



**ANNUAL REPORT 2024**  
**Company number 00238303**

# Welcome

## STRATEGIC REPORT

Highlights	4
Chair's Statement	6
Investment Case	10
Our Brands	12
Our Markets	18
Our Business Model	20
Chief Executive Officer's Statement	24
Our Strategy	32
Strategy in Action	34
Our Happier Future Progress Report	40
Section 172 Statement	58
Key Performance Indicators	64
Chief Financial Officer's Statement	66
Risk Management	69

## GOVERNANCE

Board of Directors	78
Corporate Governance Statement	82
Nomination Committee Report	92
Audit Committee Report	94
Remuneration Committee Report	98
Directors' Report	105

## FINANCIAL STATEMENTS

Directors' Responsibilities Statement	112
Independent Auditor's Report	113
Consolidated Income Statement	122
Consolidated Statement of Comprehensive Income	123
Statement of Financial Position	124
Consolidated Statement of Cash Flows	125
Consolidated Statement of Changes in Equity	126
Notes to the Financial Statements	128
Unaudited Five-Year Summary	167
Advisers	168

# Nichols plc is an international soft drinks business with sales globally.

The Group is home to the iconic Vimto brand which is popular in the UK and around the world, particularly in the Middle East and Africa. Other brands in its portfolio include Levi Roots, Sunkist, Starlush, ICEE and SLUSH PUPPIE.

## VISIT US ONLINE

You can find more and stay  
up to date on our website  
[www.nicholsplc.co.uk](http://www.nicholsplc.co.uk)



# Highlights

<b>GROUP REVENUE</b> <b>£172.8m</b> <i>+1.2%</i> 2023: £170.7m	<b>CASH AND CASH EQUIVALENTS</b> <b>£53.7m</b> <i>(19.9%)</i> 2023: £67.0m	
<b>ADJUSTED EBITDA<sup>1</sup></b> <b>£30.8m</b> <i>11.7%</i> 2023: £27.6m	<b>EBITDA<sup>2</sup></b> <b>£23.5m</b> <i>(4.3%)</i> 2023: £24.7m	<b>FREE CASH FLOW<sup>3</sup> (FCF)</b> <b>£17.8m</b> <i>(14.9%)</i> 2023: £20.9m
<b>ADJUSTED OPERATING PROFIT<sup>4</sup></b> <b>£28.9m</b> <i>+14.6%</i> 2023: £25.2m	<b>OPERATING PROFIT</b> <b>£21.5m</b> <i>(3.6%)</i> 2023: £22.3m	<b>RETURN ON CAPITAL EMPLOYED<sup>5</sup></b> <b>23.1%</b> <i>(0.2ppts)</i> 2023: 23.3%
<b>ADJUSTED PROFIT BEFORE TAX (PBT)<sup>4</sup></b> <b>£31.4m</b> <i>+15.6%</i> 2023: £27.2m	<b>PROFIT BEFORE TAX (PBT)</b> <b>£24.0m</b> <i>(0.9%)</i> 2023: £24.3m	<b>ADJUSTED RETURN ON CAPITAL EMPLOYED<sup>6</sup></b> <b>31.0%</b> <i>+4.7ppts</i> 2023: 26.3%
<b>ADJUSTED PBT MARGIN<sup>4</sup></b> <b>18.2%</b> <i>+2.3ppts</i> 2023: 15.9%	<b>PBT MARGIN</b> <b>13.9%</b> <i>(0.3ppts)</i> 2023: 14.2%	<b>PROPOSED FINAL DIVIDEND</b> <b>17.1p</b> <i>+9.6%</i> 2023: 15.6p
<b>ADJUSTED EARNINGS PER SHARE (BASIC)<sup>4</sup></b> <b>64.02p</b> <i>+13.5%</i> 2023: 56.41p	<b>EARNINGS PER SHARE (BASIC)</b> <b>48.84p</b> <i>(3.0%)</i> 2023: 50.34p	<b>TOTAL DIVIDEND</b> <b>32.0p</b> <i>+13.4%</i> 2023: 28.2p

- Adjusted EBITDA is the adjusted profit before tax, interest, depreciation and amortisation.
- EBITDA is the profit before tax, interest, depreciation and amortisation.
- Free cash flow is the net increase in cash and cash equivalents before acquisition funding and dividends.
- Excluding exceptional items.
- Return on capital employed is the operating profit divided by the average period-end capital employed.
- Adjusted return on capital employed is the operating profit (excluding exceptional items) divided by the average period-end capital employed.

## FINANCIAL HIGHLIGHTS

- Group revenue slightly higher than last year at £172.8m (2023: £170.7m), reflecting the shift in International to a lower revenue but margin-enhanced concentrate model across several African markets
  - Overall Packaged revenue increased by +4.4%, with UK Packaged sales increasing by +6.3%, largely driven by innovation and distribution gains, while International Packaged revenue increased by +0.8%, as expected, due to the shift to a concentrate model
  - Out of Home (OoH) revenue decreased by -8.2% in line with the Group's expectations following the strategic exit from unprofitable accounts, delivering significant improvement in profitability
- Gross margin improvement to 45.7% (2023: 42.3%)
  - UK Packaged gross margin increased despite inflationary pressures due to revenue growth strategies
  - Increased weighting of higher-margin concentrate sales in International within our Africa and Middle East business units
  - Payment of dividends of £31.2m (2023: £10.2m), which included a special dividend of £20.0m
- Continued focus on cost management resulted in adjusted operating profit increasing by 14.6% to £28.9m, with an enhanced adjusted operating margin of 16.7% (2023: 14.8%) and adjusted profit before tax rising by 15.6% to £31.4m
- Exceptional items of £7.4m (2023: £2.9m) reflect the investment made in the business change programme and systems development
- Free cash flow of £17.8m (2023: £20.9m) resulting in cash and cash equivalents of £53.7m (2023: £67.0m)
  - Dividend payments of £31.2m (2023: £10.2m), which included a special dividend of £20.0m
  - Investment in new Enterprise Resource Planning (ERP) system of £7.6m (2023: £1.7m)
- Final dividend proposed at 17.1p (2023: 15.6p). Total ordinary dividend of 32.0p (2023: 28.2p)
- Progress in line with medium-term ambitions

## STRATEGIC AND OPERATIONAL HIGHLIGHTS

- Sustained growth in the UK Packaged division achieving the highest ever Vimto Retail Sales Value (RSV) of £121.2m driven by new product innovation, increased marketing investment and distribution gains
- The International Packaged division continued to deliver excellent results underpinned by:
  - Successful volume growth in our core markets in the Middle East during our 101st Ramadan
  - New concentrate model in West Africa bringing production closer to the end consumer and improving margins
  - Strategic geographic expansion into Malaysia in Q4
- Progress against ESG strategy ('Happier Future')
  - 'A' rating from Integrum ESG; a leading industry assessor of ESG credentials and achievements
  - Moved to sustainably sourced 51% rPET in all our UK Packaged products

# Chair's Statement

**“The Board remains confident that the Group is well positioned to execute its strategic plans and deliver sustainable shareholder returns, benefiting from the strength of its diversified business model, strong portfolio of brands and financial position.”**

*Liz McMeikan*

Non-Executive Chair

*Welcome*

## INTRODUCTION

**I am pleased to report on what has been another important year for the Group.**

Although the external trading environment remained challenging, the team has made considerable progress in delivering our growth strategy, as set out at our inaugural Capital Markets Day (CMD) held in London in November.

Nichols operates in a fast-moving industry with a constant need to be agile and adapt to changing market dynamics. Due to the strength of our portfolio of brands, experienced senior leadership team and asset-light business model, we are able to meet these changing needs whilst focusing on long-term opportunities.

During the year, we delivered a 1.2% increase in revenue to £172.8m (2023: £170.7m). Our core Packaged business performed well, with revenue increasing by 4.4%. This was largely driven by another strong performance and encouraging growth within our UK division, where revenues increased by 6.3% underpinned by innovation, focused strategic marketing and some important distribution gains. In our International division, revenues increased by 0.8% with our rate of growth moderated as we shifted to a lower revenue but margin-enhancing concentrate model in a number of African markets. As anticipated, revenue in our OoH business reduced by 8.2% as we withdrew from unprofitable accounts in line with our strategic plans. Adjusted operating profit increased to £28.9m (2023: £25.2m) and adjusted profit before taxation rose by 15.6% to £31.4m (2023: £27.2m), supported by cost management.

## STRATEGIC PROGRESS

At our CMD in November, the executive and senior leadership teams presented the Group's strategy including clear financial ambitions to be delivered over the medium term. Nichols operates in a resilient and growing category with a strong portfolio of brands, with clear growth opportunities in both our UK and International Packaged businesses. During recent years, we have focused on strengthening our operational infrastructure, and the strong financial performance in the year demonstrates our ability to deliver on those ambitions.

## PEOPLE

This strong performance has been delivered by an excellent team of people across the whole Group, who have all worked hard in the continued execution of our strategy. I would like to give my thanks to all my colleagues at Nichols for their continued hard work and dedication. Rich in experience, knowledge and expertise, the team's commitment to both the Company and each other is truly impressive and they are a key differentiator for us. All our stakeholders benefit significantly from the strength of our people and their continued ability to drive performance, positioning us well to deliver growth.

## THE BOARD

The Board continued to evolve during the year. As previously reported, we were delighted to appoint Richard Newman as Chief Financial Officer with effect from 21 March 2024. In January of this year, we shared that Richard would start treatment for cancer and that David Taylor would rejoin the Company as a non-Board Finance Director from February 2025 to support Richard, who remains in his role and on the Board of Directors. On behalf of the Board, I wish Richard all the best for his treatment.

John Gittins will step down from the Board as a Non-Executive Director in August 2025, having served a full term of nine years plus an additional year to support the Group through a period of substantial change. It has been a pleasure to work with John over the last two years and, on behalf of the Board, I would like to thank him for his service and commitment to the Group, including in his role as Chair of the Audit Committee.

Alan Williams will be joining the Board as Non-Executive Director in March 2025 and will assume the role of Chair of the Audit Committee later in the year, enabling a smooth transition of responsibilities from John. We are delighted to welcome someone with Alan's experience and capability to the Board, and I look forward to benefiting from his insights in the years ahead.

During the year, we also further strengthened our succession planning processes as part of our continued focus on ensuring that the composition and expertise of the Board remains effective and appropriate for our business.

## ENVIRONMENT, SOCIAL AND GOVERNANCE

We are proud of the Group's commitment to the Nichols Happier Future strategy. The Happier Future pillars of "Everyone Matters", "Products We're Proud Of" and "Owning Our Climate Impact" underpin the development of our growth strategy as well as our day-to-day decision making.

During the year, we made significant progress towards achieving our targets. Highlights for 2024 include receiving an 'A' rating from Integrum ESG, a leading industry assessor of ESG credentials and achievements, and moving our UK Packaged products to sustainably sourced 51% rPET. I am particularly pleased that our levels of employee engagement have risen further as we continue to build our unique culture and to support our colleagues across areas such as mental health, reward and workplace flexibility. We are equally proud of our team and values, as well as of our financial performance.

# Chair's Statement continued

## DIVIDEND AND CAPITAL ALLOCATION

Nichols has a clear and consistent capital allocation policy, including investing in growing our business both organically and through acquisition, maintaining a strong balance sheet and a progressive dividend policy with dividend cover of broadly 2x adjusted earnings of the Group, a disciplined approach to value accretive and strategic acquisitions investing in the business and maintaining a robust balance sheet. As reported previously, the Board is committed to returning surplus cash to shareholders and, in the year, the Group issued a special dividend of 54.8p per share totalling £20m, which was paid alongside the interim dividend, returning a total of £31.2m to shareholders via dividends in 2024.

In line with the Group's dividend policy, the Board is pleased to recommend an increased final ordinary dividend of 17.1p per share (2023: 15.6p) as a result of its continued strong cash generation, providing a proposed total dividend for the year of 32.0p per share (2023: 28.2p). If approved, the final dividend will be payable to shareholders on the Register of Members at 21 March 2025. The ex-dividend date will be 20 March 2025.

Nichols has a strong record of long-term cash generation and holds significant cash and deposit balances of £53.7m as at 31 December 2024. The Board intends to maintain the strength of its balance sheet, while prioritising investment in growth opportunities, both organic and via acquisitions, as well as providing attractive shareholder returns.

## OUTLOOK

The Group continues to derive considerable benefit from its diversified and asset-light business model, with an established UK position complemented by the enhanced growth opportunities within our International business. Within our Packaged business, we have continued our strategy of investment in innovation and extending our product range and in the development of our international markets during the year, both of which are expected to continue to provide growth over the short and medium term.

Our 2024 Capital Markets Day set out a clear and ambitious strategy for growth across each of our business units and clear financial ambitions to be delivered over the medium term.

The Board remains confident that the Group is well positioned to execute its strategic plans and deliver sustainable shareholder returns, benefiting from the strength of its diversified business model, strong portfolio of brands and financial position.



*Liz McMeikan*  
**NON-EXECUTIVE CHAIR**

10 March 2025



# Investment Case

## Growth strategy

- New product innovation and development – focus on growth categories
- Customer and channel development
- International expansion growing existing territories and building new markets
- Building partnerships and driving efficiencies across our supply chain
- Acquisition

Read more about our Strategy in our **Chief Executive Officer's Statement** on page 25

## Long-term sustainable value creation

- Disciplined capital allocation
- Strong return on capital – asset-light model
- Consistent free cash flow generation
- Progressive and well-supported dividend policy

Read more about the value we created in 2024 in our **Chief Financial Officer's Statement** on pages 66 to 68

## Sustainability

- A responsible business with a strong ethical position
- Happier Future strategy
- Focus on People, Products and the Planet

Read more about our Happier Future strategy in our **Happier Future Progress Report** on page 40

## Diversified business model

- UK Packaged – established multi-channel presence
- International Packaged – growing presence in the Middle East, Africa, Europe and North America
- Out of Home – UK hospitality and leisure

Find out more about **Our Business Model** on pages 20 to 23

## Brands

- Unique Vimto brand and heritage
- Licensed brands

Read more about the value we created in 2024 in **Our Brands** on pages 12 to 17

## Financial strength

- Strong and sustainable margins
- Strong balance sheet
- Consistent cash generation
- Net cash

Read about our **Financial Highlights** on page 5

## **Our Brands**

*a portfolio of*

# **ICONIC BRANDS**

**At Nichols we are proud to offer a leading portfolio of distinctive, iconic brands, which meet a variety of consumer needs and occasions.**

### **PACKAGED**

Our Packaged range includes Squash, Still, Carbonates and Energy in a range of formats.

### **OUT OF HOME**

We're a one-stop-shop for the UK's hospitality and leisure industry with a wide range of iconic drinks brands for post mix and frozen occasions.

# PACKAGED

## VIMTO

Vimto is the refreshingly different soft drink that has it all. Created in Manchester in 1908 by John Noel Nichols, Vimto was originally designed as a herbal tonic to give its drinkers 'Vim and Vigour'.

For over 100 years, we have been mixing our secret recipe – a blend of fruits, herbs and spices – to produce a unique and irresistible range of drinks.

Every product in the Vimto range contains the secret blend from 1908 of 23 herbs and spices that gives it its unmistakable Vimto taste and unique emotional signature.

Today, we're the 9th most chosen beverage brand in the UK and are enjoyed in over 60 countries around the world.

Our Vimto range includes squash, carbonates, still drinks, flavoured water and energy drinks. With a choice of unique flavours and Original and No Added Sugar options, there are lots of ways to enjoy Vimto. This also includes our extensive range of licensed products – from protein powders and fruit spreads to desserts and confectionery. In 2024 we introduced our new no added sugar Vimto Discovery carbonated range in two flavours – Passionfruit and Lychee and Mango and Dragon Fruit.

## **Our Brands** continued

# **PACKAGED** continued

### **SLUSH PUPPIE**

With over 50 years of brand heritage, we continue to reimagine the frozen childhood 'slushie' classic with SLUSH PUPPIE Fizzie. A no added sugar carbonated range that uses bold flavours and colours to drive playfulness, excitement and nostalgia. The range includes the much-loved Blue Raspberrie and Strawberrie, and in 2024 we introduced another distinctive flavour, Green Apple.

### **LEVI ROOTS**

We are now celebrating our 14th year as the license holder to create and support Levi in his mission to bring vibrant flavours of the Caribbean to the nation. The range includes low sugar carbonated soft drinks made with real fruit juice, aptly named Caribbean Crush, Tropical Punch and Jamaican Sunset. In 2024, we also introduced low sugar energy drinks to the range; containing fruit juice, natural caffeine, B6/B12 vitamins and trending herbs and spices for a Caribbean kick.

These delicious tropical fruit drinks bring a drop of sunshine to the everyday!

### Facts about our brands

**23**  
*herbs and spices*  
 Vimto - made with  
 23 herbs and spices

**60+**  
*countries*  
 Vimto - sold in  
 over 60 countries

**5**  
*soft drinks segments*  
 Only brand in the UK to  
 operate in 5 UK soft drinks  
 segments

**30**  
*million*  
 Vimto - 30 million bottles  
 of Vimto cordial are sold  
 annually during Ramadan

**£121.2**  
*million*  
 Vimto - highest ever  
 brand value of £121.2m<sup>1</sup>

**#.1**  
*brand globally*  
 ICEE - no. 1 frozen beverage  
 brand globally



1. Nielsen IQ RMS for Squash, Flavoured Carbonates, RTDs and Flavoured Water categories for 12 months to 30.12.24 for the total coverage market.

## **OUT OF HOME**

### **POST MIX**

The perfect post mix partners; we offer an extensive range of brands, spanning many of the biggest and most well-loved in soft drinks including Coca-Cola, Pepsi, Vimto, IRN BRU and Old Jamaica, plus our very own 'Premium Mixers by Vimto' – our range of classic mixers, juices and cordials. By offering our customers as many as eight brands on a single post mix dispense gun, more than twice the average, we offer unrivalled choice.

## STARSLUSH

A customer favourite, available across the UK. Designed to burst your thirst, Starslush is the perfect addition to add some magic to family days out, with a full range of fabulous flavours from Blue Raspberry to Tropical Burst and Unicorn Watermelon.

## ICEE

A favourite in the USA and around the globe since 1967, ICEE is the Swizzle Fizzle Freshy Freeze drink unlike any other. Fizzy, frozen and full of flavour, our zero-sugar range can be found chilling in some of the UK's biggest cinema chains.

2024 saw the ICEE brand collaborate with film blockbusters, Ghostbusters and Wicked, offering bespoke limited-edition flavours, delighting both customers and consumers.

## Our Markets

# AROUND THE WORLD

Nichols plc is an international soft drinks business with sales globally. Today, our iconic Vimto brand is sold in over 60 countries.

GROUP REVENUE

**£172.8m**

+1.2%

2023: £170.7m

○ UNITED KINGDOM

*Revenue*

**£128.8m** +1.4%

2023: £127.1m

○ AFRICA

*Revenue*

**£20.8m** -6.3%

2023: £22.2m

○ MIDDLE EAST

*Revenue*

**£14.2m** +9.6%

2023: £13.0m

○ REST OF THE WORLD

*Revenue*

**£9.0m** +5.1%

2023: £8.5m

5.2%

8.2%

12.0%

74.6%

## **The Group delivered an increase in revenue to £172.8m (2023: £170.7m)**

Revenue increased despite the planned reduction in scale of the OoH business and supply chain changes in West Africa.

