider the likelihood of exercising such break options when determining the lease term. Accordingly, the lease term for Manor Mill and Heron Mill were determined to be the full length of the lease, excluding the break option. The Paris and Guangzhou leases are denominated in Euros and Renminbis respectively, exposing the Group to foreign exchange risk. Euro lease outflows are met by future Euro cash inflows generated by the business, whilst forward currency contracts are taken out to hedge the Renminbi lease outflows.

Group	2024 £'000	2023 £'000
Lease liabilities less than one year	**811**	836
Lease liabilities greater than one year	**3,436**	4,262
Total discounted lease liabilities	**4,247**	5,098

Movement in leases in the year	2024 £'000	2023 £'000
Balance brought forward	**5,098**	2,757
New leases and lease modifications (note 14)	**–**	3,835
Repayments	**(1,080)**	(974)
Disposals	**–**	(522)
Interest on lease liabilities	**242**	134
Foreign exchange revaluation	**(13)**	(132)
Balance carried forward	**4,247**	5,098

Contractual undiscounted maturities:	2024 £'000	2023 £'000
Within one year	**1,024**	1,084
Greater than one year but less than two years	**997**	1,028
Greater than two years but less than five years	**2,318**	2,646
Greater than five years but less than ten years	**525**	1,204
	4,864	5,962

Notes to the Financial Statements continued

20. Lease liabilities continued

Amounts recognised in profit and loss	2024 £'000	2023 £'000
Depreciation expense on right-of-use assets	**905**	851
Interest expense on lease liabilities	**242**	134
Expense relating to leases of low value assets & short-term leases	**99**	160
Income from sub-leasing right of use assets	**(8)**	(8)

21. Financial instruments

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Group	2024 £'000	2023 £'000
Trade receivables – held at amortised cost	**28,507**	28,175
Derivative financial instruments – carried at FVTOCI	**576**	900
Derivative financial instruments – carried at FVTPL	**91**	333
Trade and other payables	**(36,091)**	(27,995)
Derivative financial instruments – carried at FVTOCI	**(966)**	(1,783)
Derivative financial instruments – carried at FVTPL	**(30)**	(23)
Borrowings – held at amortised cost	**(15,151)**	(19,881)
Lease liabilities – held at amortised cost	**(4,247)**	(5,098)
Cash and cash equivalents – held at amortised cost	**4,733**	5,086

Financial assets

The Group held the following financial assets at amortised cost:

Group	2024 £'000	2023 £'000
Cash and cash equivalents – held at amortised cost	**4,733**	5,086
Trade receivables – held at amortised cost	**28,507**	28,175
	33,240	33,261

Financial liabilities

The Group held the following financial liabilities, classified as other financial liabilities at amortised cost:

Group	2024 £'000	2023 £'000
Trade payables	**30,363**	19,024
Borrowings	**15,151**	19,881
Other payables	**5,728**	8,971
Lease liabilities	**4,247**	5,098
	55,489	52,974

Derivative financial instruments

The Group held the following derivative financial instruments as financial assets/(liabilities), classified as fair value through profit and loss on initial recognition:

Group	2024 £'000	2023 £'000
Derivative financial instruments – assets	**667**	1,233
Derivative financial instruments – liabilities	**(996)**	(1,806)
	(329)	(573)

The above items comprise the following under the Group's hedging arrangements:

Group	2024 £'000	2023 £'000
Foreign currency contracts	**(544)**	(1,372)
Interest rate swaps	**111**	315
Interest rate caps	**104**	484
	(329)	(573)

Notes to the Financial Statements continued

21. Financial instruments continued

Forward contracts

The Group mitigates the exchange rate risk for certain foreign currency trade debtors and creditors by entering into forward currency contracts. At 31 July 2024, the Group was committed to:

	2024		2023	
	Buy	Sell	Buy	Sell
USD$'000	**59,000**	**–**	54,300	–
€'000	**–**	**34,000**	–	23,200
CAD$'000	**–**	**–**	–	60
PLN'000	**–**	**–**	–	5,500
CNY'000	**4,483**	**–**	6,340	–

At 31 July 2024 & 2023, all the outstanding USD, EUR, PLN and CAD contracts mature within 12 months of the period end. The CNY contracts, which are held as a partial hedge on a lease commitment, mature by August 2026. The forward currency contracts are measured at fair value using the relevant exchange rates for GBP:USD, GBP:EUR, GBP:CAD, GBP:PLN and GBP:CNY.

