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Ultimate Products PLC
29 October 2024

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

AUDITED RESULTS FOR THE YEAR ENDED 31 JULY 2024
A resilient performance supported by wide-ranging operational progress
Cautious optimism for FY25

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), announces its audited results for the financial year ended 31 July 2024 ("FY24", or "Year"), that are in line with market expectations.

Financial highlights

- Total revenue down 6.5% to £155.5m (FY23: £166.3m)
  - As previously flagged, the decline was due to Supermarket ordering being held back by overstocking, weakened consumer demand for general merchandise, and strong prior year comparatives (which were bolstered by the exceptionally strong demand for energy efficient air fryers in FY23)
  - International sales increased 7% to£54.3m (FY23: £50.7m), driven by increase in sales to European Discounters
- Gross profit down by 5% to £40.5m (FY23: £42.7m), with gross margin remaining steady at 26.0% (FY23: 25.7%), with the freight rate rises seen over the summer not impacting our financial results in FY24
- Adjusted EBITDA* down 11% to £18.0m (FY23: £20.2m)
- Adjusted profit before tax* down 14% to £14.4m (FY23: £16.8m)
- Statutory profit before tax down 10% to £14.3m (FY23: £16.0m)
- Statutory EPS down 17% to 12.2p (FY23: 14.6p), with Adjusted EPS* down 20% to 12.3p (FY23: 15.4p) reflecting a higher tax rate of 26.4% (FY23: 21.3%)
- Full year dividend per share maintained at 7.38p per share (FY23: 7.38p per share)
- Net bank debt/adjusted EBITDA* ratio of 0.6x (FY23: 0.7x)
- Continued strong cash generation from operating activities of £18.5m (FY23: £24.4m), representing a 103% operating cash conversion (FY23: 120%)

Operational highlights

- Continued to drive productivity through focus on continuous improvement, including the automation of hundreds of tasks across the business
  - Continued increase in gross profit per employee, up 4.4% to £118k (FY23: £113k), reflecting the success of efficiency initiatives such as robotic automation, AI and process change
- Opening of the Group's new European showroom in Paris, ideally located for hosting both existing and prospective customers across the region, helping to grow sales in France by 78% to £12.0m
- Completion of the rebranding of the iconic Salter label, elevating its already strong identity and consumer recognition
- Initiation of the rebranding of Beldray, to develop a bold new look and reaffirm a fully refreshed brand strategy that puts the consumer at the forefront of every decision
- Appointment of Andrew Gossage as Chief Executive Officer taking over from the Group's founder, Simon Showman, who remains on the Board as Chief Commercial Officer

- Appointment of Christine Adshead as Non-Executive Chair, followed by the appointments post year-end of Andrew Milne and José Carlos González-Hurtado as new Non-executive Directors, bolstering the credentials of the Board
- Approval of new Capital Allocation Framework to maintain net bank debt / adjusted EBITDA at c.1.0x, continue to return around 50% of post-tax profits to shareholders through dividends, and tosupplement this with share buybacks

Current trading and 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.

Commenting on the results, Andrew Gossage, Chief Executive of Ultimate Products, said:
"This continues to be a challenging period for many consumer-facing businesses in the UK, and we are by no means immune from the overall slowdown in spending and weakness in consumer sentiment. However, our growth strategy of building international sales is yielding positive results. Our new showroom in Paris is proving to be instrumental in developing our presence throughout the hugely attractive European market, where we see significant opportunity with the discounters that are driving strong European sales growth in the current year.

"Against this backdrop, we are pleased to have delivered a resilient FY24 performance while making strong operational progress, including increased productivity through the automation of many of our processes and the rebrand of our two iconic principal brands, Salter and Beldray. Our proposition to retailers today is clear and compelling. We offer trusted brands, beautiful products, attractive price points, and outstanding operational capabilities. Despite current headwinds, we remain cautiously optimistic for FY25 as a whole and as confident as ever in our medium-to-long term prospects."