## Our Business Model

Our diversified business model exists to

**MAKE LIFE**  
*taste* **BETTER**



**BY DOING THE RIGHT  
THINGS IN THE  
RIGHT WAY**



**ACROSS OUR THREE  
DISTINCT ROUTES  
TO MARKET**



# OUR CONSUMERS ARE AT THE HEART OF EVERYTHING WE DO

## 1 WINNING PRODUCTS

We have a range of highly successful products developed using our experience and technical knowledge to meet changing consumer requirements

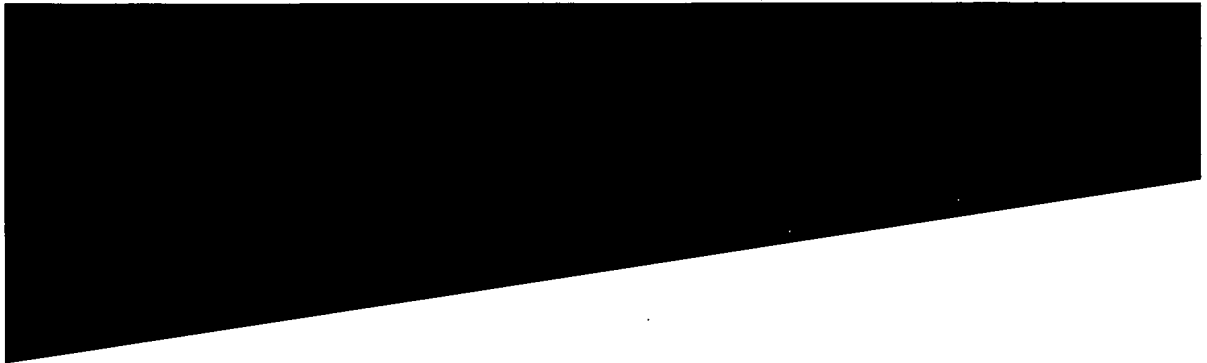
## 7 CONSUMERS

We use our knowledge and expertise to understand customer and consumer requirements and to ensure that as many consumers as possible enjoy our products

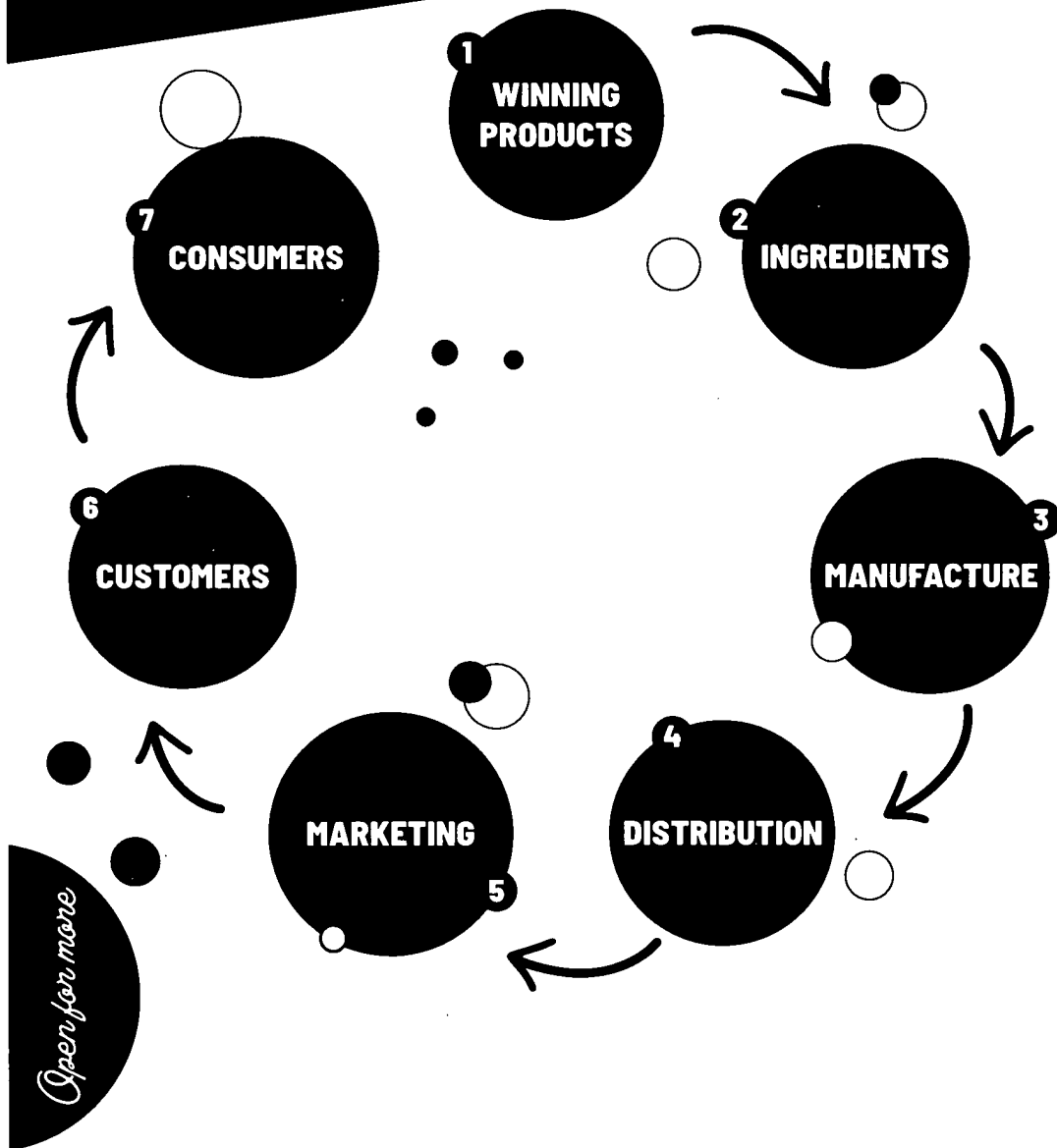
## 6 CUSTOMERS

We maintain long-term partnerships with retailers and hospitality providers both in the UK and across our global markets  
Our customers include a wide range of UK and international retailers

## Our Business Model continued



# OUR CONSUMERS ARE AT THE HEART OF EVERYTHING WE DO



# Chief Executive Officer's Statement

**Our strong financial performance in 2024 reflects the successful execution of our clear growth strategy across multiple routes to market and the strength of our diversified business model.**

*Andrew Milne*

Chief Executive Officer

*Delivering*  
**PERFORMANCE**

## OVERVIEW

**I am pleased to report our results for the year ended 31 December 2024. We have delivered a strong set of results against a challenging market and evolving regulatory environment.**

Our success is largely due to the dedication, flexibility and resilience of our teams. I would like to thank all of them for continuing to embody the values of the Company and ensuring the business delivers continued value for all our stakeholders. I would also like to thank all our partners for their support in helping us achieve our goals and targets.

## FINANCIAL PERFORMANCE

Revenue was 1.2% ahead of last year at £172.8m which, encouragingly, was achieved through both volume and value, reflecting strong consumer demand for our products. We also utilised appropriate revenue growth strategies to help mitigate continued cost pressures. As a result of these actions, and disciplined cost controls, I am pleased to report that Group margins and bottom line improved, with adjusted operating profit growth of £3.7m (+14.6%), adjusted profit before tax (PBT) growth of £4.2m (+15.6%) and an adjusted PBT margin of 18.2% (2023: 15.9%).

After net exceptional costs of £7.4m (2023: £2.9m), principally relating to the business change programme and systems development, operating profit was £21.5m (-6.9%) and profit before tax was £24.0m (-0.2%) with a PBT margin of 13.9% (2023: 14.2%).

Our portfolio of owned and licensed brands continued to perform well, and we continued to invest in strong marketing campaigns, innovation and broader strategic initiatives. Our long-term customer partnerships are critical to our success, and we continued to execute our business plans to maintain high service levels and strong in-market delivery of our promotions and innovation programmes throughout the year.

Additionally, we have also continued to focus on increasing our distribution during the year and were pleased to have agreed extensions and new wins with a range of customers.

Ensuring our consumers can enjoy our products on a daily basis is key to our success. During the year we again delivered some exceptional brand experiences in outlets and online for our consumers. In the UK, we launched our largest ever Vimto marketing campaign, "Love the Taste", which proved successful in attracting new consumers to the brand.

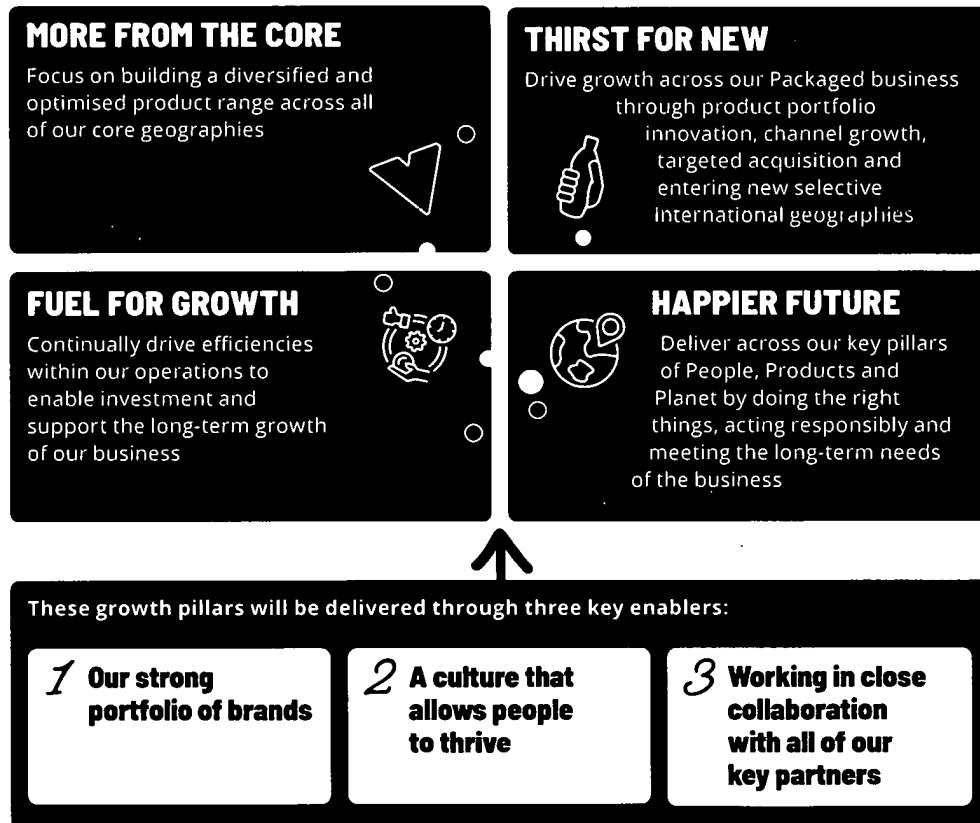
Our Happier Future strategy remains a vital element of our long-term strategy and we continued to make progress versus our commitments.

A particular highlight was being awarded an 'A' rating from Integrum ESG, a leading industry assessor of ESG credentials and achievements.

**STRATEGY**

In November, we were delighted to host a Capital Markets Day in London where we set out our medium-term financial ambitions and shared our plans for driving growth across each of our business units.

**Our four clear strategic pillars remain our focus to drive long-term growth:**



# Chief Executive Officer's Statement continued

## MARKET PERFORMANCE

### International Packaged

We delivered an excellent performance across our international markets, with total International revenue growth of +0.8% versus 2023. Growth was particularly strong in the Middle East as we continued to build on our relationship with our long-standing partners Aujan Coca-Cola Beverages Company (ACCBC), which recently assumed responsibility for Vimto sales in the Yemen alongside its trade execution across the Gulf. As expected, revenue in Africa fell slightly following the successful phased transition from a finished goods to a margin-enhancing concentrate model.

In the Middle East, revenue increased by 9.6% versus 2023, driven by strong volume growth during our 101st Ramadan in the region. Despite increased category competition, the brand continues to dominate the Iftar occasion across the region supported by a strong integrated market campaign "In sweetness is our togetherness".

New product innovation also contributed to growth, with Ready to Drink (RTD) flavours gaining volume momentum. Additionally, our zero cordial and cans now represent 8% and 10% of Vimto cordial and can sales, respectively. Capitalising on the evolving consumer trends towards health, wellness and immunity, the stills RTD range has been fortified with a vitamin and zinc bundle to improve product credentials and drive further volume growth.



## THIRST FOR NEW

# Ramadan Execution

2024 saw us continue to drive innovation and renovation as a lever for growth in our Middle East region, which contributed to delivering an overall revenue increase of 9.6% year-on-year. Broadening our Vimto portfolio to meet the growing needs of health and wellbeing, Ready to Drink formats and broader taste offerings, we remain focused on maximising consumer penetration and unlocking new occasions to accelerate the brand.

As anticipated, revenues in Africa declined versus the prior year in line with our strategy to move can production closer to the point of consumption. We commenced the phased move of red cans from our contract packers in Spain and Portugal to our partner's new facility in Senegal, which provides volume, margin and carbon-reduction ESG benefits. The opening of our first international legal entity in Senegal during the year also supports regional licensee and distributor initiatives, with the local team already making a valuable impact. This move, alongside a more efficient can supply chain, lays a strong foundation for continued growth of the Vimto brand in West Africa and the rest of the continent.

Across our Rest of World markets, largely Europe and North America, value growth has been the key focus, building on the strong volumes delivered in 2023. Revenues in Europe increased by 8.9% versus 2023, as we focused on driving the core range into more distribution points and increasing penetration through high quality in-market execution.

Towards the end of 2024, we targeted new retailer distribution in the Nordics and Germany, with bespoke red can SKUs aligned to local market demand.

A particular highlight within the International business was launching into Malaysia in Q4 as part of our strategic geographic expansion. After years of planning and preparation, in Q4 we launched a bespoke, local recipe in a 1L cordial bottle via a local production model. With 25% juice, and a source of vitamin C, the product is designed to meet local consumer needs and to stand out from the competition. The exclusive launch in a national convenience retailer was followed by a broader trade rollout with listings secured in all the major national super and hypermarkets.

We invested strongly in an integrated launch plan to drive awareness and trial, focusing on differentiated product offerings through sampling and promotions at the point of purchase, supported by digital and outdoor advertising campaigns.

# Chief Executive Officer's Statement continued

## MARKET PERFORMANCE continued

### UK Packaged

During 2024, we continued to deliver sustained growth in the UK Packaged division, with revenue growth of 6.3% versus 2023. We were delighted that Vimto reached its highest ever RSV of £121.2m, driven by New Product Development (NPD), focused strategic marketing and key distribution gains. In addition, our portfolio reached a total RSV of £128m<sup>1</sup>, a 2.4% year-on-year increase through a combination of our Vimto and licensed brands.

At the beginning of 2024, we launched our "Fresh Thinking for Drinking" category strategy which fuelled our trading momentum throughout the year and helped identify new opportunities to drive our performance within the category over the medium term.

In squash, we have maintained our position as the number two brand in the marketplace with an RSV of £71.8m<sup>2</sup>, +2.1% year-on-year. We launched our blood orange and lime variant, bringing a new, fresh and relevant flavour profile to our established portfolio which, as a combined total, now represents 11.6% of our squash RSV at £8.3m<sup>2</sup>. In addition, we continued to focus on growing our core purple proposition through a combination of targeted distribution gains, including convenience, as well as successfully unlocking white space in key southern regions, further driving availability to support our long-term brand penetration ambitions.

Beyond squash, we continued to drive awareness and appeal across our carbonated and still ranges, including the launch of our new sub-brand Vimto Discoveries and the return of our much-loved Vimto Minis. We also marked our second full year since the launch of Vimto Energy with a growing RSV of £2.9m<sup>3</sup>.



## MORE FROM THE CORE

# Accelerating our UK Packaged growth

2024 has been yet another strong year of sustained growth for the UK market. New listings of our core Vimto proposition, supported by our biggest ever on pack "Love the Taste" campaign, secured and delivered great momentum for the brand across April through the summer months, including on shelf and extended feature display in key retail outlets across the UK. In addition, we continued to solidify our position in our established regions through channel and store format growth, including online and convenience availability whilst successfully unlocking key white space in the southern regions.

An unwavering focus on unlocking the potential of new drinking occasions, coupled with the ability to buy our portfolio across a breadth of established and emerging UK channels, overall delivering a market volume outperformance of +3.4%<sup>4</sup> year-on-year.

1. Nielsen IQ RMS data; Squash, Flavoured Carbonates, RTD Still, Energy and Flavoured Water categories; 12-month period ended 28.12.24; GB Total Coverage market.
2. Nielsen IQ RMS data; Squash category; 12-month period ended 28.12.24; GB Total Coverage market.
3. Nielsen IQ RMS data; Energy category; 12-month period ended 28.12.24; GB Total Coverage market.
4. % outperformance – Nielsen total market at +1.4% volume – UKP exc. Licensing +5.2%.

The energy category offers significant opportunities and, with the distribution gains in 2024 plus those established in 2023, our performance remains encouraging with further ambitious plans to be realised in 2025. We remain focused and confident in driving further growth opportunities for Vimto Energy as the energy category is now worth an estimated £2.2bn<sup>3</sup>, and 'clean energy' is increasingly gaining prominence.

2024 saw the launch of our biggest ever Vimto master brand campaign, "Love the Taste". This 'through the line' campaign drove significant visibility for the Vimto brand, creating countless opportunities over a three-month period for consumers to "Love The Taste Or Your Money Back". The advertising campaign reached 87% of our target audience and was seen an average of 10 times by our target customers<sup>5</sup>. Importantly, the size and scale of the investment and activation delivered accelerated shopper marketing opportunities across our customer base and the ability to reach new audiences by working closely with customers to create optimum go-to-market plans.

In line with our multi-channel approach, we continued to invest and deliver growth in our e-commerce business. We have now successfully traded for a full year with Amazon and increased our presence across multiple e-commerce providers, ensuring consumers can buy one or more of our brands wherever and whenever they want.

We continue to explore further online opportunities as we seek to expand across core retail customer platforms in addition to dedicated pureplay customers including Amazon and Ocado.

Within our brand licensing channel, our ongoing partnership with Myprotein (MYP) continues to perform strongly. This has been supported by a targeted move into UK retail in addition to the MYP direct-to-consumer platform, extending Vimto's visibility and reach across another key category in the retail environment. As we continue to build momentum in this space, we are exploring new flavour extensions to broaden appeal in 2025.

Beyond the Vimto brand, our licensed portfolio continued to make positive strides, delivering £7m RSV<sup>6</sup>. Within licensing, SLUSH PUPPIE and Levi Roots provide complementary propositions to our core Vimto range. In 2024, to further accelerate licensing growth, we launched three new formats into the Levi Roots portfolio, targeting new occasions and sales channels with a single serve Caribbean Crush can, as well as entering the energy category with two new flavours. The launch of Levi Roots energy has proven to be a particular hit with retailers and consumers, and early 2025 sales have been encouraging.