Forward currency contracts are valued using level 2 inputs. The valuations are calculated using the period end forward rates for the relevant currencies, which are observable quoted values at the period end dates. Valuations are determined using the hypothetical derivative method, which values the contracts based upon the changes in the future cash flows, based upon the change in value of the underlying derivative. All of the forward contracts to buy US Dollars and some of those to sell Euros meet the conditions for hedge accounting, as set out in the accounting policies in note 3. The fair value of forward contracts that are effective in offsetting the exchange rate risk is a liability of £564,000 (2023: liability of £1,603,000), which has been recognised in other comprehensive income. This will be released to profit or loss at the end of the term of the forward contracts as they expire, being £564,000 within 12 months (2023: £1,603,000 within 12 months). The cash flows in respect of the forward contracts will occur over the course of the next 12 months.

Interest rate swaps and interest rate caps

The Group has entered into interest rate swaps and interest rate caps to protect the exposure to interest rate movements on the various elements of the Group's banking facility. As at 31 July 2024, protection was in place over an aggregate principal of £8.9m (2023: £18.3m).

At 31 July 2024, the Group had net bank borrowings of £1.5m (2023: £nil) not subject to interest rate protection. All interest rate swaps meet the conditions for hedge accounting, as set out in the accounting policies in note 3.

Interest rate swaps and caps are valued using level 2 inputs. The valuations are based upon the notional value of the swaps and caps, the current available market borrowing rate and the swapped or capped interest rate respectively. The valuations are based upon the current valuation of the present saving or cost of the future cash flow differences, based upon the difference between the respective swapped and capped interest rates contracts and the expected interest rate as per the lending agreement.

The fair value of variable to fixed interest rate swaps that are effective in offsetting the variable interest rate risk on variable rate debt is an asset of £111,000 (2023: £315,000), which has been recognised in other comprehensive income and will be released to profit or loss over the term of the swap agreements. The agreements expire on 28 February 2025. The cash flows in respect of the swaps occur monthly over the effective lifetime of the swaps.

The fair value of the interest rate caps that are effective in offsetting the variable interest rate risk on variable rate debt is an asset of £64,000 (2023: £408,000), which has been recognised in other comprehensive income and will be released to profit or loss over the term of the cap agreements. The agreements expire between 31 December 2024 and 2 August 2027. The cash flows in respect of the swaps occur monthly over the effective lifetime of the swaps.

Reconciliation of the financial instruments to the Statement of Financial Position

Group	2024 £'000	2023 £'000
Trade receivables	**28,507**	28,175
Prepayments and other receivables not classified as financial instruments	**1,203**	1,328
Current tax asset not classified as a financial instrument	**–**	387
Trade and other receivables (note 17)	**29,710**	29,890

Group	2024 £'000	2023 £'000
Trade and other payables	**36,091**	27,995
Other taxes and social security not classified as financial instruments	**2,993**	2,010
Trade and other payables (note 18)	**39,084**	30,005

Notes to the Financial Statements continued

21. Financial instruments continued

Reconciliation of the financial instruments to the Statement of Financial Position continued

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk. The overall risk management programme focuses upon the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close cooperation with key members of staff.

a) Market risk: Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

b) Credit risk: Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances. Accordingly, the possibility of material loss arising in the event of non-performance by counterparties is considered to be unlikely. Cash at bank is held with banks with high-quality external credit rating.

c) Liquidity risk: Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of the Group's liquidity and cash and cash equivalents based upon expected cash flow.

Market risk

The Group's interest-bearing liabilities relate to its variable rate banking facilities. The Group has a policy of maintaining a portion of its banking facilities under the protection of interest rate swaps and caps to ensure the certainty of future interest cash flows and offering protection against market-driven interest rate movements. The Group's market risk relating to foreign currency exchange rates is commented on below.