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

***Financial summary, including consensus market expectations are set out below*

	FY23 (Actual)	*FY24 (Actual)*	*FY24 (Consensus)*	*FY25 (Consensus)*
Revenue	*£166.3m*	*£155.5m*	*£155.5m*	*£169.3m*
Adjusted EBITDA	*£20.2m*	*£18.0m*	*£18.0m*	*£20.6m*
Adjusted PBT	*£16.8m*	*£14.5m*	*£14.5m*	*£17.5m*
Adjusted EPS	*15.4p*	*12.3p*	*12.3p*	*15.0p*

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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.

BUSINESS REVIEW

Purpose & Strategy

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 Christine Adshead 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 10 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 exclusivelyon 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.

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 thedevelopmentofourBoardof Directors. During the year,Simon Showman transitioned from his role as Chief Executive Officer to Chief Commercial Officer.Asthe founder of the business,Simonhas built a host of strong relationships with our retail partners in the UK and Europe and, in his new role,hewill 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 willbe highly valuable in this regard, helping us drivefurthergrowth in the UK and across Europe.

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.

Performance

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 seethe 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.

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 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. Wemaintain 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

	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%**

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, 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

	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%**

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 operationalcapabilities.

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.

Territory

	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%
Rest of World	1,355	1,090	265	24%	1%	1%
Total	**155,497**	**166,315**	**(10,818)**	**-6.5%**	**100%**	**100%**

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 penetrationis 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 wassuccessfully 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.

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% (£10.0m), 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, it led to an increase in shipping costs due to longer shipping route, 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.

Financial Review

	FY24 £'000	FY23 £'000	Change £'000	Change %
Revenue	**155,497**	**166,315**	**(10,818)**	**-6.9%**
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.

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 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).

	FY24 £'000	EPS p	FY23 £'000	EPS p
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.

	FY24 £'000	FY23 £'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%**

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).

Consolidated Income Statement

For the year ended 31 July 2024

	2024	2023
	£'000	£'000
Revenue	**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	**(2,169)**	(2,238)
Amortisation of intangibles	**(22)**	(22)
Share-based payment expense	**(137)**	(837)
Total administrative expenses	**(24,760)**	(25,631)
Operating profit	**15,694**	17,116
Finance expense	**(1,381)**	(1,132)
Profit before tax	**14,313**	15,984
Tax expense	**(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	**12.2**	14.6
Diluted	**12.0**	14.3

ConsolidatedStatement of Comprehensive Income

For the year ended 31 July 2024

	2024	2023
	£'000s	£'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 (loss)/income	**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

	2024	2023
	£'000	£'000
Assets		
Intangible assets	**36,981**	37,003
Property, plant and equipment	**7,574**	8,443
Total non-current assets	**44,555**	45,446
Inventories	**36,578**	28,071
Trade and other receivables	**29,710**	29,890
Derivative financial instruments	**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	**(39,084)**	(30,005)
Derivative financial instruments	**(996)**	(1,806)
Current tax	**(105)**	-
Borrowings	**(15,151)**	(15,891)
Lease liabilities	**(811)**	(836)
Total current liabilities	**(56,147)**	(48,538)
Net current assets	**15,541**	15,742
Borrowings	**-**	(3,990)
Deferred tax	**(6,898)**	(6,797)
Lease liabilities	**(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	**221**	223
Share premium	**14,334**	14,334
Capital redemption reserve	**2**	-
Employee benefit trust reserve	**(1,946)**	(1,989)
Share-based payment reserve	**1,431**	1,817
Hedging reserve	**(286)**	(660)
Retained earnings	**36,006**	32,414
Equity attributable to owners of the Group	**49,762**	46,139

Consolidated Statement of Changes in Equity

For the year ended 31 July

	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	-	-	-	-	-	875	-	875
Total comprehensive income for the year	-	-	-	-	-	(3,899)	12,584	8,685
Transactions with shareholders:								
Dividends payable	-	-	-	-	-	-	(6,255)	(6,255)
Share-based payments charge	-	-	-	-	837	-	-	837
Deferred tax on share-based payments	-	-	-	-	-	-	(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	-	-	-	-	-	(123)		(123)
Total comprehensive income for the year	-	-	-	-	-	374	10,527	10,901
Transactions with shareholders:								
Dividends payable	-	-	-	-	-	-	(6,411)	(6,411)
Share-based payments charge	-	-	-	-	137	-	-	137
Deferred tax on share-based payments	-	-	-	-	-	-	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)
Purchase of own shares for cancellation	(2)	2	-	-	-	-	(1,000)	(1,000)
As at 31 July 2024	**221**	**2**	**14,334**	**(1,946)**	**1,431**	**(286)**	**36,006**	**49,762**