5. Wavemaker PCA 2024.

6. Nielsen IQ RMS data; Flavoured Carbonates category; 12-month period ended 28.12.24; GB Total Coverage market.



## MORE FROM THE CORE

# Partnerships driving Out of Home growth

In 2024 we executed two best-in-class strategic film partnerships with ICEE – Ghostbusters: Frozen Empire and Wicked. In collaboration with the film production companies and our cinema customers, we successfully delivered an integrated venue campaign with bespoke flavours linked to the film. This led to an increase in sales and demonstrates the power of partnerships to deliver more from the core.

## MARKET PERFORMANCE continued

### Out of Home

2024 represented the first full year of trading in OoH post the strategic review, with the business now operating as a distinct division within the Group with a focus on driving profitability.

The key changes that were implemented broadly fit into three areas:

- Exited underperforming customer contracts, channels and regions which were considered subscale and unprofitable
- Implemented processes to simplify the business and a rationalisation of operating costs and central overheads
- Improved financial reporting, including divisional and regional reporting focusing on net profit and return on capital employed

I am pleased to report that, as a result of these changes, we were able to grow our adjusted operating profit in the year by 35.0%. As expected, our revenues were down 8.2% as we exited unprofitable accounts as part of the actions following our strategic review.

During the year, we launched four limited edition flavour ICEE products in partnership with the Ghostbuster and Wicked film releases, which have received positive consumer feedback.

In line with our Happier Future commitments, we carried out a review into our packaging and have refreshed a number of lines in our 'Premium Mixers by Vimto' range.

## LOOKING AHEAD

Our strong financial performance in 2024 reflects the successful execution of our clear growth strategy across multiple routes to market and the strength of our diversified business model.

Looking ahead, although we expect continued macroeconomic uncertainty, we anticipate that we will be able to deliver an improved performance across 2025. Trading to date has been positive and in line with management expectations. We operate in a resilient and growing soft drinks market, with an exciting portfolio of owned and licensed brands, significant opportunities for geographical expansion and a strong balance sheet to support both organic growth and targeted acquisitions.

As we maintain our focus on the clear strategic priorities we have in place, underpinned by the strength of our business model and the passion of our teams, I am confident we will deliver further strategic progress, sustained growth and attractive returns for shareholders, in line with our medium-term financial ambitions.

*Andrew Milne*

**CHIEF EXECUTIVE OFFICER**

10 March 2025



# Our Strategy

**Our core purpose is to make life taste better for all of our stakeholders, with a clear vision on building our business by doing the right things in the right way. Our people and partners are central to our success and future growth, bringing our much-loved distinctive brands to consumers across the globe.**

## STRATEGY IN ACTION

During 2024 we delivered against our strategic framework through investing in our four key growth pillars to drive long-term sustainable value for our shareholders. We will continue to accelerate growth through a laser focus on driving our higher-margin Packaged business across the globe, whilst also maximising profitable value from our Out of Home division. Continued investment in our brands and infrastructure, with a clear capital allocation strategy, remains key to delivering our long-term growth objectives.



## MORE FROM THE CORE

Our core range of iconic brands continue to be loved by our consumers around the globe.

We will grow our brands and expand our consumer penetration through building a diversified and optimised portfolio across all of our core geographies working in partnership with our customers.

Read more on pages 34 and 35



## THIRST FOR NEW

We will accelerate growth across our UK Packaged business through portfolio, brand, targeted acquisition and new scalable channel expansion. Growth within our International Packaged business will be delivered by entering new selective international markets and portfolio expansion.

Read more on pages 36 and 37



## HAPPIER FUTURE

We have three core pillars that are central to our Happier Future strategy. The first pillar is **"everyone matters"** which has a clear focus on the wellbeing of our people and those in the communities we serve. The second pillar focuses on developing **"products we are proud of"** which involves helping our consumers make healthier hydration choices, having sustainable packaging solutions and ensuring that we source our materials and ingredients responsibly. We believe all businesses have an important responsibility to tackle the global climate crisis. Our third pillar is **"owning our climate impact"** and we have been taking the right actions to reduce our own direct emissions whilst building a roadmap to reduce our Scope 3 emissions.

Read more on pages 40 and 41



## FUEL FOR GROWTH

We will drive a disciplined focus on efficiencies within our business to enable us to invest and grow long term.

Our asset-light model enables us to remain agile to the changing needs of our customers and consumers to deliver a competitive advantage.

Read more on pages 38 and 39

# **MORE** *from the* **CORE**

## **Vimto UK** **“Love The Taste” Campaign**

In 2024 we executed our largest Vimto brand marketing campaign - “Love The Taste Or Your Money Back”. The campaign celebrated the much-loved and unmistakable taste of Vimto, whilst offering new consumers a no risk mechanic to purchase, to drive penetration and trial. Supported with a nationwide integrated communications, activation and shopper campaign, and underpinned by growing distribution across the channels, this initiative played a key role in delivering our highest ever retail sales value of £121.2m.

**87%**

The advertising campaign reached 87% of our target audience and was seen an average of 10 times by our target customers.

# THIRST *for* NEW

## Malaysia Launch

Disciplined and selective geographical expansion plays a key role in our future Packaged growth strategy.

Q4 2024 saw us launch into the Malaysia cordial market as part of our Asia Pacific growth agenda. With a bespoke Vimto product offering manufactured locally, strong distribution partners unlocking scaled national distribution at speed and a comprehensive marketing support plan and investment model, we are confident that this market will deliver long-term sustainable growth.

**1L**

bespoke, local recipe in a  
1L cordial bottle

**25%**

25% juice, and a source  
of vitamin C

**3,000**

available in over 3,000 stores

# FUEL *for* GROWTH

## **Business Change Programme and Systems Development**

To drive future growth and unlock greater efficiencies and effectiveness across the business, we are at the final stages of readying a new cloud-based Enterprise Resource Planning (ERP) system. This is part of a two to three-year programme, which will go live in Q1 2025. We are working in close collaboration with several key external partners to ensure a seamless and smooth transition.



# OUR *happier* FUTURE

## Progress Report 2024

### OUR HAPPIER FUTURE STRATEGY

**Our Happier Future framework sets out our approach to doing business in the right way, for our consumers, customers, partners, employees and the world around us. Over a hundred years of experience have taught us that it is through continuous evolution that we ensure the sustainability of our business.**

Our Happier Future Strategic Framework enables us to do just that. The strategy is organised into three interconnected pillars, with tangible goals to align our resources, employees and stakeholders.

**51% rPET**

All plastic bottles in our UK Packaged product portfolio

**31%**

reduction in our Scope 1 carbon emissions

**'A' rating**

from Integrum for our sustainability strategy

## **BRINGING OUR HAPPIER FUTURE STRATEGY TO LIFE EVERY DAY**

We have communicated the Happier Future strategy throughout the organisation so that every employee understands what it means for them and their role. We continually make progress on our Happier Future strategy by maintaining our clear governance, leadership and activation of our strategy. This means ensuring that:

- The Board is actively involved in shaping the strategy, including our future focus areas, and is regularly updated on progress
- The Steering Committee monitors and reviews progress against the strategy, and provides new insights to further develop our strategic approach
- We maintain a clear set of workstreams, ensuring all plans and commitments are managed through multidisciplinary project teams, including relevant technical experts. These teams regularly report progress and escalate potential issues through the Steering Committee
- All employees receive quarterly updates on our progress and achievements
- We continually collaborate with all our partners to align our long-term sustainability goals and medium-term priorities

## Sharing our new 2030 commitments

We are pleased to share our new 2030 Happier Future commitments. These commitments will act as our north star, guiding our Happier Future workstreams over the next five years.

When developing the 2030 commitments, our Happier Future Steering Committee considered current market trends, the wider business objectives and progress against our 2025 commitments.

We will strive to fulfil our 2030 commitments as well as continue to do the right things for our people, our products and our planet, whilst keeping apprised of market conditions, innovations and stakeholder expectations to ensure the targets remain in line with our ambition and capabilities.

### PROGRESS IN 2024

A highlight this year was having our sustainability strategy externally recognised by Integrum ESG (an investor-focused sustainability rating), achieving an 'A' rating.

In 2024, we also launched our new strategy and Group Operating Framework, in which Happier Future is a strategic pillar. We also launched our business transformation programme, including a major update to our Enterprise Resource Planning (ERP) system, with implementation commencing in early 2025. This update will optimise our ways of working, support better decision making and enhance data integration with key partners, accelerating action against our Happier Future strategy.

This year we also identified three priority areas in our 'Decarbonising our Supply Chain' workstream – Ingredients, Packaging and International – emissions 'hotspots' that align with existing workstreams across the business.

### FOCUS FOR THE FUTURE

We will continue to review the governance structure of the Happier Future strategy and identify further opportunities to embed action throughout the business. Some changes will include:

- Broadening the involvement of the Senior Leadership Team in delivering the Happier Future strategy, ensuring all members have responsibility for leading one of the Happier Future pillars
- Onboarding an internal communications manager to enhance awareness and engagement in sustainability across our business
- Developing a holistic compliance and responsible sourcing strategy to streamline our due diligence process with partners in our value chain

## OUR 2025 COMMITMENTS

### EVERYONE MATTERS

We pledge to improve the future for over 100 young people in our local communities, raising aspirations through skills development and career development opportunities.

### PRODUCTS WE'RE PROUD OF

We will innovate to allow our consumers to make healthier choices.

We will continue to ensure that all our UK packaged products contain 51% recycled PET.

### OWNING OUR CLIMATE IMPACT

We will reduce our impact on climate change by reducing absolute Scope 1 and Scope 2 greenhouse gas emissions<sup>1</sup> by 25% by 2025 and define our net zero roadmap.



## OUR 2030 COMMITMENTS

### EVERYONE MATTERS

We will make a tangible difference to the employability and wellbeing of 200 young people in the communities in which we operate.

### PRODUCTS WE'RE PROUD OF

We will fully embed our 'Responsible Sourcing Programme' across the Group's value chain.

We will increase the recycled content of our UK plastic bottles up to 100%.

### OWNING OUR CLIMATE IMPACT

We will reduce our impact on climate change by reducing absolute Scope 1 and 2 Greenhouse Gas emissions<sup>1</sup> by 80% and reduce Scope 3<sup>2</sup> emissions by 20% by 2030.

1. 2018 baseline.

2. 2022 baseline.

## Everyone Matters

Doing things in the right way means ensuring everyone is looked after, from our employees to those in our local communities.

**96%**

of respondents said, 'I am free to be myself at work' (+4% from 2022)

**90%**

of respondents said, 'I feel I belong at Nichols' (+3% from 2022)

**93%**

of respondents said, 'Nichols encourages open conversations about diversity and inclusion' (+5% from 2022)

### PUTTING OUR PEOPLE FIRST

Our people are the foundation of our business. Thanks to their continued commitment and motivation to make life taste better, we have had another successful year.

### PROGRESS IN 2024

This year we completed initiatives in each of our focus areas: inclusion and diversity, employee development and employee wellbeing, engagement and satisfaction.

### KEY HIGHLIGHTS THIS YEAR

#### Inclusion and diversity

Highlights from our efforts this year to promote a safe and inclusive environment included:

- Improved employee engagement survey scores in questions related to inclusion
- Received high engagement with our Inclusion Hub, posting resources on topics including women's health and neurodiversity
- Our LGBTQ+ Forum and Female Leadership Network attended education and awareness workshops, including an inclusive language workshop, to grow a sense of belonging among employees

#### Employee development

Highlights from our work to support our employees' development this year included:

- Provided opportunities for our people to take on more responsibilities and receive training as part of our business transformation programme, contributing to their professional development
- Hosted workshops to support employee development, including how employees can understand and leverage their strengths, and how to enhance the impact of their communication

## OUR COMMITMENTS

### 2025

We will improve the future for over 100 young people in our local communities, raising aspirations through skills development and career development opportunities

### 2030

We will make a tangible difference to the employability and wellbeing of 200 young people in the communities in which we operate

**98%**

of respondents are proud to work at Nichols

**94%**

of respondents feel positive about working at Nichols

**96%**

of respondents would like to be at Nichols in 12 months' time

### Employee wellbeing, engagement and satisfaction

In 2023 we set up an Employee Wellbeing Forum and in 2024 the Forum commenced several initiatives. 12 'Wellbeing Champions' now lead the Forum, and this year ran initiatives focused on getting people active, encouraging better use of flexible working arrangements and other benefits, and breaking taboos around key issues impacting people at work. Other highlights include:

- Maintained high scores in our employee engagement survey, completed by 90% of our people (a 3% increase from last year)
- Developed a Group action plan to improve two-way communication and increase collaboration across the business
- Started developing our employee value proposition to ensure our benefits and support packages continue to meet the needs of the business and our employees
- Brought the entire business together for our annual business conference to present our business strategy, celebrate achievements and have fun together

### FOCUS FOR THE FUTURE

We will continue to prioritise our people by:

- Completing our employee value proposition and developing a plan to ensure our employee support packages continue to meet their needs
- Implementing the action plan to improve two-way communication throughout Nichols
- Running 'Agile Leadership' training to upskill our management and leadership teams on delivering transformational change

## Camp Vimto – A fallow year

We made the difficult decision not to run Camp Vimto this year. Our business transformation programme placed significant additional demands on our people through 2024 which impacted the availability of resources to run the Camp. We will resume Camp Vimto in 2025 and have restructured future programmes to make it as successful as possible, including forming new partnerships with regional academies to support the recruitment of participants.

### **GIVING BACK TO OUR LOCAL COMMUNITIES**

We believe that every young person matters, yet in today's society, access to opportunities is not equal. The primary consumers of our products are young people, and we are committed to supporting them with more than just refreshments.

#### **PROGRESS IN 2024**

Since 2022, through our community partnerships and Camp Vimto programme, we have made a tangible difference to over 72 young people's lives in the UK and Africa and we are on track to reach 100 by 2025.

This year we focused on the development of a more structured approach to our community partnerships to increase the impact we can have in the future.

#### **KEY HIGHLIGHTS THIS YEAR:**

- Established a forum to increase community engagement across the whole business, and continued our annual "Day to Make a Difference" initiative
- Continued to support a number of community-based partnerships through donations and sponsorship, including Warrington Youth Zone, Educate Rochdale, Manchester Thunder and Waves4Change

### **FOCUS FOR THE FUTURE**

We will carry forward our work and partnerships that tangibly benefit young people by:

- Running Camp Vimto next autumn to make a tangible difference to the lives of the 20 young participants
- Strengthening our partnership with Waves4Change throughout Africa
- Supporting Cricademia, who work with young people in vulnerable communities in Leeds, to improve their lives through cricket
- Leveraging our network to support Manchester Thunder to roll out their programme in new regions
- Using our new community forum to engage our staff in more community work

# Gender Pay Report

as at 5 April 2024

Nichols plc is pleased to present our 2024 Gender Pay Report, which also offers an opportunity to share what we have been focusing on with regard to gender diversity in the business.

## 96%

feel they are free to be themselves at work

Our latest employment engagement survey demonstrated a continued and positive upward shift versus our previous survey, in how our employees feel about the inclusive workplace that we foster here at Nichols plc. 98% of our employees told us that they were proud to work for Nichols plc and 96% reported that they would like to still be working here in 12 months' time.

Our employee-led community groups are embedded across our business with proactive education and events delivered regularly to raise awareness of different inclusion topics important to our employees such as LGBTQ+ education, neurodiversity and menopause awareness workshops.

## 96%

of our employees believe that individual differences such as race, gender, disability and sexual orientation are respected and valued at Nichols

Our employee gender split as of 5 April 2024 was 63% male and 37% female. This is a positive increase of +4%, driven primarily by changes in our Out of Home (OoH) business, which as previously reported, is heavily weighted towards male employees given the nature of the roles in driving, manufacturing operations, technical and engineering.

40% of our senior leaders and manager levels are female, which is higher than our overall gender split in the business, however this is lower than 2023 (47%). Again, this can be attributed to organisational changes in OoH following the strategic review of this business, as externally reported. One of the changes which has contributed to this decrease is that we introduced technical team leader roles which have largely been filled by males, reflecting the internal and external talent pool available. Conversely, we have continued to see a pleasing increase in female representation at the senior leadership levels in the business, with 44% of roles filled by females during this period.

## 85%

believe Nichols builds diverse and inclusive teams

# Happier Future continued

## Progress Report 2024

### **GENDER PAY REPORT** continued

We have continued to focus on our talent pipeline, looking at how we can support females across the business with stretch opportunities in new roles, including secondments onto our business transformation programme and key strategic projects aligned to our Group strategy to ignite growth.

We have also looked to provide specific opportunities for our emerging talent in the business. For example, a younger cohort from across the business, both female and male, joined members of our Female Leaders Network at an external International Women's Day Conference, where they benefited from hearing from inspiring and motivational speakers and participated in masterclasses, including on how to proactively manage your career in today's changing work landscape.

During this period, we launched our new Inclusion Hub, providing a wide range of resources and materials to stimulate leaders and teams to build their knowledge, understanding and skills on how to create an inclusive environment in teams as well as their own personal development. The Hub also provides a platform for our community groups and hosts our inclusive policies and practices, including our new Family Leave Policy, which enhances our provision across all family leave types, supporting all genders in the moments that matter and benchmarks externally.

Whilst we continue with our focus on developing our inclusive culture, there remains an opportunity to increase female representation at all levels in our business.

### **OUR GENDER SPLIT**

This year's gender split shows a positive movement with 37% of females compared to 33% in 2023 and our new starter gender split was 37% female compared to 33% in 2023. Whilst some of this can be attributed to a decrease in male employees across all pay quartiles in this period, it is also a reflection of our commitment to increase the female representation across the business as articulated above.

Whilst the external talent market continues to be challenging, we've been able to successfully recruit female talent across all divisions in the business, not just in one particular area.

### **OUR PAY QUARTILES**

We have seen a positive increase on the proportion of females across most of our pay quartiles; however, there remains an opportunity for the business to continue to decrease our gender split. It is pleasing to see an increase in the number of females across the majority of the quartiles as this reflects our success on developing females into senior leader and manager positions as well as recruiting more female talent into the business.

## OUR GENDER PAY AND BONUS GAP

Our median gender pay gap for our hourly pay has increased by 1% from -12% in 2023 to -11% in 2024, which is favourable to females when compared to the UK average of 14.3%. The median on bonus is -114% favourable to females. There are no clear underlying reasons for this swing if you look at our historical reporting. Bonus payouts differed in the previous year, which positively impacted males due to the business unit they worked in.

Due to the nature of gender pay reporting in the UK, which measures the average pay and bonus of men and women across different levels and roles in the Company, the reporting of our median and mean gender pay gaps continue to be skewed by the underlying structure of our workforce.

We present our gender pay gap results for the year ending 5 April 2024 in line with our legal obligation and commitment to produce gender pay gap information.

## OUR DATA

1) **Employee % split by gender: 37 female/63 male** (2023: 33 female/67 male)

2) **Proportion of males and females in each pay quartile:**

Quartile %	2024		2023	
	Male	Female	Male	Female
Bottom	63	37	70	30
2	71	29	78	22
3	61	39	58	42
Top	57	43	62	38

3) **Proportion of males and females receiving a bonus within the reporting period:**

**93%** of males (2023: 96%)/**90%** of females (2023: 92%)

4) **Mean & median pay gap<sup>1</sup>:** Hourly pay – median **-11%** (2023: -12%)/mean **-2%** (2023: -1%)

Bonus pay – median **-114%** (2023: -46%)/mean **20%** (2023: 31%)

1. Variance in male pay to female pay.

## Products we're proud of

We're passionate about making products that consumers love – it's at the heart of what we do.