Credit risk

The Group's sales are primarily made with credit terms, exposing the Group to the risk of non-payment by customers. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the Board. In addition, the Group maintains a suitable level of credit insurance against its debtor book. Over the course of FY24, on average, over 99% of its trade receivables were insured. Sales to uninsured accounts are monitored closely with weekly forecasts prepared and reviewed with appropriate actions to manage the exposure to credit risk.

Liquidity risk management

The Group is funded by external banking facilities provided by HSBC. Within these facilities, the Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions. Cash flow requirements are monitored by short and long-term forecasts, with headroom against facility limits and banking covenants assessed regularly.

Foreign currency risk management

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group's exposure to foreign currency risk is partially hedged by virtue of invoicing a proportion of its turnover in US Dollars and Euros. When necessary, the Group uses foreign exchange forward contracts to further mitigate this exposure. The following is a note of the financial instruments denominated at each period end in US Dollars:

Group	2024 $'000	2023 $'000
Trade receivables	**9,184**	11,342
Other receivables	**85**	369
Net cash and overdrafts	**5,404**	2,640
Import loans	**(2,142)**	–
Invoice discounting	**2,177**	1
Trade payables	**(33,425)**	(17,324)
	(18,717)	(2,972)

The effect of a 20% strengthening of Sterling at 31 July 2024 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in an increase to total comprehensive income for the period and an increase to net assets of £1.8m (2023: £0.3m). A 20% weakening of the exchange rate, on the same basis, would have resulted in a decrease to total comprehensive income and a decrease to net assets of £2.7m (2023: £0.5m).

The following is a note of the financial instruments denominated at each period end in Euros:

Group	2024 €'000	2023 €'000
Trade receivables	**12,566**	11,369
Other receivables	**22**	–
Net cash and overdrafts	**(927)**	3,266
Invoice discounting	**(9,104)**	(6,573)
Trade payables	**(1,383)**	(1,217)
Lease liabilities	**(368)**	(638)
	806	6,207

Notes to the Financial Statements continued

21. Financial instruments continued

Foreign currency risk management continued

The effect of a 20% strengthening of Sterling at 31 July 2024 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in a decrease to total comprehensive income for the period and a decrease to net assets of £0.1m (2023: £0.7m). A 20% weakening of the exchange rate, on the same basis, would have resulted in an increase to total comprehensive income and an increase to net assets of £0.1m (2023: £1.1m).

The Directors have shown a sensitivity movement of 20% as, due to the current uncertainty given the current economic climate, this is deemed to be the largest potential movement in currency that could occur in the near future. Financial instruments denominated in Canadian Dollars and Polish Zloty are not significant and therefore do not pose a significant foreign exchange exposure.

Interest rate risk management

Interest rate risk is the risk of increased costs arising from movements in interest rates impacting the Group's liabilities. Interest on financial instruments is classified as fixed rate if interest resets on the instruments are less frequent than once every 12 months. Interest on financial instruments is classified as variable rate if interest resets on the instruments occur every 12 months or more frequently.

All of the Group's bank borrowings are variable rate. The Group is exposed to cash flow interest rate risk on its bank overdrafts, revolving credit facility, invoice discounting and import loans to the extent that they are used. The Group has interest rate swaps and interest rate caps to mitigate the exposure of interest rate movements as described above. The Group's interest-bearing financial assets and liabilities at the balance sheet date were as follows:

	2024			2023		
Group	Fixed £'000	Variable £'000	Total £'000	Fixed £'000	Variable £'000	Total £'000
Cash and cash equivalents	–	**4,733**	**4,733**	–	5,086	5,086
Bank borrowings	–	**(15,224)**	**(15,224)**	–	(19,954)	(19,954)
	–	**(10,491)**	**(10,491)**	–	(14,868)	(14,868)

The Group considers that a 100 basis points movement in interest rates is a reasonable measure of volatility. The effect on profit before tax of a 100 basis points increase in interest rates on the variable rate balances as at 31 July 2024 would be a reduction of £65,000 (31 July 2023: £110,000 reduction). The effect on profit before tax of a 100 basis points decrease in interest rates on the variable rate balances as at 31 July 2024 would be an increase of £101,000 (31 July 2023: £110,000 increase).