For the year ended 31 July

	2024 £'000	2023 £'000
Net cash flow from operating activities		
Profit for the year	**10,527**	12,586
Adjustments for:		
Finance costs	**1,382**	1,132
Income tax expense	**3,786**	3,399
Depreciation	**2,165**	2,218
Amortisation	**22**	22
Loss on disposal of non-current assets	**4**	20
Derivative financial instruments	**190**	(199)
Share-based payments	**137**	837
Working capital adjustments		
(Increase)/Decrease in inventories	**(8,507)**	1,090
Decrease/(Increase) in trade and other receivables	**(207)**	2,691
Increase in trade and other payables	**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)
Cash flows used in financing activities		
Sale of own shares	**(144)**	(532)
Purchase of shares for cancellation	**(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	**(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)**

Notes to the financial statements

1. General information

Ultimate Products plc (`the Company') 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.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 July 2024 or 2023 but is derived from those accounts. Statutory accounts for Ultimate Products plc for the year ended 31 July 2023 have been delivered to the Registrar of Companies and those for the year ended 31 July 2024 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports. Their reports for the year ended 31 July 2024 and 31 July 2023 did not contain statements under s498 (2) or (3) of the Companies Act 2006.

2. Basis of preparation

The consolidated Group Financial Statements have been prepared in accordance with UK adopted international financial reporting standards. The Consolidated 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 £23.5m (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. 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%

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

4. Finance costs

	2024	2023
	£'000	£'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

5. Taxation

	2024	2023
	£'000	£'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

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	2023
	£'000	£'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)
Effect of difference in corporation tax and deferred tax rates	-	-
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%.

6. 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	2023
	£'000	£'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	**(2,557,123)**	(3,002,142)
Weighted average number of shares - basic	**86,555,581**	86,310,315
Share options	**974,498**	1,576,409
Weighted average number of shares - diluted	**87,531,079**	87,886,723

	Pence	Pence
Earnings per share - basic	**12.2**	14.6
Earnings per share - diluted	**12.0**	14.3

7. Dividends

	2024	2023
	£'000	£'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.

8. Bank borrowings

Group	**2024**	2023
	£'000	£'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	**15,151**	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

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.

9. 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	2023
	£'000	£'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	2023
	£'000	£'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	2023
	£'000	£'000
Foreign currency contracts	**(544)**	(1,372)
Interest rate swaps	**111**	315
Interest rate caps	**104**	484
	(329)	(573)

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. 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.

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**	2023
	£'000	£'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	**29,710**	29,890

Group	**2024**	2023
	£'000	£'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	**39,084**	30,005

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**	2023
	$'000	$'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**	2023
	€'000	€'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

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.

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.

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:

	As at 31 July 2024			As at 31 July 2023		
	Fixed	**Variable**	**Total**	Fixed	Variable	Total
Group	**£'000**	**£'000**	**£'000**	£'000	£'000	£'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).

10. 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

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.

11. Annual Report and Accounts

The annual report and accounts for the year ended 31 July 2024 will be posted to shareholders in the week commencing11November 2024 and will be available immediately thereafter on the Company's website athttps://www.upplc.com/investor-relations/financial-reports/

12. Annual General Meeting

The Annual General Meeting of Ultimate Products Plc will be held on 13 December 2024 at the Company's registered office at Manor Mill, Victoria Street, Chadderton, Oldham, OL9 0DD, notice of which will be sent to shareholders with the annual report and accounts in the week commencing 11 November 2024.

13. Publication on website

A copy of this announcement and an investor presentation of these results are available on the Company's website at https://www.upplc.com/investor-relations/.

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