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Ultimate Products PLC
13 February 2024

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Ultimate Products plc

("Ultimate Products", "Company" or "the Group")

TRADING UPDATE, CAPITAL ALLOCATION POLICY, AND NOTICE OF INTERIM RESULTS

Full year profit performance in line with current market expectations, planned share buy backs in-line with new capital allocation policy

Ultimate Products, the owner of a number of leading homeware brands including Salter (the UK's oldest houseware brand, est.1760) and Beldray (est.1872), is pleased to announce its trading update for the six months ended 31 January 2024 ("H1 2024").

Overview

During the period, unaudited Group revenues decreased 4% to £84.0m (H1 2023: £87.6m), with supermarket ordering held back by overstocking issues, strong prior year comparatives bolstered by the exceptionally strong demand for energy efficient air fryers in H1 2023, and some modest revenue deferral at the end of the period due to the recent disruption to global supply chains.

The Group has continued to drive productivity through its focus on continuous improvement, including the automation of hundreds of tasks across the business. Combined with lower freight rates in the period, this increased productivity has led to the Group achieving improved operating margins**.**

As the Group moves into H2 2024, shipping schedules are expected to settle, and peak air-fryer sales will move out of the prior year comparatives. More importantly, supermarket overstocking issues are continuing to subside and following the peak Christmas trading period more retail customers are reporting normalised stock positions, allowing an improving order trend for 2024.

At the period end, the Group had a net bank debt/adjusted EBITDA ratio of 0.4x (31 July 2023: 0.7x). Throughout the period of seasonal peak trading this KPI remained below 1.0x, with net debt reaching a seasonal peak of £17.1m (H1 2023: £30.5m) in December.

Capital Allocation Policy

During FY21 the Group increased its level of borrowings to complete the transformational acquisition of Salter. The acquisition debt has now largely been repaid. The Board has, therefore, approved a new Capital Allocation Policy. The Board's intention is to maintain the net bank debt/adjusted EBITDA ratio at around 1.0x. 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 enabling it to grow, whilst returning around 50% of post-tax profits to shareholders through dividends, and to supplement this with share buybacks pursuant to a policy of maintaining net bank debt at a 1.0x adjusted EBITDA ratio. A further announcement will be made in due course setting out details of the formal Buy Back Programme and details of the requisite shareholder and regulatory approvals.

Outlook

The Board anticipates a full year profit performance in line with current market expectations*.

Commenting on the performance, Andrew Gossage, Chief Executive of Ultimate Products, said:

"Amidst a tough but improving consumer backdrop, we are pleased to have delivered a resilient performance.

The overstocking issues that have held back ordering at many of our retail partners, especially European supermarkets, continue to subside. As the underlying demand for our products and brands remains robust, customers who had paused their ordering are once more open to buy. As a result, we remain confident in our prospects, as demonstrated by our new Capital Allocation Policy."

Notice of results

The Group intends to announce its interim financial results on Tuesday 9 April 2024.

** Consensus market expectations for the financial year ending 31 July 2024 are, adjusted EBITDA of £21.6m and adjusted EPS of 15.6p.*

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Notes to Editors

Ultimate Products is the owner of a number of leading homeware brands including Salter (the UK's oldest houseware brand, established in 1760) and Beldray (a laundry, floor care, heating and cooling brand that was established in 1872). According to its market research, nearly 80% of UK households own at least one of the Group's products.

Ultimate Products sells to over 300 retailers across 38 countries, and specialises in five product categories: Small Domestic Appliances; Housewares; Laundry; Audio; and Heating and Cooling. Other brands include Progress (cookware and bakeware), Kleeneze (laundry and floorcare), Petra (small domestic appliances) and Intempo (audio).

The Group's products are sold to a broad cross-section of both large national and international multi-channel retailers as well as smaller national retail chains, incorporating discount retailers, supermarkets, general retailers and online retailers.

Founded in 1997, Ultimate Products employs over 370 staff, a significant number of whom have joined via the Group's graduate development scheme, and is headquartered in Oldham, Greater Manchester, where it has design, sales, marketing, buying, quality assurance, support functions and warehouse facilities across two sites. Manor Mill, the Group's head office, includes a spectacular 20,000 sq ft showroom that showcases each of its brands. In addition, the Group has an office and showroom in Guangzhou, China and in Paris, France.

Please note that Ultimate Products is not the owner of Russell Hobbs. The company currently has licence agreements in place granting it an exclusive licence to use the "Russell Hobbs" trademark for cookware and laundry (NB this does not include Russell Hobbs electrical appliances).

For further information, please visit www.upplc.com.

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