Capital risk management

The Group is funded by equity and loans. The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditure on commitments from existing cash and cash equivalent balances, primarily received from existing bank facilities and profits generated. There are no externally imposed capital requirements. Financing decisions are made based upon forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values because of the short-term nature of such assets and the effect of discounting liabilities is negligible. The Group is exposed to the risks that arise from its financial instruments. The policies for managing those risks and the methods to measure them are described earlier in this note.

Maturity of financial assets and liabilities

All of the Group's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in note 19 and lease liabilities as disclosed in note 20.

Notes to the Financial Statements continued

22. Share capital & reserves

Allotted, called up and fully paid	2024 £'000	2023 £'000	2024 No. of shares	2023 No. of shares
At 1 August	**223**	223	**89,312,457**	89,312,457
Share buy-backs	**(2)**	–	**(683,885)**	–
At 31 July	**221**	223	**88,628,572**	89,312,457

0.25p Ordinary Shares carry rights to dividends and other distributions from the Company, as well as carrying voting rights.

Following approval at the General Meeting on 2 May 2024, the Company commenced a share buy-back programme, purchasing 683,885 Ordinary Shares of 0.25p each for a total cost of £1m, including costs of £10,000. The average price paid for these repurchased shares was £1.45 per share. The repurchased shares were cancelled during the year.

Capital redemption reserve: The nominal value of shares bought back by the Company.

Share premium: Consideration received for shares issued above their nominal value net of transaction costs.

EBT reserve: The cost of shares repurchased and still held at the end of the reporting period by the UPGS EBT.

Share-based payment reserve: The cumulative share-based payment expense.

Hedging reserve: Gains and losses arising on forward currency contracts and on fixed to floating interest rate swaps that have been designated as hedges for hedge accounting purposes.

23. Share-based payments

The Company has established a number of different long-term incentive plans in the form of an equity-settled share option schemes. Awards are granted and approved at the discretion of the Remuneration Committee. Further details of these schemes are set out in the Directors' Remuneration Report. Currently, 118 (2023: 137) members of staff hold options for shares in the Company under the scheme. The share-based payments expense recognised in respect of employee services received during the year was £137,000 (2023: £837,000). The 2023 charge included a one-off charge of £0.5m relating to the modification of the MIP scheme. This all arises on equity-settled share-based payment transactions.

Sharesave scheme (SAYE)	2024	Weighted average exercise price	2023	Weighted average exercise price
Outstanding at the beginning of the period	**882,215**	**£0.91**	1,033,731	£0.89
Granted during the period	**553,532**	**£1.05**	–	–
Lapsed during the period	**(136,159)**	**£1.14**	(91,561)	£0.99
Exercised during the period	**(492,960)**	**£0.70**	(59,955)	£0.48
Outstanding at the end of the period	**806,628**	**£1.09**	882,215	£0.91
Exercisable at the end of the period	**18,023**	**£0.74**	–	£0.00

Performance share plan (PSP)	2024	Weighted average exercise price	2023	Weighted average exercise price
Outstanding at the beginning of the period	**1,339,687**	**£0.00**	2,104,000	£0.00
Granted during the period	**–**	**–**	–	–
Lapsed during the period	**(145,220)**	**£0.00**	(451,513)	£0.00
Exercised during the period	**(403,039)**	**£0.00**	(312,800)	£0.00
Outstanding at the end of the period	**791,428**	**£0.00**	1,339,687	£0.00
Exercisable at the end of the period	**38,535**	**£0.00**	415,687	£0.00

The fair value of the SAYE and PSP options granted is estimated at the date of grant using a Black-Scholes model, after taking into account the terms and conditions upon which they were granted. For options outstanding at the end of the period the range of exercise prices was 0.25p–120p (2023: 0.25p–120p), and the weighted average remaining contractual life was 4.2 years (2023: 8.7 years).

The Black-Scholes pricing model is applied on the granting dates of options.

