RNS Number : 7681L
Ultimate Products PLC
12 November 2024

12 November 2024

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

Posting of Annual Report and Accounts and Notice of Annual General Meeting

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 that, following the release of its final results statement on 29 October 2024, it has today published its Annual Report and Accounts ("the Annual Report") for the year ended 31 July 2024.

The Company also announces that it will hold its Annual General Meeting at 1.00pm on Friday 13 December 2024 at the Company's registered office at Manor Mill, Victoria Street, Chadderton, Oldham, OL9 0DD. As such, the Company has today published and posted to shareholders its 2024 Notice of Annual General Meeting, which incorporates a Rule 9 waiver circular in order to enable the Company to exercise its buy back authority and implement its stated capital allocation policy, and form of proxy.

Copies of the Annual Report and the Notice of the 2024 Annual General Meeting are available to view on the Company's website: www.upplc.com. They have also been submitted to the National Storage Mechanism and will shortly be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism in compliance with paragraph 6.4.1 of the FCA Listing Rules. Copies of these documents, together with a form of proxy for use in connection with the 2024 Annual General Meeting, have been posted or made available to the Company's shareholders.

The final results statement and presentation of 29 October 2024 included a set of condensed financial statements and a fair view of the development and performance of the business and the position of the Company.The information contained within the final results statement, together with the information set out below, all of which is extracted from the Annual Report for the year ended 31 July 2024, constitute the requirements of the Disclosure Guidance and Transparency Rule 6.3.5(3)(a).This announcement is not a substitute for reading the full Annual Report.

Directors' responsibility statement
The following Directors' responsibility statement is extracted from the Annual Report (page 81):

The Directors are responsible for ensuring that the Annual Report, 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.

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.
- 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.

Principal risks and uncertainties

The following description of the principal risks and uncertainties that the Group faces is extracted from the Annual Report (pages 44 to 45):

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 affected 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% 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.	LEVEL

Area	Risk	Mitigation	Movement
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 import 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.	UP
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.	DOWN
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.	LEVEL

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 brands, 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.	DOWN
Climate Change & 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 road maps 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.	UP

Area	Risk	Mitigation	Movement
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.	LEVEL
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 the SAYE and PSP share ownership schemes to incentivise its workforce and to further improve retention.	LEVEL
Cyber security	Risk of cybercrime 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.	LEVEL

For more information, please contact:

Ultimate Products +44 (0) 161 627 1400
Andrew Gossage, CEO
Chris Dent, CFO

Shore Capital +44 (0) 20 7408 4090
Malachy McEntyre (Corporate Broking)
Isobel Jones (Corporate Broking)
Mark Percy (Corporate Advisory)

David Coaten (Corporate Advisory)
Harry Davies-Ball (Corporate Advisory)

Cavendish Capital Markets Limited +44 (0)20 7220 0500
Carl Holmes (Corporate Finance)
Matt Goode (Corporate Finance)
Abigail Kelly (Corporate Finance)
Charlie Combe (ECM)

Sodali & Co +44 (0) 207 250 1446
Rob Greening
Sam Austrums
Oliver Banks

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 45 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.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

ACSFLFLRLRLLLIS