This means developing products that allow consumers to make healthier choices, strengthening our approach to responsible sourcing, and challenging ourselves to find more sustainable packaging options.

### HEALTHIER HYDRATION

#### PROGRESS IN 2024

We continued to innovate to offer consumers healthier choices. This includes ensuring that the sugar content of all of our UK packaged products remains below the level specified by the Soft Drinks Industry Levy Regulations 2018.

#### KEY HIGHLIGHTS THIS YEAR

- Launched 11 new products across Vimto, SLUSH PUPPIE and Levi Roots brands with no or low-added sugar or fortified with vitamins

#### FOCUS FOR THE FUTURE

We will continue to provide healthier hydration by:

- Continuing our established approach to innovation and renovation to meet evolving needs and allow our consumers to make healthier choices with a particular focus on developing more products with added benefits

### SUSTAINABLE PACKAGING

We are aware of the importance of delivering sustainable packaging solutions in our industry and remain committed to working with our partners to achieve this.

### PROGRESS IN 2024

This year we achieved 51% recycled content of all plastic bottles in our UK packaged portfolio. Moving from 40% to 51% rPET content reduces the amount of virgin plastic used to create our bottles, reducing the amount entering the UK waste stream by 112.67 tonnes per year. We achieved this despite continued challenges around the availability and cost of moving to rPET packaging and systemic challenges such as delays in the implementation of the UK Deposit Return Scheme (DRS) and Extended Producer Responsibility (EPR). Our original, ambitious commitment was to achieve 100% rPET in our UK packaged goods by 2025 but, given the challenges of material availability and delays to EPR and DRS, we have adjusted our deadline to 2030. We will continue to actively support the implementation of the DRS and EPR to achieve our goal.

This year we completed several other projects to reduce the amount of packaging and virgin materials we use in our finished products.

#### KEY HIGHLIGHTS THIS YEAR

- Continued to apply our Sustainable Packaging Policy with our partners and co-packers to reduce the proportion of virgin plastic in our packaging and the total amount of packaging used across the business. These changes will save over 50.7 tonnes of plastic and 37.8 tonnes of aluminium every year

## OUR COMMITMENTS

### 2025

We will innovate to allow our consumers to make healthier choices

We will continue to ensure that all our UK packaged products contain 51% recycled PET

### 2030

We will fully embed our 'Responsible Sourcing Programme' across our entire value chain

We will increase the recycled content of our UK plastic bottles up to 100%

## FOCUS FOR THE FUTURE

We will continue to implement the four pillars of our packaging strategy (reduce, reuse, recycle and reimagine) by:

- Looking to increase the proportion of rPET in the bottles in our UK packaged portfolio beyond 51%, in line with our 2030 commitment
- Developing a Sustainable Packaging Roadmap, ensuring business readiness for the 2027 launch of DRS in the UK
- Refreshing and driving implementation of the Nichols Sustainable Packaging Policy, looking for opportunities to reduce and remove packaging in collaboration with suppliers, co-packers, licensees and manufacturers
- Completing initiatives to increase the sustainability of our packaging

## RESPONSIBLE SOURCING

The unique flavour of our products begins with quality ingredients sourced from trusted and responsible partners. We continue to improve our procurement processes to ensure we source ingredients and materials from suppliers with high product quality, labour protections and strong environmental practices.

## PROGRESS IN 2024

This year we made significant progress embedding our responsible sourcing practices into 'business-as-usual'.

## KEY HIGHLIGHTS THIS YEAR

- Achieved 100% compliance of primary partners with the Nichols Code of Conduct by continuing to work with our primary partners, supporting them to complete the SAQ and implement risk mitigation measures
- Launched a self-assessment questionnaire (SAQ) for our partners to identify risks, enabling us to provide risk mitigation support in the future. The SAQ was well-received and completed by 68% of our primary partners
- Integrated the Code of Conduct and SAQ into our partner onboarding process to ensure collaboration and action aligned with our sustainability goals from the onset of our relationship
- 84% of our Vimto UK brand licensing portfolio is now palm oil free, with the remaining palm oil used in our products certified by the Roundtable on Sustainable Palm Oil (RSPO)

## FOCUS FOR THE FUTURE

We will continue to source our products responsibly by:

- Achieving 100% completion of self-assessment questionnaires by primary partners and commencing work to address the results
- Exploring mechanisms to achieve compliance with the Nichols Code of Conduct and SAQ of partners beyond our primary partners
- Continuing to ensure that any palm oil used in our products is certified by the RSPO

# Owning our Climate Impact

**Nichols is committed to taking action to reduce our climate impact.**

We recognise that the impact of the climate crisis presents a principal risk to the business<sup>1</sup>, and we remain focused on reducing our carbon emissions to align to a net-zero future.

## OUR TOTAL 2024 EMISSIONS

	2018	2019	2020	2021	2022	2023	2024	Units
Scope 1	1,111	1,307	906	915	1,139	913	626	tCO <sub>2</sub> e
Scope 2	408	273	204	203	169	0	0	tCO <sub>2</sub> e
Scope 3	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	0	0 <sup>2</sup>	0	-	tCO <sub>2</sub> e

1. Unknown.

2. UK only.

This table shows our Scope 1, 2 and 3 emissions from our baseline year (2018) to 2024. This year we have reduced our UK Scope 1 carbon emissions by 293 tCO<sub>2</sub>e to 626 tCO<sub>2</sub>e. This is a 28% decrease from 2023. Our Scope 2 emissions remained at net-zero. Our total carbon footprint for this year is unknown due to our efforts focusing on reducing rather than re-calculating our Scope 3 emissions.

### KEY TERMS

**Greenhouse gas (GHG) emissions** – Gases in the Earth’s atmosphere that trap heat, contributing to climate change. This includes carbon dioxide, produced when burning fossil fuels like oil, coal and natural gas.

**Scope 1** – Direct GHG emissions that occur from sources that are controlled or owned by an organisation

**Scope 2** – Indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling

**Scope 3** – All other indirect GHG emissions that occur in a company’s value chain

**Net-zero** – Cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere

1. The Board takes overall accountability for owning our climate impact and managing the risks and opportunities that this presents. You can find out more about the process for identifying and assessing climate-related risks, including how it is aligned to the Group’s risk management policy, on page 75.

## OUR COMMITMENTS

### 2025

We will reduce our impact on climate change by reducing absolute Scope 1 and 2 greenhouse gas emissions<sup>2</sup> by 25% by 2025 and define our net zero roadmap

### 2030

We will reduce our impact on climate change by reducing absolute Scope 1 and 2 greenhouse gas emissions<sup>2</sup> by 80% and reduce Scope 3<sup>3</sup> emissions by 20% by 2030

## Decarbonising our fleet

Carbon emissions from our Out of Home (OoH) fleet make up a large portion of our Scope 1 emissions. Our electric vehicle (EV) strategy ensures we remain committed to decarbonising this area of our business in the future. Implementation is dependent on external factors (e.g. availability of charging infrastructure and suitable vehicles) and we must collaborate with other industry players to transition to an electric fleet. This year we embarked upon a long-term agreement with an EV provider, designing a roadmap to implement our electric-fleet strategy and transition to a fully electric fleet by 2030.

2. 2018 baseline.

3. 2022 baseline.

## REDUCING OUR DIRECT EMISSIONS

Nichols has a strong track record in reducing our Scope 1 and 2 carbon emissions and we have an ambitious commitment to reduce them by 80% by 2030, in order to reach net zero by or before 2050.

### PROGRESS IN 2024

This year we have reduced our UK Scope 1 carbon emissions by 287 tCO<sub>2</sub>e to 626 tCO<sub>2</sub>e. This is a 31% decrease from 2023. Our Scope 2 emissions remained at net-zero as we continued to purchase 100% renewable energy. We are on track to reduce our impact on climate change by reducing absolute Scope 1 and 2 Greenhouse Gas emissions<sup>1</sup> by 25% by 2025. For further information please see the Streamlined Energy and Carbon Reporting (SECR) on pages 56 and 57.

### HIGHLIGHTS THIS YEAR INCLUDE:

- Completed phase 3 Energy Savings Opportunity Scheme (ESOS) reporting
- Continued to make energy efficiency savings at our Ross-on-Wye OoH manufacturing site with actions such as turning off the freezer and heat tunnel for boxes, as well as removing shrink wrap from our bag-in-box

### FOCUS FOR THE FUTURE

We will progress further along our roadmap for carbon reduction across our Scope 1 and 2 emissions by:

- Implementing our EV roadmap
- Implementing further energy-saving measures identified in our ESOS report
- Continuing to reduce energy use at our Ross-on-Wye OoH manufacturing site

# Improving our carbon impact through our ingredient choices

Our ingredients are one of our three carbon hotspots and are therefore a focus area in our net zero roadmap. This year we identified that sugar and juice contribute the most to the carbon emissions associated with our ingredients, so these are the focus for decarbonisation.

We began by reviewing our sugar and juice supply chains, exploring innovations and best practices in the market to identify opportunities to collaborate and reduce the carbon impact of these ingredients. We also engaged with The Sustainable Juice Covenant to explore opportunities to support initiatives related to the procurement of sustainable juice in our supply chain.

1. 2018 baseline.

## DECARBONISING OUR SUPPLY CHAIN

Reducing our Scope 1 and 2 emissions is important, but the majority of our emissions are upstream in our value chain (Scope 3 emissions). We focus on reducing emissions associated with our carbon hotspots (highest emitting areas) – packaging, ingredients and co-manufacturers' energy use.

### PROGRESS IN 2024

In 2024, we did not measure our Scope 3 emissions, instead prioritising resources for reducing emissions in our hotspots. We recognise the importance of monitoring progress to inform meaningful emissions reductions and will measure Scope 3 emissions in the future.

### HIGHLIGHTS THIS YEAR INCLUDE:

- Achieved most of the activities planned for 2024 on our net zero roadmap, with a focus on tackling one of our carbon hotspots, packaging. This included achieving 51% rPET content in all of our plastic bottles in the UK and reducing the amount of packaging used to transport our products
- Moved a proportion of the production of canned goods sold to the African market from Spain and Portugal to Senegal to reduce the emissions associated with transportation
- Identified areas of alignment between our climate commitments and our international partners and began addressing key areas of collective impact

### FOCUS FOR THE FUTURE

We will continue to decarbonise our supply chain by:

- Delivering the 2025 commitments within our net zero roadmap
- Developing our carbon accounting process which will enable us to capture the carbon footprint of the entire Group
- Deepening our relationships with partners and collaborating to reduce our collective climate impact in key hotspot areas
- Embedding climate considerations into our product design and ingredients sourcing process

## RESPONSIBLE WATER USAGE

We recognise that it is more important than ever to use water responsibly and address the risk of increased water scarcity in some of our markets.

### PROGRESS IN 2024

Our 2024 total water consumption for manufacturing products in the UK was 242,757m<sup>3</sup>, which is a 17% decrease compared to 2023.

This was due to a decrease in the production of water-intensive products this year. The complexity of the topic meant that this year we focused our efforts on developing a clearer understanding of our water usage across our entire value chain, informing a comprehensive water strategy in the future.

### KEY HIGHLIGHTS THIS YEAR

- Engaged with our international partners on water use, learning that many are already tracking their usage
- Continued tracking and monitoring water use at our co-packers and our own operations

### FOCUS FOR THE FUTURE

We will continue to take action to use water responsibly by:

- Understanding and mapping the water footprint to inform a water strategy for the business

### SECR REPORT

#### 2024 ENERGY AND CARBON REPORT SUMMARY

Nichols plc is steadfast in its commitment to minimising its environmental footprint by actively integrating sustainable practices across its operations. Through continuous efforts to reduce its carbon footprint and environmental impact, the business aims to foster a sustainable future for its local communities, customers and employees.

For the financial year ended 31 December 2024, Nichols plc has prepared a Streamlined Energy and Carbon Reporting (SECR) in accordance with the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. By disclosing annual energy consumption and monitoring environmental performance, the Group can analyse trends and implement actions to reduce energy use and associated carbon emissions. Furthermore, reporting also enhances the Group's understanding of its environmental impact, enabling the informed development of its sustainability strategy.

For the 2024 financial year:

- Total energy consumption was: 4,604 MWh (2023: 5,796 MWh)
- Location-based carbon emissions were: 1,028 tCO<sub>2</sub>e (2023: 1,305 tCO<sub>2</sub>e)

Total energy consumption decreased by 21% compared to the previous financial year, and location-based emissions decreased by 22%. Using a market-based approach, the business' total carbon emissions for the financial year amounted to 712 tCO<sub>2</sub>e, representing a 28% reduction from the previous year.

Transport fuel emerged as the primary contributor, accounting for 65% of total energy consumption and 69% of location-based emissions. Transport fuel consumption decreased by 28% compared to the previous financial year. This is primarily attributed to the gradual transition from fossil fuelled employee vehicles to electric alternatives which are significantly less energy intensive. Electricity and natural gas consumption decreased by 7% and 4% respectively.

To contextualise the business' environmental impact and enable year-on-year comparisons, carbon intensity has been normalised against production. Production decreased very slightly (1%) compared to 2023. As a result, location-based carbon intensity fell by 21% from 147 tCO<sub>2</sub>e per 1,000,000L product in 2023 to 117 tCO<sub>2</sub>e per 1,000,000L product in 2024.

Nichols plc remain dedicated to improving sustainability and operational efficiency. In 2024, the business continued its energy efficiency initiatives, including:

- Turning off the freezer at Ross-on-Wye
- Cessation of shrink-wrapping boxes
- Reinsulating of underground car park at head office

Nichols plc are committed to sustaining and enhancing its environmental performance. By embracing continuous improvement and innovation, the business aims to build a more sustainable future across all facets of its operations. The measures implemented in prior years have evidently made a positive impact, particularly concerning the transport fleet, including the use of electric employee vehicles to reflect the change in their transport policy.

#### METHODOLOGY

This report has been prepared in accordance with the GHG Protocol Corporate Standard and adheres to the guidance outlined in the Environmental Reporting Guidelines, including Streamlined Energy and Carbon Reporting Guidance.

Energy consumption data has been sourced from utility supplier invoices, or where this is not available, calculated from site-based records and travel expense data.

The conversion of energy consumption to greenhouse gas emissions was carried out using the relevant emissions factors from the UK Government GHG Conversion Factors for Company Reporting, specific to the reporting year.

GHG emissions from use of refrigeration have not been reported this year as neither charged nor leaked F-gas quantities are recorded by the business. It is estimated that these emissions account for <1% of total location-based carbon emissions.

## ENERGY EFFICIENCY ACTIONS

During the reporting period, the Company allocated resources to several key initiatives aimed at achieving energy and carbon savings, including:

- Turning off the site freezer at the factory
- Cessation of shrink-wrapping boxes
- Reinsulating of underground car park at head office
- Gradual implementation of transport policy change

These initiatives reflect the Company's ongoing commitment to energy efficiency and carbon reduction, supporting its broader sustainability objectives.

Parameter	Units	Current reporting year	Comparison calendar year
		01/01/2024 - 31/12/2024	01/01/2023 - 31/12/2023
Natural gas consumed	kWh	<b>770,928</b>	804,335
Grid electricity consumed	kWh	<b>814,300</b>	877,027
Solar photovoltaics electricity generated	kWh	<b>31,373</b>	36,266
Transport fuels consumed	kWh	<b>2,987,731</b>	4,078,189
<b>Total energy consumption used to calculate emissions</b>	<b>kWh</b>	<b>4,604,332</b>	5,795,817
Emissions from combustion of gas (Scope 1)	tCO <sub>2</sub> e	<b>141</b>	147
Emissions from transportation in vehicles owned or controlled by reporting company (Scope 1)	tCO <sub>2</sub> e	<b>626</b>	902
Fugitive emissions from refrigeration plant - (Scope 1) <sup>1</sup>	tCO <sub>2</sub> e	-	11
Emissions from purchased electricity (Scope 2)	tCO <sub>2</sub> e	<b>175</b>	182
Emissions from business travel in vehicles owned or operated by third parties (Scope 3) <sup>2</sup>	tCO <sub>2</sub> e	<b>87</b>	73
<b>Total location-based carbon emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>1,028</b>	1,315
Carbon reduction through green electricity tariff (REGOs)	tCO <sub>2</sub> e	<b>(175)</b>	(182)
Carbon reduction through green natural gas tariff (RGGOs)	tCO <sub>2</sub> e	<b>(141)</b>	(147)
Carbon reduction through green natural gas tariff (carbon credits)	tCO <sub>2</sub> e	<b>0</b>	0
<b>Total market-based carbon emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>712</b>	986
<b>Intensity ratio: Total location-based emissions/1,000,000 litre product</b>	<b>tCO<sub>2</sub>e/ML</b>	<b>117</b>	147
<b>Intensity ratio: Total market-based emissions/1,000,000 litre product</b>	<b>tCO<sub>2</sub>e/ML</b>	<b>81</b>	111

1. F-gas is nil in 2024 (2023: 11 tCO<sub>2</sub>e). Nichols imports/exports less than 1 tonne and therefore are not required to collect or report on the data.

2. 2023 has been restated to include Scope 3 business travel which was erroneously omitted.

# Section 172 Statement

Under Section 172(1) of the Companies Act 2006, a director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster the Company's business relationships with suppliers, customers and others
- The impact of the Company's operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the Company

This section forms the Directors' statement under Section 414CZA of the Companies Act 2006.

## KEY BOARD DECISIONS AND DISCUSSIONS

The Board is ultimately responsible for the direction, management, performance and long-term sustainable success of the Company. It sets the Group's strategy and objectives taking into account the interests of all its stakeholders. A good understanding of the Company's stakeholders enables the Board to factor the potential impact of strategic decisions on each stakeholder group into boardroom discussions. Consequently, Board decisions are made with reference to the Company's key stakeholders: its employees, its customers, its suppliers, the community in which it operates, the environment and its shareholders.

The following section of this Annual Report serves as an overview of how the Directors, with the support of the wider business, engage with our stakeholders and consider these range of factors in the course of their S172 duties.

## KEY BOARD DECISIONS DURING THE YEAR

The Board considers the following to be the principal decisions and considerations it has made during the year to 31 December 2024. The Board considers 'principal decisions' to be those decisions which entail significant long-term implications and consequences for the Company and its stakeholders – to distinguish these from the normal, ordinary course decision-making processes that the Board engages in.

## ORGANIC INVESTMENT

### BOARD DECISION

The Board considered and approved a number of new investments aligned with the Group's agreed strategic priorities.

#### Factors considered:

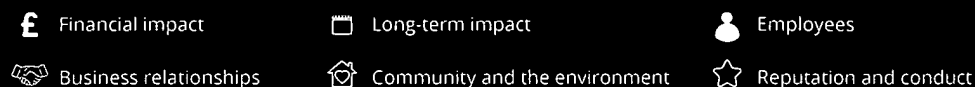


### CONSIDERATION

Investment within the business in organic growth opportunities was assessed balancing alternative projects. In each case investments were considered taking into account potential returns and associated risks alongside the recognition of other resource requirements.

As a result, investments were made principally in increased product innovation for the UK, in the development of wider geographic distribution in South Africa and the Far East and in supply chain improvements in West Africa. Additionally, significant resource was invested in the development of a new Enterprise Resource Planning system.