Notes to the Financial Statements continued

23. Share-based payments continued

Black-Scholes option pricing model

	SAYE 2023 4 Dec 2023
Closing share price, £	1.31
Exercise price, £	1.05
Risk-free interest rate	3.9%
Expected life of option (years)	3
Volatility	39.22%
Dividend yield	5%

The 2017 MIP is structured as an award of A ordinary shares in Ultimate Products UK Limited ('Subsidiary Shares'). The right attaching to the Subsidiary Shares originally included a put option with a three-year vesting period that could be exercised up to seven years following the vesting date. Exercise of the put option was subject to the share price of Ultimate Products plc exceeding a hurdle set at a premium to the IPO price. Following a shareholder vote at the FY22 AGM, the time horizon of the MIP was extended by two years subject to an uplift in the hurdle from 166.4p to 193.02p (equating to an 8% increase to the hurdle for each of the two year extension). This amendment was accounted for as a modification and resulted in a one-off charge of £0.5m being taken during the previous year.

At the point of exercise, the recipient will receive the value of the Subsidiary Shares in either cash or shares in Ultimate Products plc ('Plc Shares'), at the discretion of Ultimate Products plc, subject to a cap of 6.25% of the issued share capital of Ultimate Products plc as at the date of the IPO. The shares therefore have an exercise price of £nil for the recipient. The number and weighted average exercise price of the options in issue based on the conditions present at each year end were as follows:

Management incentive plan (MIP)	2024	Weighted average exercise price	2023	Weighted average exercise price
Outstanding & exercisable at the beginning of the period	–	–	–	–
Exercised during the period	–	–	–	–
Unvested during the period	–	–	–	–
Outstanding & exercisable at the end of the period	–	–	–	–

At both 31 July 2024 and 31 July 2023 the share price had not met the hurdle price referred to above and, as a result, no shares were under option.

24. Related party transactions

Remuneration of key management personnel, considered to be the Directors and other senior management of the Group is as follows:

	2024 £'000	2023 £'000
Short-term remuneration	**2,160**	2,792
Other pension costs	**75**	92
Share-based payments	**393**	155
	2,628	3,039

No balances were outstanding at the end of either period and the maximum balance outstanding during these periods was £nil. Additionally, Directors purchased goods from the Group during the year to 31 July 2024 and the total for all Directors amounted to £483 (2023: £687). Consultancy fees paid to Directors were £3,250 (2023: £3,000).

	2024 £'000	2023 £'000
Transactions with related companies:		
Lease payments to Heron Mill Limited	**388**	358
Lease payments to Berbar Properties Limited	**180**	180

The above companies are related due to common control and Directors. Barry Franks, Andrew Gossage and Simon Showman are Directors of Heron Mill Limited. Barry Franks (15 ordinary shares of £1.00 each), Simon Showman (50 ordinary shares of £1.00 each) and A&T Property Investments Limited (20 ordinary shares of £1.00 each) are also shareholders of Heron Mill Limited. Andrew Gossage is a Director of A&T Property Investments Limited. Barry Franks is a Director and the sole shareholder of Berbar Properties Limited. There were no outstanding balances with related companies or businesses at 31 July 2024 or 31 July 2023.

Shareholder information

Five-year summary (unaudited)

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Revenue	**155,497**	166,315	154,191	136,367	115,684
Cost of sales	**(115,043)**	(123,568)	(115,836)	(106,136)	(89,084)
Gross profit	**40,454**	42,747	38,355	30,231	26,600
Administrative expenses	**(24,760)**	(25,631)	(22,073)	(20,205)	(17,485)
Profit from operations	**15,694**	17,116	16,281	10,026	9,115
Finance income	**–**	–	–	–	–
Finance costs	**(1,381)**	(1,132)	(842)	(518)	(753)
Profit before taxation	**14,313**	15,984	15,439	9,508	8,362
Income tax	**(3,786)**	(3,398)	(3,069)	(2,195)	(1,747)
Profit for the period	**10,527**	12,586	12,370	7,313	6,615

Non-GAAP performance measures

	2024	2023	2022	2021	2020
Adjusted EBITDA (£'000)	**18,022**	20,214	18,750	13,291	10,363
Adjusted EBITDA margin (%)	**11.6%**	12.2%	12.2%	9.7%	9.0%
Adjusted profit before taxation (£'000)	**14,450**	16,821	15,842	11,150	8,163
Adjusted profit after taxation (£'000)	**10,630**	13,261	12,722	8,727	6,504
Adjusted earnings per share (p)	**12.3p**	15.4p	14.7p	11.1p	8.3p

Company information

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