#### Key considerations:



## MERGERS AND ACQUISITIONS

### BOARD DECISION

The Board considered a number of potential acquisition opportunities, but did not approve the completion of a transaction.

#### Factors considered:



### CONSIDERATION

The Board considers investment in growth opportunities via acquisitions. Potential acquisition targets were reviewed to identify if they provided a means of accelerating progress towards the Group's long-term strategic plans. In each case the potential returns available from any purchase were assessed against the cost of acquisition.

## CAPITAL ALLOCATION POLICY

### BOARD DECISION

The Board reviewed the Group's capital allocation policy to ensure that a balance is maintained between the investment requirements of the business, shareholder returns and an appropriate level of cash holdings.

#### Factors considered:



### CONSIDERATION

The Board considered the projected cash flows associated with the Group's forward strategic plan in order to ensure that sufficient funds were available to support the necessary investments, without exposing the business to excessive risk and while providing a reasonable return to shareholders.

## SAYE OPTION SCHEME

### BOARD DECISION

The Board considered and approved a grant under the Company's Save As You Earn Share Option Scheme (SAYE Option Scheme).

#### Factors considered:



### CONSIDERATION

The Board considered the terms of the proposed SAYE Option Scheme grant, noting that it would be open to all eligible employees.

The Board agreed the price at which the options would be subscribed for, being set at a 20% discount to the average mid-market share price for the previous three days prior to the grant of the options. When the SAYE Option Scheme matures, the exercise of the options would be satisfied by using shares held in treasury, having been bought as part of the share buyback process that took place in 2022.

In approving the grant, the Board considered the interests of eligible employees. The SAYE Option Scheme offers a number of benefits to eligible employees, including providing a risk-free method of saving, being granted share options at a discount to market price and an opportunity to enjoy the Group's profits.

## Section 172 Statement continued

### How the Group engaged with its key stakeholders during 2024

#### *Employees*

##### **WHY WE ENGAGE**

The Group's long-term success is predicated on the commitment of our employees to our purpose and its demonstration of our values on a daily basis. To maintain our competitive advantage and meet the growing demands of the environment in which we operate, we need a workforce which is adaptive and whose skill base constantly evolves.

We also value workers with long-term practical experiences. We engage with our workforce to ensure that we are fostering an environment that they are happy to work in and that best supports their wellbeing.

##### **HOW WE ENGAGED DURING 2024**

In 2024, Nichols plc maintained a strong focus on employee engagement through several key initiatives:

**Workplace engagement platform:** This platform facilitated daily interactions and collaborations across the Company, ensuring that employees stayed connected and supported throughout the year.

**Annual conference:** The annual conference brought together all members of Nichols plc from various locations, enabling them to share insights, celebrate achievements and align with the Company's strategic goals and values.

**Regular employee briefings:** These briefings were held frequently to keep employees informed about Company updates, industry trends and upcoming initiatives, fostering a transparent and inclusive workplace culture.

By continuing to prioritise these engagement efforts, we continue to successfully foster a sense of belonging and motivation among our workforce.

To read about how we put our people first in 2024 and our key highlights against our focus areas of inclusion and diversity, employee development and employee wellbeing, engagement and satisfaction, go to our Happier Future Progress Report on pages 44 to 49.

## Customers

### WHY WE ENGAGE

Communication and relationships with our direct customers are a fundamental ingredient to our success.

### HOW WE ENGAGED DURING 2024

Customers are at the heart of our day-to-day practices. Our teams communicate across a number of key stakeholders in both commercial and non-commercial teams to deliver the best possible service and experience of working with Nichols.

We communicate through face-to-face and virtual meetings to understand how our customers' strategies are evolving, and importantly how, through our category insight, strength of portfolio and collaboration, we can unlock opportunity and add long-term sustainable value.

## Suppliers

### WHY WE ENGAGE

Given Packaged's outsourced manufacturing model and Out of Home's in-house manufacturing footprint, having long-term strategic partnerships with our suppliers and co-packers is essential. Our suppliers are fundamental to the quality of our products and to ensuring that, as a business, we meet the high standards of conduct that we set ourselves.

### HOW WE ENGAGED DURING 2024

We have continued to work collaboratively with our supplier base on a range of projects, including sustainability improvements, continuous improvement initiatives and new product design.

We also continue to hold joint business reviews each quarter to review performance against a range of metrics (cost, quality, service and ESG) and, where relevant, identify improvement opportunities.

# Section 172 Statement continued

## How the Group engaged with its key stakeholders during 2024 continued

### *The community*

#### **WHY WE ENGAGE**

The Group cares about its community, both our local community and the wider community, and understands the importance of giving back to help and inspire others to achieve and develop positive relationships and maintain a strong reputation within the community.

#### **HOW WE ENGAGED DURING 2024**

This year we focused on the development of a more structured approach to our community partnerships to increase the impact we can have in the future and established a forum to increase community engagement across the whole business.

We continued to support a number of community-based partnerships through donations and sponsorship, including Warrington Youth Zone, Educate Rochdale, Manchester Thunder and Waves4Change.

Our volunteering programme, 'Day to Make a Difference', remained fully embedded as part of our annual support to local communities, whilst our annual Charity Golf Event raised £20k for Warrington Youth Group.

### *The environment*

#### **WHY WE ENGAGE**

Nichols plc is aware of its environmental responsibilities and whilst all its current consumer packaging is already recyclable, the Group is working with suppliers and customers to reduce plastic waste as part of its Happier Future strategy.

#### **HOW WE ENGAGED DURING 2024**

This year we have reduced our UK Scope 1 carbon emissions by 287 tCO<sub>2</sub>e to 626 tCO<sub>2</sub>e. This is a 28% decrease from 2023. Our Scope 2 emissions remained at net zero.

This year we embarked upon a long-term agreement with an EV provider, designing a roadmap to implement our electric-fleet strategy and transition to a fully electric fleet by 2030.

Further details can be found in our Happier Future Progress Report on pages 52 to 57 and on the Company's website: [www.nicholsplc.co.uk/happier-future/](http://www.nicholsplc.co.uk/happier-future/).

## Shareholders

### WHY WE ENGAGE

Continued access to capital is of vital importance to the long-term success of our business. Through our engagement activities, we strive to obtain investor buy-in into our strategic objectives and how we go about executing on them. We create value for our shareholders by generating strong and sustainable results that translate into both dividends and a platform for future shareholder value growth. We are seeking to promote an investor base that is interested in a long-term holding in the Group.

### HOW WE ENGAGED DURING 2024

The Executive Directors meet our institutional shareholders on a number of occasions throughout the year and aim to have an open dialogue to receive feedback.

Investor roadshow meetings are undertaken at least twice a year following the preliminary and interim results announcements.

During 2024, the Board committed to publish the presentations on interim and full-year results that the executive management give to institutional investors on the Company's website so that our retail shareholders are able to view these as well. The presentation for the 2024 interim results has already been published.

In November 2024 we hosted our first Capital Markets Day for investors and analysts at which we provided further details on the Group's growth strategy, including our new medium-term ambitions.

Executive Directors utilise the online meeting platform, Investor Meet Company, to enable retail shareholders to participate in live investor presentations as well.

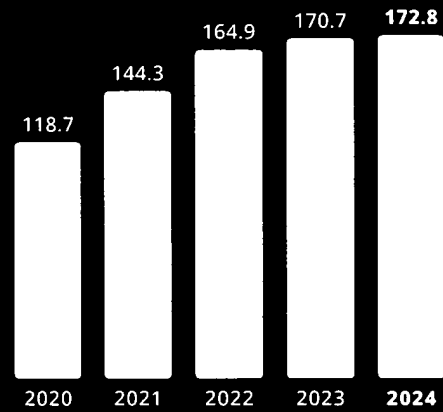
Any shareholder feedback we receive via our meetings or otherwise is discussed at Board meetings. Shareholders also have the opportunity to field any questions that they may not want to be asked directly of the Board to the Non-Executive Directors.

# Key Performance Indicators

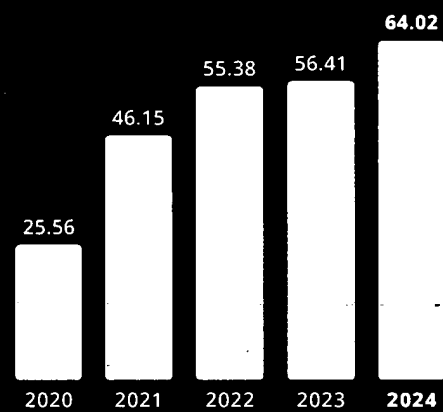
## Strong performance delivered in line with growth strategy and medium-term financial ambitions

The Group delivered another strong performance in 2024, delivering double digit PBT growth and improved gross margin as we continued to successfully execute our growth strategy across each of our routes to market.

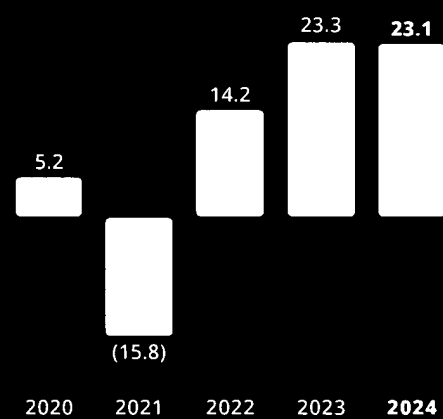
REVENUE (£m)



ADJUSTED<sup>1</sup> BASIC EARNINGS PER SHARE (p)

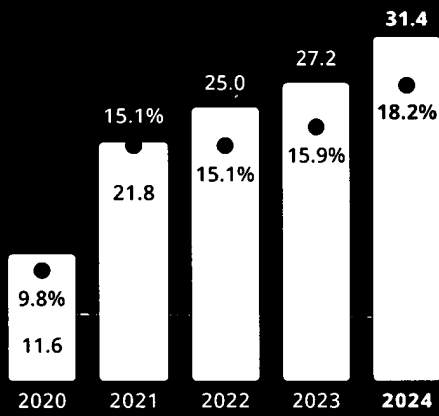


ROCE<sup>3</sup> (%)

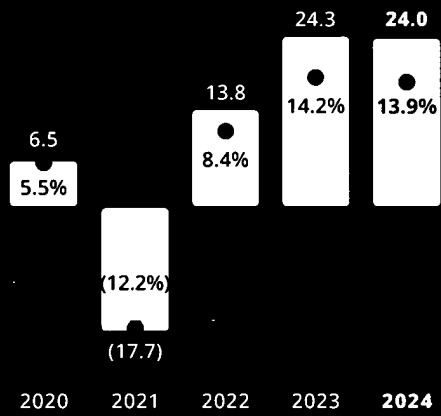


1. Excluding exceptional items.
2. EBITDA is the profit before tax, interest, depreciation and amortisation.
3. ROCE is the operating profit divided by the average period-end capital employed.

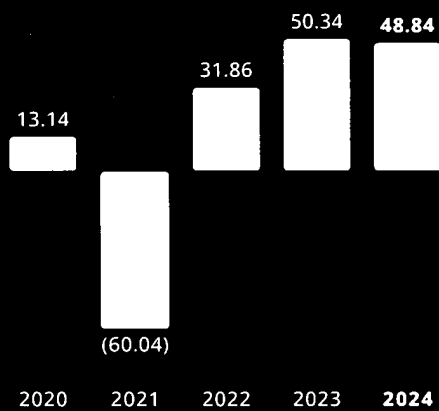
ADJUSTED PBT<sup>1</sup> (£m) AND MARGIN (%)



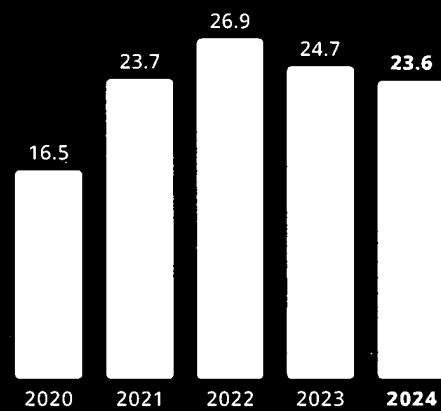
PBT (£m) AND MARGIN (%)



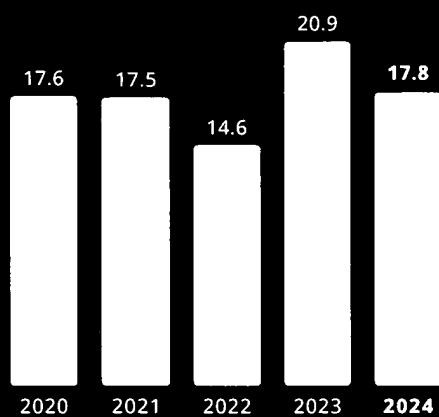
BASIC EARNINGS PER SHARE (p)



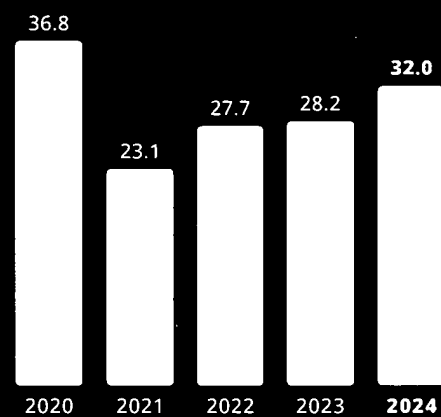
EBITDA<sup>2</sup> (£m)



FREE CASH FLOW (£m)



TOTAL DIVIDEND (p)



# Chief Financial Officer's Statement

**“The Group has focused on improving and restoring its gross margin.”**

*Richard Newman*

Chief Financial Officer

*Andrew Milne*

Chief Executive Officer

*Strong*  
**RESULTS**

## REVENUE

Group revenue increased by 1.2% to £172.8m (2023: £170.7m). Revenue increased despite the planned reduction in scale of the OoH business and supply chain changes in West Africa.

We continued to perform well within our Packaged business, with sales up by 4.4%, with particularly strong growth in the UK where sales increased by 6.3% versus 2023. International Packaged sales rose by 0.8% versus 2023 following a strong second half, as expected.

Revenue in our OoH business fell by £3.6m to £40.0m (8.2%), as expected, following the exit from lower-margin accounts following the implementation of the actions from our strategic review in 2022.

## GROSS PROFIT

The Group has focused on improving and restoring its gross margin that had been eroded due to the significant inflationary pressures over the last 18 months. We mitigated much of the cost increases experienced in the latter part of 2022 and early 2023 through more effective purchasing and working closely with our manufacturing partners to optimise productivity and, where appropriate, increased sales pricing. As a result of these decisions, absolute gross profit improved to £79.0m (2023: £72.2m), with Group gross margin increasing to 45.7% from 42.3%. This improvement also reflects a change in sales mix within our International business in Africa, with an increased weighting of concentrate sales.

## DISTRIBUTION EXPENSES

Distribution expenses totalled £10.2m (2023: £9.6m), as overall volumes increased in the UK Packaged and International Packaged businesses and rates increased in line with inflation.

## ADMINISTRATIVE EXPENSES

Administrative expenses (excluding exceptional items) increased in the year by £2.5m to £39.9m. This has been driven by further investment in marketing spend to drive brand equity within the Packaged business as well as investment in our people through increased payroll and staff-related costs in response to cost-of-living pressures. These additional expenses have been partially offset by a significant reduction in overhead costs related to the OoH business following implementation of the actions identified through the strategic review process.

Including exceptional items of £7.4m (related to the business change programme and systems development as detailed below), administrative expenses were £47.2m (2023: £40.3m).

## EXCEPTIONAL ITEMS

The Group has incurred £7.4m of net exceptional costs during the year (2023: £2.9m), almost entirely attributable to the investment made in our business change programme and systems development, detailed below.

### Business change programme and systems development

The Group commenced a project in 2022 to identify the potential benefits from replacing current operational and IT processes and systems, which were reaching the end of their planned life, with a cloud-based integrated Enterprise Resource Planning (ERP) solution. During 2024, this project continued to progress well, as we completed the design, build and testing of the systems and processes. Costs of £7.6m (2023: £1.7m) have been incurred in completing this work with some final costs to be incurred in early 2025 ahead of the planned 'go-live' in March 2025. Due to the nature of these charges, the Group is treating the costs as exceptional.

## Historic incentive scheme

During 2022, the Group finalised the treatment of a historic incentive scheme with HM Revenue and Customs and agreed to pay a sum in settlement of additional tax and interest liabilities. The Group also commenced the process of the recovery of debts from current and former employees who had indemnified the Company. A reserve was put in place to provide against the potential irrecoverability of some of these debts. Given the progress made in the collection of outstanding amounts, this provision has been reduced during 2024 giving a net exceptional credit of £0.2m (2023: £0.6m credit).

## Out of Home strategic review and restructuring

In 2022 the Group completed a strategic review into its OoH business following a number of changes to the market it serves. This review included an assessment of customer and product profitability and the identification of opportunities to raise operating margins. As the changes arising from this review have been finalised during 2024, a net credit of under £0.1m has been realised. This restructuring was one-off in nature and has been treated as exceptional. The review is now fully concluded.

# Chief Financial Officer's Statement continued

## SEGMENTAL PERFORMANCE

The Group's Packaged business achieved revenue growth of 4.4% versus 2023. This growth was driven by our UK Packaged business where the positive momentum from H1 continued into H2. Despite the switch to a lower revenue generating model in our Africa business, there was good progress in the International Packaged division, with a particularly strong second half performance resulting in an overall increase in revenue of 0.8% (H1 2024: -6.9%). Group profit growth was strong with Packaged adjusted operating profit increasing by £4.3m to £40.6m (2023: £36.3m, +11.9%).

The OoH business saw revenues fall to £40.0m (2023: £43.6m), reflecting the continued strategic exits of several unprofitable accounts and product offerings, identified as part of the OoH Strategic Review. As anticipated, the absolute profitability of the business has improved significantly as a consequence of reducing the cost base and focusing resources more efficiently within OoH. Adjusted operating profit increased by £1.7m to £6.8m (2023: £5.1m, +35.0%).

Central costs increased in the year to £18.6m (2023: £16.2m). The majority of this increase was in employment costs, reflecting both cost-of-living increases and investment into additional capability and skills within the Group.

## INTEREST INCOME

Net finance income of £2.5m (2023: £2.0m) has been received during the year. The Group has benefited from the continued higher level of interest rates during the year.

## ADJUSTED PROFIT BEFORE TAX, PROFIT BEFORE TAX AND TAX RATE

Adjusted profit before tax (excluding exceptional items) increased by 15.6% to £31.4m (2023: £27.2m) and profit before tax (including exceptional items) decreased by 0.2% to £24.0m (2023: £24.3m). The effective tax rate for the year has rose to 25.8% principally as a result of the general increase in UK corporation tax rates.

## ADJUSTED EARNINGS PER SHARE AND EARNINGS PER SHARE

Adjusted earnings per share ('adjusted EPS') increased by 13.5% from 56.41p to 64.02p. Earnings per share were 48.84p (2023: 50.34p).

## CASH AND CASH EQUIVALENTS AND BALANCE SHEET

The Group's cash generated from operating activities remained strong at £23.0m (2023: £24.8m) and our cash conversion performance was 77% (2023: 102%). Our free cash flow, after the payment of tax and capital expenditure, was down £3.1m at £17.8m (2023: £20.9m). The reduction in these metrics reflects a higher cash element within exceptional costs during the year. Capital expenditure in the period was higher than in 2023 at £0.9m (2023: £0.5m), with the increase largely a result of operational and quality enhancements at our Ross-on-Wye manufacturing facility.

Overall, after the payment of dividends totalling £31.2m (2023: £10.2m), which included a special dividend of £20.0m, net cash decreased by £13.3m to £53.7m (2023: increase of £5.4m to £67.0m). The Group retains substantial cash resources to fund investment in its forward strategic growth plans whilst balancing shareholder returns.

The Group's adjusted return on capital employed increased to 31.0% (2023: 26.3%). Return on capital employed was 23.1% (2023: 23.3%).



*Andrew Milne*  
CHIEF EXECUTIVE OFFICER

10 March 2025

# Risk Management

The primary aim of the Group's risk management process is to assist the business in meeting its strategic and operational objectives.

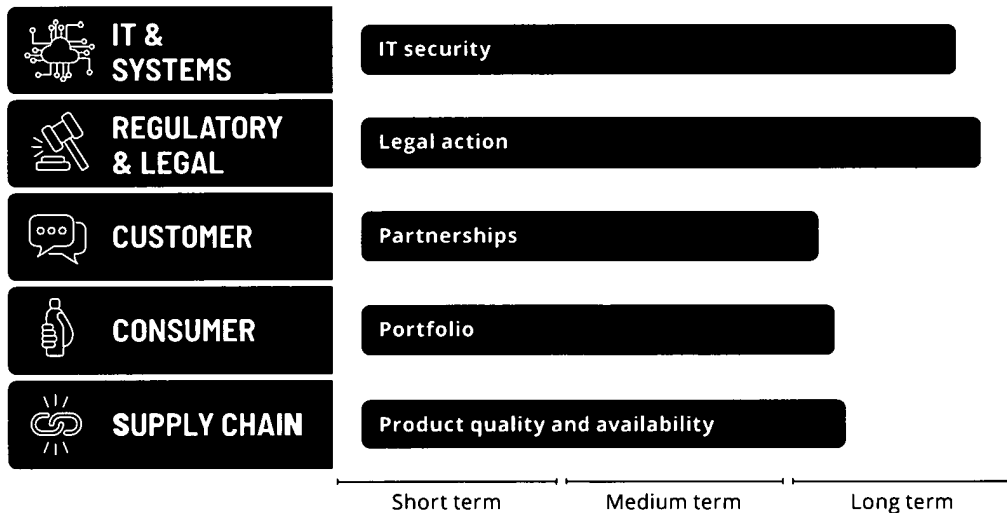
The Board identifies the principal risks while operational risks are identified via a bottom-up approach and managed via functional risk registers. Both current risks and emerging risks are regularly reviewed using both this top-down and bottom-up approach. The Board has created a Risk Management Team (RMT) which regularly meets to discuss, monitor and oversee the risks and controls within the Group. Updates and progress from the RMT are presented to the Audit Committee regularly, which monitors the effectiveness of the process.

The Board continues to review its overall risk framework within the context of an ever-shifting and challenging environment, which has again seen rapidly rising inflation and increased cost-of-living pressures. These macroeconomic and geopolitical challenges have been accompanied by an ever-increasing focus on climate change, increased cyber security risk as well as a focus on attracting and retaining talent.

The Senior Leadership Team conducted a zero-based approach workshop to re-evaluate the risk universe for the business. The risk universe serves as a master list that outlines risks in broad categories, facilitating a broad understanding of the business' risk landscape. This then led to the development of the business risk appetite statement, which outlines the level of risk the business is willing to accept to achieve our strategic goals. The risk universe review was presented to and approved by the Board and Audit Committee. Work will commence in early 2025 to further develop our risk framework.

Whilst the recruitment, retention and development of our key people has previously been managed in our operational risk register, it has continued to be elevated as a principal risk in 2024, reflecting the focus on continuing improvements in this area going forward.

The following represents the principal risks identified by the Board. As previously stated, there are other risks affecting the business, but with a lower risk score and impact. The Senior Leadership Team regularly reviews the output from the RMT and the Board has confidence that the current risk management process highlights any relevant changes in both current and emerging risks that may be strategically important.



## RECRUITMENT, RETENTION AND DEVELOPMENT OF OUR KEY PEOPLE

Change in risk score rating: ⇄

### IMPACT

Our ability to attract, develop and retain a diverse workforce with a wide range of skills is critical for the success of the Group and delivery of our long-term strategic ambitions.

The competition for top talent has increased significantly and an inability to replace key colleagues would make it increasingly difficult to manage operations and deliver the financial results for the business.

Employees' wellbeing remains a key risk. We need our colleagues to be fit and motivated in order to contribute to our overall success.

### MITIGATION

We are dedicated to ensuring our colleagues are supported and developed throughout their time at Nichols. People performance, potential as well as areas for development are formally reviewed by senior management each year with succession plans in place for key roles and individuals.

Staff remuneration is regularly reviewed and benchmarked with competitors alongside our Remuneration Committee agreeing the objectives and remuneration arrangements for senior leaders.

Engagement surveys form a key part of understanding our employees' views across these topics. We have high response rates, for example 87% achieved in the last full survey. Wellness and mental health support is provided to all through our employee assistance portal alongside agile working arrangements.

### DEVELOPMENT

We now have an in-house talent acquisition specialist so our reliance on an agency has reduced, and candidates are getting a better experience.

We have embarked on an employee value proposition programme (expected completion is July 2025) to enhance our employer brand awareness and to ensure we both attract and retain the best talent.

We have continued with a number of workshops around wellbeing and our offering, this cycle will continue in 2025.

## LOSS OF SYSTEM AVAILABILITY

Change in risk score rating: ⇄

### IMPACT

In common with many other businesses, we are highly dependent on the availability of IT systems. The supply chain function specifically is heavily reliant on technology.

Accordingly, disruption to IT systems could limit availability of products and consequently impact sales.

### MITIGATION

Nichols operates several preventative systems and controls to reduce the risk.

In addition, we have a disaster recovery plan, including the use of third-party professional providers to host our systems and data.

The offsite data centre hosts our business' critical applications in a dual mirrored set up, which would restore systems within two hours in the event of a major outage.

### DEVELOPMENT

The Group continues to update the current systems and controls whilst seeking further improvements as appropriate.

The implementation of a new Enterprise Resource Planning (ERP) system has continued during the year and is expected to be in operational existence towards early 2025.

The Group has engaged a third-party transformation specialist to partner throughout all stages of the implementation who will work alongside a dedicated cross-functional team from within the business.

## THREAT OF CYBER ATTACK

Change in risk score rating: ↑

### IMPACT

The threat of a cyber attack is an ever-present and indeed, ever-growing risk in today's global business environment.

Disruption to IT systems could limit availability of products and consequently reduce sales.

### MITIGATION

Nichols operates several preventative systems and controls, including regular penetration testing, to reduce the risk.

The Group continually makes systems upgrades including, but not limited to, encryption developments, multifactor authentication and a default deployment strategy of security measures.

In addition, we have a robust disaster recovery plan for business continuity, including the use of third-party professional providers to host our systems and data whilst providing 24/7 monitoring and reporting of security events.

### DEVELOPMENT

The Group ensures that critical infrastructure is upgraded as required and that all system patches are applied with immediate effect.

Staff training and cyber awareness forms a key defence against attack. The Group has continued its focused training during the year and makes all staff aware of the threat.

We have a fully managed security service now with our infrastructure partner that does continuous vulnerability scanning rather than annual vulnerability scanning.

# Risk Management continued

## HEALTH AND SAFETY INCIDENT

Change in risk score rating: ⇄

### IMPACT

The Group operates with multiple office locations, a large field-based team and one manufacturing site. A health and safety incident, for example in a warehouse or on the road, could result in serious injury or death or investigation by the relevant authority.

### MITIGATION

The Group is supported by an effective health and safety management system, comprising policies and procedures to support all functions.

The review and delivery of the health and safety management system is supported by a cross-functional committee, chaired by our Group H&S Manager.

One of the key roles for the committee is to ensure the embedding and effectiveness of our policies and procedures across the Group.

### DEVELOPMENT

Ongoing monitoring of the Group's defined standards on H&S ensures minimum standards and performance are maintained across the business.

Training on all health and safety matters continues to be a key focus for the Group.

## PRODUCT QUALITY ISSUES

Change in risk score rating: ↑

### IMPACT

Inconsistent quality or contamination of any products across the Group's portfolio reduce demand within the market. This could have significant impact on the Group's financial performance and cause reputational damage.

### MITIGATION

The business demands strict quality controls from all manufacturers and suppliers of our materials and finished goods. We seek independent validation of these controls via Global Food Safety Initiative (GFSI) approved bodies such as the British Retail Consortium (BRC).

We adopt a comprehensive risk-based monitoring approach to all suppliers and manufacturers across all routes to market, specifically designed to mitigate quality risks.

### DEVELOPMENT

As recommended by our co-sourced partners EY, training has been implemented to all relevant staff in order to ensure sufficient preparedness for any incidents should they occur.

In addition, future training will be implemented for all staff.

## FAILURE TO SUCCESSFULLY EVOLVE OUR BRAND AND PRODUCT PORTFOLIO IN LINE WITH CHANGING CONSUMER NEEDS

Change in risk score rating: ⇄

### IMPACT

Consumer needs, preferences and behaviours in relation to soft drinks purchase and consumption are constantly evolving. Failure to anticipate and respond to these changes and adapt our portfolio through renovation and innovation, may result in a loss of volume or impede our ability to deliver growth.

### MITIGATION

We continually track and monitor market and category trends and consumer attitudes and behaviours to ensure our continued relevance to consumers. This insight is the foundation for our portfolio, brand and innovation strategies.

We have a rolling three-year pipeline of innovation and renovation across both new and existing brands.

### DEVELOPMENT

The Group has continued to innovate, extending our owned and licensed brands into new flavours and consumption occasions in the UK and internationally, the successful introduction of Vimto Energy within the UK being an example of such innovation.

The Innovation Steering Committee has continued to govern and oversee these key strategic projects.

## LOSS OF A MAJOR CUSTOMER ACCOUNT OR KEY PARTNER

Change in risk score rating: ⇄

### IMPACT

Loss of a major customer or key partner could limit availability of our products and consequently impact sales.

### MITIGATION

We are dedicated to maintaining long-term relationships with all our customers and key partners. However, the Group's diverse income streams across markets and regions mean we are not overly reliant on any one customer or partner.

We do not have any one customer that attributes more than 10% of total revenues and we are working to ensure that our key supplier partnerships are not limited to either one supplier or one site where possible.

### DEVELOPMENT

We continue to review our key partnerships to evolve contingency plans and business continuity planning.

## INTRODUCTION OF NEW GOVERNMENT LEGISLATION

Change in risk score rating: ↔

### IMPACT

The introduction of new government legislation within either the UK or overseas, could reduce demand for the Group's products and significantly impact the Group's revenue. In addition, new legislation could have an impact upon the cost of production and limit availability of our products.

### MITIGATION

The Group monitors its markets and any potential changes in legislation. Where such changes are identified, the Group considers several scenarios to manage the potential outcome, working with our key partners as necessary.

The proposed introduction of the Deposit Return Scheme (DRS) is an example of government legislation which will likely pose a risk to the Group.

### DEVELOPMENT

Whilst the introduction of the DRS scheme has been delayed, its scope has been expanded to now be a UK-wide initiative.

The cross-functional working group continues to monitor government guidance in order to ensure that the Group is well positioned once further clarity over the scheme and future implementation is provided.

## FAILURE TO PROTECT THE GROUP'S INTELLECTUAL PROPERTY RIGHTS

Change in risk score rating: ↔

### IMPACT

A failure to protect the Group's intellectual property rights across the globe could negatively impact the perception of the brand and therefore revenues as a result.

### MITIGATION

The Group's legal team employ a specialist legal firm to monitor and litigate in response to all trademark infringements to protect its intellectual property and brands.

### DEVELOPMENT

Monitoring of all trademark activity continues with the support of a third-party provider.

## INCREASING FOCUS ON CLIMATE CHANGE, ENVIRONMENTAL AND SOCIAL ISSUES RESULTING IN NEW GOVERNMENT LEGISLATION

Change in risk score rating: ⇄

### IMPACT

There is increasing focus on environmental and social issues in government. This may result in new legislation (e.g. plastic tax and High in Fat, Sugar, Salt (HFSS) foods legislation) being issued which may in turn affect both customer and consumer preferences and the Group's revenues.

### MITIGATION

The business has developed an environmental, social and governance (ESG) strategy which is focused on creating a Happier Future for our planet by doing the right things in the right way.

The remit of this strategy includes, but is not limited to, carbon consumption, sustainable packaging and health and wellbeing.

### DEVELOPMENT

In the year the Group made clear progress in embedding our Happier Future strategy within the business. This included, but isn't limited to, increasing the transparency of Vimto UK branded shrink 500ml Ready to Drink sleeves to improve ease of recyclability; embedding our Sustainable Packaging Policy across the entire business; all of our Nichols UK sites operating on 100% renewable energy for the first full year; and implementing our new green car policy across the business.

This Strategic Report was approved on behalf of the Board on 10 March 2025.

# **GOVERNANCE**

## What's in this section?

Board of Directors	78
Corporate Governance Statement	82
Nomination Committee Report	92
Audit Committee Report	94
Remuneration Committee Report	98
Directors' Report	105

# Board of Directors



## LIZ MCMEIKAN NON-EXECUTIVE CHAIR

### Appointment date:

Liz was appointed to the Nichols Board in February 2023 as a Non-Executive Director before becoming Non-Executive Chair in April 2023.

### Experience and skills:

Liz has been a Non-Executive Director in a wide variety of customer-facing businesses for the past 20 years. She has extensive experience working with plc boards and with family and privately owned businesses.

Her executive career was spent initially within marketing and sales for Colgate Palmolive and subsequently with Tesco, covering a wide spectrum of commercial roles both nationally and internationally.

Liz is married to Gerard and has three grown-up children. She loves to travel, walk, enjoy good food and is passionate about theatre, film and Suffolk, where she spends her spare time.

### External appointments:

- Senior Independent Director of Custodian Property Income REIT Plc
- Senior Independent Director and Remuneration Committee Chair of Dalata Hotel Group plc (Ireland)
- Senior Independent Director and Remuneration Committee Chair at McBride plc
- Non-Executive Director and Audit Committee Chair of Fresca Group Limited
- Director of Second Growth CIC and of S. G. Property Investments Ltd

## ANDREW MILNE CHIEF EXECUTIVE OFFICER

### Appointment date:

Andrew joined the Nichols Board as Chief Executive Officer in January 2021. Previously appointed to the Board as Group Commercial Director in January 2016.

### Experience and skills:

Andrew has over 25 years' experience working in the Soft Drinks Industry in several senior leadership roles across a range of blue-chip companies including GlaxoSmithKline and Coca-Cola Enterprises.

Prior to becoming CEO in 2021, he had been the UK Commercial Director for Nichols since 2016.

Andrew brings strong experienced leadership capability with a track record of delivering strategic change and improved performance.

Andrew is married to Debbie and they have two children. He is a keen Manchester United fan and spends what spare time he has either watching or playing sport.

### External appointments:

- Independent Non-Executive Director of Ultimate Products PLC

## RICHARD NEWMAN CHIEF FINANCIAL OFFICER

### Appointment date:

Richard joined the Nichols Board in January 2024 as a Director, before becoming Chief Financial Officer and Company Secretary in March 2024.

### Experience and skills:

Richard has extensive and relevant UK public company financial experience having held several senior plc roles and most recently, between 2021 and 2023, as CFO at AIM-listed Accrol Group Holdings plc. Prior to this role, after 15 years with Cadbury plc where he progressed from Finance and IT Director for Ireland and then Group Financial Controller, he took a new role as Divisional Finance Director at National Express Group plc before joining DS Smith plc in 2015 as UK Finance Director for Packaging and then Regional Finance Director for North Europe.

Richard is married to Lynne and has three sons. He enjoys cricket, football and generally being outdoors.

### External appointments:

- Richard has no external appointments

**A** Audit Committee

**N** Nomination Committee

**R** Remuneration Committee

**●** Committee Chair

**JOHN NICHOLS**  
NON-EXECUTIVE DIRECTOR

**Appointment date:**

John was appointed as a Director in 1975 and most recently as a Non-Executive Director in April 2023.

**Experience and skills:**

John is the grandson of the founder of Nichols and inventor of Vimto, John Noel Nichols, and joined Nichols in 1971. He was appointed as a Director in 1975. In 1986, John became the Group Managing Director, then became Executive Chair of the Group and in 2007 he moved to Non-Executive Chair. John retired as Chair in April 2023 but continues to serve on the Board as a Non-Executive Director<sup>1</sup>.

John has three grown-up children and six grandchildren. He enjoys spending time with his family and using his spare time sailing, playing golf and walking his dog on the beach in Wales.

**External appointments:**

- John has no external appointments

**MATTHEW NICHOLS**  
NON-EXECUTIVE DIRECTOR

**Appointment date:**

Matthew was appointed as a Non-Executive Director in January 2024<sup>1</sup>.

**Experience and skills:**

Matthew is John's son and joined Nichols in September 2006. He is currently the International Commercial Director within the Group's Packaged business and is a member of the Company's Senior Leadership Team.

He has managed many of the different countries and regions across Africa and the Middle East, holding several senior roles during his time with the Group. Matthew is a proficient French speaker, has an MA in Japanese and spent time in most markets that manufacture or sell Vimto products, building the brand and fostering relationships.

Matthew is married to Gemma and they have two young children who take up a lot of his time outside work. During any other free time, Matthew enjoys winter sports (skiing and snowboarding) and water sports (wakeboarding, waterskiing and swimming) as well as running.

**External appointments:**

- Matthew has no external appointments

**HELEN KEAYS**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**Appointment date:**

Helen joined the Board in September 2017 as an Independent Non-Executive Director

**Experience and skills:**

After a career in Consumer Marketing at organisations such as GE Capital, Sears and Vodafone, Helen has developed significant experience working as a Non-Executive Director.

She was previously Senior Independent Director at Dominos Pizza Group plc, Chair of the Remuneration Committee at Communis plc and has also previously held Non-Executive Director roles at Majestic Wines plc and Chrysalis plc.

Helen is married with two adult children. She enjoys playing tennis and golf and travelling with her husband David. Helen is also a Life Trustee of the Shakespeare Birthplace Trust.

**External appointments:**

- Helen has no external appointments

1. Retaining one of the two Nichols family Board positions pursuant to the Relationship Agreement signed in July 2020.

# Board of Directors continued



**JOHN GITTINS**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**Appointment date:**

John joined the Nichols Board as an Independent Non-Executive Director in July 2015.

**Experience and skills:**

John was previously an independent Non-Executive Director and Audit Committee Chair of AIM-listed Appreciate Group plc, Hill Dickinson LLP and Electricity North West Limited.

As a graduate of the London School of Economics and a Chartered Accountant, John has over 20 years' experience of CFO and Finance Director roles in companies such as Fairpoint Group plc, Begbies Traynor Group plc, Vertex Data Science Limited and Spring Group plc.

John has significant technical, audit, financial and strategic experience driving sales and revenue growth through varied strategies and understanding the complexities of global operating divisions and worldwide markets

**External appointments:**

- Independent Non-Executive Director at IG Design Group plc

**ALAN WILLIAMS**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR

**Appointment date:**

March 2025 as an Independent Non-Executive Director

**Experience and skills:**


In addition to his financial expertise, Alan brings experience across strategic development, mergers and acquisitions, integrations and business transformation.

Alan is a member of the Chartered Institute of Management Accountants. Alan is currently a Non-Executive Director and Chair of the Audit Committee at Cranswick plc.


Alan is an experienced public company director. His executive career was spent in a variety of finance and strategy roles, most recently as CFO.

**External appointments:**

- Independent Non-Executive Director at Cranswick plc

 Audit Committee

 Nomination Committee

 Remuneration Committee

 Committee Chair

## Governance at a glance

### BOARD GENDER DIVERSITY

- Female 2 | 29%
- Male 5 | 71%

### BOARD TENURE

- 0-2 years 3 | 43%
- 3-5 years 0 | 0%
- 6+ years 4 | 57%

### BOARD INDEPENDENCE

- Chair (independent on appointment): 1
- Executive Directors: 2
- Non-independent Non-Executive Directors: 2
- Independent Non-Executive Directors: 2

## MEETINGS AND ATTENDANCE

Name	Board	Audit	Nomination	Remuneration
Liz McMeikan	6/6	3/3	2/2	4/4
John Gittins	6/6	3/3	2/2	4/4
Helen Keays	6/6	3/3	2/2	4/4
John Nichols	6/6	-	-	-
Matthew Nichols	6/6	-	-	-
Andrew Milne	6/6	-	-	-
Richard Newman	6/6	-	-	-

## BOARD SKILLS AND EXPERIENCE

### Category %

#### Finance



#### Governance



#### Strategy



#### People and sustainability



#### Digital



Reflects the Board composition as at 4 June 2024.

# Corporate Governance Statement

**The Board sets great store by good and proportionate corporate governance as a vital framework for effective stewardship and decision making.**

*Liz McMeikan*

**Non-Executive Chair**

## CHAIR'S INTRODUCTION

I have pleasure in introducing our 2024 Corporate Governance Statement.

The Board is committed to supporting high standards of corporate governance and our effective governance framework has continued to enable the Board to act effectively and efficiently to support the management team in making timely decisions and taking appropriate actions.

During the year, and in preparation for John Gittins stepping down from the Board as an independent Non-Executive Director and Chair of the Audit Committee in August 2025, the Committee commenced the recruitment process for John's successor. The Committee undertook a competitive tender process in line with good corporate governance practice and MWM Consulting were engaged to assist us with this formal search process. I am pleased to report that Alan Williams will join the Board as an independent Non-Executive Director in March 2025 and it is intended that Alan will be appointed as Chair of the Audit Committee in August 2025. Alan has significant relevant listed company CFO and audit chair experience, bringing with him deep knowledge of the consumer and soft drinks sector. I extend my sincere thanks on behalf of the Board to John Gittins for his commitment, challenge and support for the business over the past nine years in his capacity as both independent Non-Executive Director and Audit Committee Chair.

In June, the Nomination Committee held its annual Talent Day on site at Ross-on-Wye, led by the People Director. The day included updates and discussions on various topics and offered the Committee a strategic focus on people and the workplace in 2024, including the talent pipeline, succession plans and agreeing formal development plans for the Board. A key responsibility of the Nomination Committee is to be assured of the strength and depth of talent within the organisation and for the Board to be satisfied that the culture is conducive to delivery of the strategy, all of which the Talent Day was able to evidence.

In early 2024, we conducted a review of our governance framework against the latest version of the Quoted Companies Alliance Corporate Governance Code that was published in November 2023 (the '2023 Code'). Working with our advisers, the Board considered the changes and agreed an action plan for adoption during 2024 and 2025. Progress against that plan has been reviewed and considered at each Board meeting in 2024.

For the year ended 31 December 2024, the Company has applied the 2018 Quoted Companies Alliance Corporate Governance Code, and we are compliant with all of its principles. For the year ending 31 December 2025, we will apply and report fully against the 2023 Code. We have decided to adopt elements of the 2023 QCA Code early, including that of Principle 9 of the 2023 QCA Code and our intention is to put the Directors' Remuneration Report to an advisory vote at the 2025 Annual General Meeting. More on this and our approach to remuneration can be found on pages 98 to 104 of this report.

We strive to promote a culture of continual improvement and our approach to evaluating the performance of the Board is of great importance to us. We review our approach on an annual basis to ensure it is the most effective way to carry out a valuable and insightful evaluation. For 2024, as per last year, our board performance evaluation has been facilitated by Independent Audit's digital board evaluation system 'Thinking Board Evaluator'. More information on our approach to our board performance evaluation can be found on page 90 of this report.

*E. McMeikan*

*Liz McMeikan*  
**NON-EXECUTIVE CHAIR**

10 March 2025

**THE 2018 QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE CODE  
(THE '2018 QCA CODE')**

For the year ended 31 December 2024, the Group has adopted the 2018 QCA Code and is compliant with all its principles. Disclosures required by the 2018 QCA Code have been made both in this Annual Report and on our website.

The corporate governance framework within which the Group operates, including Board leadership and effectiveness, Board remuneration and internal controls, is based upon practices which the Board believes are proportional to the size, risks, complexity and operations of the Group.

Our governance structure provides a framework of clearly established roles, policies and procedures designed to support our compliance with the QCA Code, the AIM Rules and other legal, regulatory and compliance requirements which apply to the Group.

Further details of how we comply with the 2018 QCA Code are set out in the table below.

**Deliver growth**

Principles of the Code	Our application	Further information
Establish a strategy and business model which promote long-term value for shareholders.	<p><b>"We make life taste better."</b></p> <p>The Board has collective responsibility for setting the strategic aims and objectives of the Group.</p>	<p>Our strategy and business model is articulated on pages 32 and 33 and 20 to 23 and on our website here <a href="https://www.nicholsplc.co.uk/about-nichols/our-strategy/">https://www.nicholsplc.co.uk/about-nichols/our-strategy/</a>.</p>
Seek to understand and meet shareholder needs and expectations.	<p>The Group maintains communication with key shareholders through individual meetings with Executive Directors, particularly following publication of the Group's interim and full-year results, enabling the Executive Directors to have an open dialogue and receive feedback.</p>	<p>See our S172 statement on pages 58 to 63.</p>
Take into account wider stakeholder and social responsibilities, and their implications for long-term success.	<p>We consider our key stakeholders to be our shareholders; our employees; our customers; our suppliers; and our community. The Board recognises the importance of maintaining regular dialogue with our stakeholders in order to listen to, understand and consider their views.</p> <p>We also recognise that we have a duty of care to our environment and our communities and consider both to be key social responsibilities of the Group.</p>	<p>Information on how the Company engages with its key stakeholders is provided on pages 60 to 63.</p>
Embed effective risk management, considering both opportunities and threats, throughout the organisation.	<p>The Board has ultimate responsibility for the systems of internal control and risk management. The Audit Committee reviews the Group's internal controls and risk management processes on the Board's behalf.</p>	<p>The Group's significant risks and related mitigation/controls are disclosed in the Risk Management section on pages 69 to 75.</p> <p>More of the work of the Audit Committee can be found on pages 94 to 97.</p>

# Corporate Governance Statement continued

## THE 2018 QUOTED COMPANIES ALLIANCE CORPORATE GOVERNANCE CODE (THE '2018 QCA CODE') continued

### Maintain a dynamic management framework

Principles of the Code	Our application	Further information
Maintain the Board as a well-functioning, balanced team led by the Chair.	<p>The Board is supported by three Committees – the Audit Committee, the Nomination Committee and the Remuneration Committee.</p> <p>The composition and effectiveness of the Board and the Committees is reviewed annually.</p>	<p>More information on the Board and on our governance framework can be found on pages 78 to 81 and 86 and 87.</p> <p>More information on the Board performance evaluation can be found on page 90.</p>
Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.	The current Nichols plc Board has significant sector, financial and plc experience and the Executive Directors have broad experience in the soft drinks industry and in manufacturing.	See Board of Directors on pages 78 to 81 and Board Evaluation on page 90.
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	The Board, led by the Chair, carries out an annual review of its performance.	See Board Evaluation on page 90.
Promote a corporate culture that is based on ethical values and behaviours.	<p>We are very proud of our warm and inclusive culture. It is our people and how they go about their business that has been fundamental to the sustained success of the Group for many years.</p> <p>Our culture is reflected in our values and the overarching theme of our values is 'doing the right thing'.</p>	You can find out more about our culture on pages 44 to 47 of the Strategic Report and page 91 of this section.
Maintain governance structures and processes that are fit for purpose and support good decision making by the Board.	The Board is satisfied that the governance framework, delegated authorities and processes and controls are fit for purpose and appropriate in supporting sound decision making and in promoting our long-term success.	More information on our governance framework can be found on pages 86 and 87.

**Build trust**

**Principles of the Code**

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

**Our application**

In addition to the interim and full-year investor roadshows, regular meetings are held with analysts, retail investor groups and prospective investors.

**Further information**

More information on why and how we engage with our shareholders and other stakeholders is provided on pages 60 to 63.

The investors section of our website includes our Annual Report, results, presentations, notice of AGM and results of the AGM and general meetings.

More on our approach to corporate governance can be found at [www.nicholsplc.co.uk/Home/Aim26](http://www.nicholsplc.co.uk/Home/Aim26).

**GOVERNANCE IN ACTION**

**Board site visits**

During the year, the Board focused on its engagement with key stakeholders attending several site and trade visits.

The Nomination Committee took its Annual Talent Day to our manufacturing site in Ross-on-Wye where they had an extensive factory tour with engagement with staff at all levels of the business. They reviewed the site improvement journey and the capital projects agenda for the coming year.

Our Chair, Liz, spent time out in the trade with Helen Hartley, UK Packaged Commercial Director and with Ed Shoebridge, OoH Commercial Director, to better understand the challenges and opportunities within our different businesses.

A key highlight included seeing our brands in action such as the ICEE brand activation in Cineworld's flagship venue in Leicester Square.

From an international perspective, our CEO, Richard, and Chair, Liz, visited West Africa, meeting key importers, distributors and bottling partners as well as touring the site of our new local manufacturing partner in Senegal.

## OUR GOVERNANCE FRAMEWORK

### THE BOARD

Led by the Chair, the Board provides leadership and sets the strategy of the Group, ensuring the long-term success for our shareholders, customers and wider stakeholders.

The matters reserved for the Board can be found on the Company's website at [www.nicholsplc.co.uk](http://www.nicholsplc.co.uk).

#### The Chair

**Liz McMeikan**

Guides, develops and leads the Board.

Ensures that the Group's corporate governance framework is appropriate, is communicated effectively and is adopted across the business.

Responsible for ensuring the Board agenda concentrates on the key operational and financial issues affecting the delivery of Nichols plc's strategy.

#### Chief Executive Officer

**Andrew Milne**

Charged with the delivery of the business model within the strategy set by the Board.

Responsible for the day-to-day management of the business.

He is supported by the other members of his Executive team.

#### Chief Financial Officer

**Richard Newman**

Charged with the delivery of the business model within the strategy set by the Board.

Responsible for the finance, strategy, risk and internal audit.

Richard has primary responsibility for all financial-related activities.

#### Independent Non-Executive Directors

**John Gittins**

**Helen Keays**

John and Helen are considered by the Company to be independent.

They provide oversight, scrutiny and challenge of the performance of the Executive Directors.

They bring independent judgement and oversight on issues of strategy, performance and resources, and, through the Board's Committees, on matters such as remuneration, risk management systems, financial controls, financial reporting and the appointment of further Directors.

#### Non-independent Non-Executive Directors

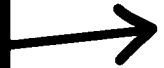
**John Nichols**

**Matthew Nichols**

John and Matthew are Non-Executive Directors and representatives of the Nichols family, pursuant to a Relationship Agreement dated 22 July 2020 between the Company and the Nichols family.

The purpose of the Relationship Agreement is to formalise the effective and appropriate relationship between the Nichols family and the Company.

Further details of the terms of the Relationship Agreement are provided on page 106.



**BOARD COMMITTEES**

The Board delegates specific responsibilities to the Board Committees. Each Committee is chaired by a Board member, and members have the requisite skills and experience to enable the Committees to focus on specific topics on behalf of the Board.

The Nichols plc website at [www.nicholsplc.co.uk](http://www.nicholsplc.co.uk) describes the roles and Terms of Reference for the Committees.

**Audit Committee**

The Audit Committee is responsible for overseeing all financial reporting, external and internal audits, whistleblowing, related party transactions as well as risk and internal control matters.

See pages 94 to 97 for the Audit Committee Report.

**Remuneration Committee**

The Remuneration Committee is responsible for oversight of the Group's approach to remuneration and sets key performance indicators for the Executive Committee.

See pages 98 to 104 for the Remuneration Committee Report.

**Nomination Committee**

The Nomination Committee makes recommendations on the structure, size and composition of the Board and its Committees. This includes succession planning for Directors and other senior executives.

See pages 92 and 93 for the Nomination Committee Report.



**THE EXECUTIVE COMMITTEE**

The CEO and CFO are supported by additional Executive Committees consisting of members of the Senior Leadership Team.

**Capital Expenditure Committee**

**Risk Management Committee**

**Treasury Committee**

**OUR BOARD AND OUR STRATEGY**

The Board has collective responsibility for setting the strategic aims and objectives of the Group.

In the course of implementing our strategy, the Board takes into account the expectations of the Company's stakeholders and wider social and environmental responsibilities.

The Board actively participates in setting, and regularly reviewing, the strategy of the business, and is responsible for ensuring that the Company's business model is, and remains, aligned to the achievement of its strategic objectives.

In October 2024 the Board held a separate strategy session to review its medium-term strategic plans. All Directors were in attendance. The day focused on strategic priorities by division for the next three years, focusing on growth opportunities both nationally and internationally.

More information on our strategy and values can be found in the Strategic Report.

# Corporate Governance Statement continued

## RISK MANAGEMENT AND INTERNAL CONTROLS

Nichols plc has robust internal controls, delegated authorities and authorisation processes. The controls are subject to review, both internally by individual teams within the Company and externally by the Company's external audit provider, BDO LLP. In addition, the Company has appointed EY as its co-sourcing partner, to assist management in the continued development of its internal audit strategy and deployment of internal audits across the business. Further detail of the Group's internal audit process is provided on page 96.

The Company's Risk Management Team (RMT) comprises senior controllers within the business, including, but not limited to, the Risk Controller and both a Legal and a Health and Safety representative. The RMT has met regularly throughout 2024. The RMT reports to the Senior Leadership Team, in addition to providing an update to the Audit Committee three times a year.

The responsibility for overseeing the Group's risk management and internal controls is delegated to the Audit and Risk Committees.

## THE NICHOLS BOARD

### Activities of the Board during 2024

There were six Board meetings held during the year. Board and Committee meeting attendance can be found in the Board of Directors section on page 81.

Directors are expected to attend all meetings of the Board and of the Committees on which they sit and to devote sufficient time to the Group's affairs to enable them to fulfil their duties as Directors. In the event that Directors are unable to attend a meeting, their comments on papers to be considered at the meeting will be discussed in advance with the Chair, so that their contribution can be included as part of the wider Board discussion.

## Boardroom insight

During 2024, the Board covered a range of topics that included strategic, financial, operational and governance matters.

A number of standing items are reviewed and discussed at each meeting which include the minutes and matters arising from the last meeting, updates from the Executive Directors and governance and regulatory development updates where relevant to the Company.

Other matters covered in the Boardroom during the year:

- Interim and preliminary results announcements, the Annual Report and Accounts
- Annual General Meeting matters including the reappointment of auditors and Directors for re-election and approval of circular
- Interim, final and special dividend approvals
- Strategic projects
- Quality and health and safety updates
- Internal audit updates
- Budget approval
- Capital allocation
- Annual Board and Committee performance evaluation review
- Review of arrangements around significant production and manufacturing contracts
- Review of the Group's corporate governance arrangements and framework in light of the update Quoted Companies Alliance Corporate Governance Code being published
- Artificial intelligence training session held with KPMG
- Market updates from the Group's NOMAD Singer Capital Markets
- Planning for the Company's first Capital Markets Day

### Board site visits

During the year, the Board focused on its engagement with key stakeholders attending several site and trade visits. Read more about the Board's site visits in our case study on page 85.

This time spent in trade reinforces our strategy and enables stronger collaboration between the Board, our key stakeholders and our teams so that we can work collectively from a place of shared knowledge to build and accelerate our growth.

### Board experience, skills and training

The current Nichols plc Board has significant sector, financial and plc experience and the Executive Directors have broad experience in the soft drinks industry and in manufacturing.

Richard Newman was appointed as Group Chief Financial Officer and Company Secretary on 21 March 2024. Prism Cosec Limited is engaged to provide certain company secretarial services and governance advice to the Company to support Richard in this role. This includes the attendance at, and minuting of, Board meetings to ensure that Richard is able to fully participate in these meetings as a Director and Group Chief Financial Officer.

With the support of our NOMAD and our advisers, the Board training and development needs are met. The Company's in-house legal counsel presents to the Board regularly on legal and regulatory matters and a written report on governance developments is presented at each Board meeting by Prism Cosec.

The Board does not consider that the appointment of a Senior Independent Director is required at this time, although this is kept under review. Shareholders have access to our INEDs, John Gittins, Chair of the Audit Committee, and Helen Keays, Chair of the Remuneration Committee.

During the year the Board received training on cyber security and artificial intelligence. At the Talent Day held in June 2024, the Board also discussed and agreed the Board development plan which has been produced to provide more structure around the development and training needs of the Board members.

Biographies on all Directors, giving details of their experience and roles on the Board and its Committees, are shown on pages 78 to 81.

### Time commitment

Our INEDs are expected to devote such time as is necessary for the proper performance of their duties and are normally expected to spend a minimum of 12 days per annum on Company business, after the induction phase, typically including attendance at six Board meetings, the AGM, committee meetings plus other events as required, including meetings with our employees and attendance at strategy meetings. The INEDs and the Company recognise, however, that due to the nature of their role, it is impossible to be specific about the required time commitment; additional time commitment will inevitably be required when the Company is undergoing a period of increased activity. In accordance with their appointment letter, our INEDs agree to commit sufficient time to perform their duties.

INEDs communicate with Executive Directors and senior management between formal Board meetings.

### Nichols family Representative Directors

John Nichols is a Non-Executive Director. John was Chairman of the Board until he stepped down at the 2023 AGM. John has remained on the Board as a Non-Executive Director and as a representative of the Nichols family, pursuant to a Relationship Agreement dated 22 July 2020 between the Company and the Nichols family. The purpose of the Relationship Agreement is to formalise the effective and appropriate relationship between the Nichols family and the Company.

In January 2024, Matthew Nichols joined the Board as a Non-Executive Director, pursuant to the terms of the Relationship Agreement which entitles the Nichols family to two Non-Executive Board positions.

Further details of the terms of the Relationship Agreement are provided on page 106.

# Corporate Governance Statement continued

## BOARD AND COMMITTEE PERFORMANCE EVALUATION

A formal Board and Committee performance evaluation was undertaken in November 2024, in the form of a questionnaire, facilitated by Independent Audit's digital board evaluation system 'Thinking Board Evaluator'. The questionnaire focused on key themes including strategy, risk, finance, culture, stakeholders, development and the Board Committees. An overview of the Board evaluation report insights, prepared by Independent Audit, was presented to the Board at its March 2025 meeting. The Board discussed areas for further focus and development and agreed an action plan for 2025. More information on the plan and progress against actions identified will be shared in the 2025 Annual Report and Accounts.

During 2024, the Board addressed the actions and areas for development identified in the 2023 Board and Committee performance evaluation, as outlined in the Company's 2023 Annual Report and Accounts. The following table provides further detail on progress made against those key actions and focus areas:

Theme	Key actions and focus	Progress
Growth strategy	Allocation of more time to strategic topics in Board meetings Review of the structure of Board meetings	<ul style="list-style-type: none"> <li>Clear identification is made of agenda items that are pre-reads, allowing more time for discussion on strategic issues in the boardroom</li> <li>Audit Committee meetings are now generally held the day before the main Board meetings to create more agenda space for strategic topics</li> <li>A strategic scorecard is used to review progress against growth milestones</li> </ul>
People, culture and stakeholders	Focus on regular contact with the SLT and managers	<ul style="list-style-type: none"> <li>SLT members are now invited to more Board dinners</li> <li>The Board has spent more time in trade in 2024</li> </ul>
Mix, information and development	Alignment of strategic considerations with Board development	<ul style="list-style-type: none"> <li>External experts have provided training in areas such as artificial intelligence and cyber security</li> </ul>
Audit Committee	Risk and internal audit focus	<ul style="list-style-type: none"> <li>Scheduled annual assessments of risk register now included in annual Audit Committee planner</li> <li>A workshop was held on risk appetite and tolerance and the Committee reviewed and recommended adoption of Group risk appetite statements</li> <li>Scope of discussions now include identification of future risks</li> <li>Work carried out to ensure programme of internal audits is appropriate for the business</li> </ul>
Remuneration Committee	Scope of Committee and QCA Code considerations	<ul style="list-style-type: none"> <li>Review of scope of the Committee carried out giving consideration to the requirements of the 2023 QCA Code</li> <li>Further consideration given to employee remuneration and benefits policies and practices</li> </ul>
Role of the Chair	Engagement with key stakeholders	<ul style="list-style-type: none"> <li>During 2024 the Chair has continued to engage with investors, employees and to spend time in the trade</li> </ul>

## OUR CULTURE

Nichols plc is very proud of its warm and inclusive culture. It is our people and how they go about their business that has been fundamental to the sustained success of the Group for many years. Our culture is reflected in our values and the overarching theme of our values is 'doing the right thing'.

## OUR VALUES

- **People:** We value and respect our employees. Their enthusiasm, ideas and hard work are fundamental to the success of our Company and we recognise that the education and development of our people is important. We believe that developing our talent at Nichols is essential to our success and we identify the development needs of all our employees through our appraisal programme. We support the professional development of our employees
- **Sustainable business:** We value our commitment to having a sustainable business. Our sustainable business strategy takes into account our wider corporate, environmental and social responsibilities. Further details are included on pages 40 to 57 of the Strategic Report
- **Customers and suppliers:** We believe in building long-term partnerships with our customers and suppliers
- **Community:** We actively encourage our employees to give something back to the wider community

The Company has adopted a Slavery and Human Trafficking Transparency Statement (the 'Statement') and has an anti-bribery policy. These set out the ethical behaviour expected of our employees, with our Human Slavery Statement also including details of actions that we have taken to ensure that human slavery does not exist within Nichols or within our supply chain. We have a zero-tolerance approach for giving or receiving of bribes or corrupt payments in any form. In addition, to ensure that any of our employees can raise any matters of genuine concern without fear of any action being taken against them, we also operate a whistleblowing policy. Further detail of the anti-bribery and whistleblowing policies and the Human Slavery Statement are available on the Company's website at [www.nicholsplc.co.uk](http://www.nicholsplc.co.uk). This culture of challenge and continuous improvement is encouraged to ensure that controls evolve with the business.

Our Happier Future Progress Report provides more information on our culture on pages 44 to 49.



*Liz McMeikar*  
**NON-EXECUTIVE CHAIR**

10 March 2025

# Nomination Committee Report

**On behalf of the Committee,  
I am pleased to present our  
Nomination Committee Report.**

*Liz McMeikan*

**Chair of the Nomination Committee**

## Nomination Committee highlights

- Audit Committee Chair recruitment process
- Review of external workplace trends
- Update on strategic workforce planning and talent plans and insight
- Diversity and inclusion update with focus on initiatives in this area
- Senior Leadership Team succession update
- Approval of Board development plan
- Review of Board skills matrix

## COMMITTEE COMPOSITION

The Committee is composed wholly of independent Non-Executive Directors. I act as Committee Chair, with my colleagues John Gittins and Helen Keays sitting alongside me.

The Nomination Committee meets at least twice a year and more often when necessary. The Nomination Committee met formally twice in 2024 and all Committee members were present at each meeting.

In the event that the matter under discussion relates to the Chair's reappointment or succession, the Committee is chaired by an independent Non-Executive Director.

The Chief Executive Officer, Chief Financial Officer, People Director, a member of the Nichols family and external advisers are invited to join meetings as appropriate.

## KEY RESPONSIBILITIES

The main duties of the Committee are set out in its Terms of Reference which are available on the Company's website ([www.nicholsplc.co.uk/investors/aim-rule-26/](http://www.nicholsplc.co.uk/investors/aim-rule-26/)) and include the following:

- Keep under review the Board's structure, size and composition, including the skills, knowledge, experience, diversity, the length of service of the Board as a whole and its Committees, and the balance of independent and non-independent Non-Executive Directors, and make recommendations to the Board with regard to any changes required
- Ensure plans are in place for orderly succession to Board and senior management positions, and oversee the development of a diverse pipeline for succession
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace
- Be responsible for identifying and nominating for the approval of the Board, candidates to Board vacancies as and when they arise
- Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board
- Review annually the time required from Non-Executive Directors
- Make recommendations to the Board on the re-election by shareholders of Directors under the annual re-election provisions of the QCA Code

The Committee reviews its Terms of Reference annually and these were last reviewed in December 2024.

## GOVERNANCE IN ACTION

# Talent day

In June 2024, the Committee held its annual Talent Day on site at Ross-on-Wye.

The objective of the day was to hold focused discussions around the talent pipeline in the business as well as succession plans and the Board skills matrix and development plan.

The focus of the day was on our single most important resource, namely our people. It allowed the Nomination Committee the opportunity to focus on the strategic, alongside the more tactical, people opportunities and challenges facing the business. The Committee was able to satisfy itself that the requisite talent management processes are in place to deliver a healthy pipeline of talent and an appropriate succession plan for key management positions.

The Committee was provided with updates on topics including the strategic workforce planning approach and the Group's diversity and inclusion initiatives.

### SUCCESSION PLANNING AND AUDIT COMMITTEE CHAIR RECRUITMENT PROCESS

A key role of the Committee is to ensure that the Group has appropriate succession planning in place. During the year, the Committee discharged its responsibilities by reviewing and approving succession plans for the Executive Directors and senior management.

The Board has delegated to the Nomination Committee the task of reviewing Board composition, searching for appropriate candidates and making recommendations to the Board on candidates to be appointed to the Board. Decisions regarding the appointment and removal of Directors are reserved for the full Board.

As reported last year, the Committee made a recommendation to the Board that John Gittins' appointment be extended for a further 12 months at the time of his third three-year term ended in August 2024 with the additional term expiring in August 2025. During 2024 the Committee commenced a search process for John's successor. Following an extensive assessment process involving three potential service providers, MWM Consulting were appointed to lead the recruitment process.

The recruitment process consisted of Board and Nomination Committee approval of the candidate profile sought and review of the list of candidates. The list of candidates was reduced to a diverse shortlist for all members of the Nomination Committee to interview.

Following the interviews, other members of the Board met the final two recommended candidates.

The Committee agreed that it would make a recommendation to the Board that Alan Williams be appointed as an independent Non-Executive Director with effect from March 2025. It is intended that Alan will succeed John Gittins as Audit Committee Chair in August 2025. Alan will join the Board as Audit Chair designate before taking over the role formally post the half-year results. His induction period will span the introduction of the new ERP system, as well as the year-end and half-year processes before he assumes his new Committee Chair role.

### BOARD PERFORMANCE EVALUATION PROCESS

The 2024 Board performance evaluation was carried out by way of questionnaires, facilitated by Independent Audit's digital board evaluation system 'Thinking Board Evaluator'. Further details on our approach to this are provided on page 90.



*Liz McMeikan*

CHAIR OF THE NOMINATION COMMITTEE

10 March 2025

# Audit Committee Report

**“On behalf of the Committee, I am pleased to present the Audit Committee Report for the year ended 31 December 2024.”**

*John Gittins*

Chair of the Audit Committee

## Audit Committee focus in 2024

- Carrying out a formal external auditor tender process
- Approval of the external auditor's plan for the audit of the Group's annual accounts, including key audit matters, key risks, confirmation of auditor independence and terms of engagement, including audit fees
- Review of the Group's draft accounts and interim results statements and reviewing the related external auditor's reports, including consideration of key audit matters and risks
- Review of accounting papers prepared by management
- Review of the going concern assessment prepared by management, given the impact of the ongoing cost-of-living crisis and significant inflationary impacts
- Meeting the external auditor, without management, to discuss matters relating to its remit and any issues arising from its work
- Review of the performance of the external auditor
- Review and approval of the internal audit plan proposed by EY
- Review of the Group's risk management processes including the key risk register, risk dashboard, risk mitigations and an in-depth risk universe review and detailed consideration of the Group's risk appetite
- Review of the Group's whistleblowing policy, procedures and related reports
- Reviewing and approving the delegation of authorities

## MEMBERSHIP OF THE AUDIT COMMITTEE

The Committee is composed wholly of independent Non-Executive Directors. I continue to act as Committee Chair, with my colleagues Helen Keays and Liz McMeikan.

The Board is satisfied that I, as Chair of the Committee, have recent and relevant financial experience. I am a Chartered Accountant and previously chaired the audit committees of Appreciate Group plc, Hill Dickinson LLP and Electricity North West Limited.

The Audit Committee met three times during 2024 and all Committee members were present at every meeting.

The external auditor, the internal auditor, the Chief Executive Officer and Chief Financial Officer are invited to join meetings as appropriate.

## KEY RESPONSIBILITIES

The main duties of the Committee are set out in its Terms of Reference which are available on the Company's website ([www.nicholsplc.co.uk/investors/aim-rule-26/](http://www.nicholsplc.co.uk/investors/aim-rule-26/)) and include the following:

- To monitor the integrity of the accounts of the Group, including its annual and half-yearly reports and accounts, announcements of preliminary results and any other formal announcement relating to its financial performance
- To review the adequacy and effectiveness of the Group's internal financial controls and internal control and risk management systems
- To advise the Board on the Company's overall risk appetite, tolerance and strategy
- To consider and make recommendations to the Board, to be put to shareholders for approval at the AGM, in relation to the appointment, reappointment or removal of the Company's external auditor

- To oversee the relationship with the external auditor including recommendations on their remuneration, approving their terms of engagement, assessing annually their independence and objectivity and assessing annually the qualifications, expertise and resources of the external auditor and the effectiveness of the audit process
- To develop and implement a policy on the supply of non-audit services by the external auditor including prior approval of non-audit services by the Committee and taking into account any relevant ethical guidance on the matter and thorough consideration of all appropriate matters

The Committee reviews its Terms of Reference annually and they currently meet best practice standards.

### SIGNIFICANT ISSUES CONSIDERED IN RELATION TO THE FINANCIAL STATEMENTS

As part of the monitoring of the integrity of the financial statements, significant matters and accounting judgements identified by the finance team and the external auditor are reviewed by the Committee and reported to the Board. The significant matters considered by the Committee in respect of the year ended 31 December 2024 are set out below:

#### Matters considered

#### Committee review and conclusions

##### Exceptional items

The Committee reviewed the accounting treatment of the items listed in note 4, including the consistent application of the accounting policy for exceptional items, and concurred with management's view that the items are exceptional in size and nature in relation to the Group.

##### Bad debt provision

The Group has made specific provisions during the year in relation to overseas receivables. The Committee has reviewed management's assessment over the recoverability of these balances and agrees with the treatment of these within the accounts.

##### Historic incentive scheme

During the second half of 2022, the Group settled with HMRC the tax and interest charges regarding an historic incentive scheme and commenced recovery of related debts from current and previous management, who had indemnified the Company. The Committee has regularly reviewed management's progress on recovery and their continued approach to concluding this matter.

##### Going concern status

Reviews of the Group's going concern status were carried out by management at both the half and full-year period ends. Detailed papers setting out the relevant considerations were tabled by management and discussed with the Committee, together with the Group's external auditors.

The Committee noted that severe but plausible risk scenarios had been identified; a robust risk assessment had been carried out; and the Group's going concern statements remained appropriate when stress tested. Taking into account the Company's balance sheet position, the Committee concurred with management's view that the Group has 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).

##### Customer arrangements

The Group incurs significant costs from customers in relation to discounts, rebates and brand support. The majority of these costs have been settled at 31 December 2024. However, certain judgement is required in determining the level of closing accrual required at year end for promotions and brand support campaigns that either span two financial years or where the costs have not been fully settled by the year-end date.

The Committee reviewed management's assessment of the level of liabilities in this area, the process in arriving at the accrual and the application of the Group's accounting policy noted on page 129.

# Audit Committee Report continued

## EXTERNAL AUDITOR APPOINTMENT AND TENURE

The Committee monitors the relationship with the external auditor to ensure that auditor independence and objectivity are maintained. The external auditor is not engaged to perform any non-audit services, in line with the Group's policy.

During the year, and in line with the Committee's policy to tender external audit services at least every ten years, the Committee undertook a formal tender process as BDO had served as the Company's external auditor for more than ten years. The Committee had originally planned to conduct an external audit tender process during 2023, however, due to the appointment of Richard Newman as Chief Financial Officer in January 2024, this tender process was deferred for one year. As stated last year, the Committee believes that it was important for the new Chief Financial Officer to be an active participant in this process as they are a key stakeholder in any future appointment.

A formal and competitive tender process was carried out and all Committee members attended the audit tender presentations. The Committee held detailed discussions and analysis of the bids. Following further assessment, the Committee agreed to make a recommendation to the Board that BDO should continue as external auditor. Their reappointment will also be put to shareholders for approval at the next Annual General Meeting in April 2025.

The Committee carries out an annual review of the performance of the external auditor. This year, the external audit tender formed part of that review for the existing auditor, BDO. Annual assessments cover key areas including (i) the audit partner and team; (ii) the audit approach and execution; (iii) the Committee and Company interactions with the external auditor; and (iv) the added value and insights that the external auditors bring. The Committee's findings are subsequently discussed with the external auditor. Having reviewed and assessed the auditor's independence and performance in consultation with senior members of the finance team, the Committee continued to be satisfied with the scope of the external auditor's work and the effectiveness of the external audit process.

## AUDIT QUALITY REVIEW (AQR) OF BDO'S 2023 AUDIT

During the year, the Financial Reporting Council (FRC) completed an AQR of BDO's 2023 audit of the Group. The Committee reviewed the FRC's report and the AQR's areas for improvement with respect to testing performed on customer rebates and pensions. The Committee discussed with BDO the findings and the amendments made to their approach to customer rebates and pensions, including additional testing, and were satisfied with the changes made. Detailed assessment of BDO's 2024 audit will be considered by the Committee at its July 2025 meeting.

## INTERNAL AUDIT

The Group has continued its successful co-sourced relationship with EY in order to undertake a number of internal audit reviews within the Group. A 2024 internal audit plan was developed between management and EY and approved by the Committee at the beginning of the year. This plan took into consideration the Company's principal risks, as well as sector-specific risks. Areas of focus in the year included cyber security, a review of the Company's Enterprise Resource Planning (ERP) programme, a fraud assessment, as well as a follow up of actions implemented from the previous year. EY attended all three Committee meetings during the year and completed the agreed internal audit plan. The results of the reviews and the timely follow up of any control recommendations are monitored by the Committee during the year.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for maintaining sound internal control systems to safeguard the investment of shareholders and the Group's assets. The systems are reviewed by the Board and, when asked, the Audit Committee, and are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

During the year the Company has taken action to further develop its internal control and risk management environment. The Senior Leadership Team carried out a detailed assessment of the Group's risk landscape through a workshop exercise. The assessment enabled the Senior Leadership Team to produce a revised risk assessment and view of the Group's principal risks as well as a clearer understanding of its risk appetite. This assessment and the proposed risk appetite statements were reviewed and approved by the Committee at its December 2024 meeting.

Management committees with remits over risk management, treasury management and capital expenditure also regularly report to the Committee.

### **WHISTLEBLOWING AND ANTI-BRIBERY**

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Group also has in place an anti-bribery and anti-corruption policy which sets out its zero-tolerance position and provides information and guidance to those working for the Group on how to recognise and deal with bribery and corruption issues. The Committee reviewed the Group's whistleblowing and anti-bribery procedures, and any matters raised, during the year.

*John Gittins*

**CHAIR OF THE AUDIT COMMITTEE**

10 March 2025

# Remuneration Committee Report

**“On behalf of the Remuneration Committee (the ‘Committee’), I am pleased to present the Remuneration Report for the year ended 31 December 2024.”**

*Helen Keays*

**Chair of the Remuneration Committee**

## Remuneration Committee focus in 2024

Significant activities for the Committee during the year were as follows:

- Approval of the outcomes for 2023 under the Hybrid Incentive Plan
- Review of Committee Terms of Reference
- Setting of performance targets for the Hybrid Incentive Plan for 2024
- Amendment to the Hybrid Incentive Plan in relation to the treatment of leavers
- Consideration of the revised QCA Corporate Governance Code
- Review of Director shareholding

This report consists of the following three sections:

- This introductory letter, setting out key decisions and activities of the Committee during 2024
- The Remuneration Policy that applies for Executive Directors and Non-Executive Directors
- The Annual Report on Remuneration, which sets out details of payments made in 2024

## REVISED QCA CORPORATE GOVERNANCE CODE

The QCA revised its Corporate Governance Code (‘the Code’) during 2023, incorporating a new Principle on remuneration.

The Committee reviewed the new Code during 2024 ensuring they were operating in line with the new Principle. Based on the revised Code, the Remuneration Report will be subject to an advisory vote on an annual basis, starting from the 2025 AGM.

## 2024 REMUNERATION OUTCOMES

The Group’s corporate performance and shareholder experience over the year have been positive, with the Nichols share price movement outperforming the returns on the AIM (Nichols +11.4%, AIM -5.7%). Total dividend of 32.0p for the year is up 13.4% on the prior year, which is in line with the Group’s adjusted earnings per share performance of 13.5% and market consensus as signposted at the beginning of 2024. In addition to the interim and final dividend, a special dividend of 54.8p (2023: nil) was also paid in the year.

This is the fourth year in which we operated our Hybrid Incentive Plan. In the context of positive financial and personal performance during the year, the Committee determined that it was appropriate for awards to pay out at 97% of maximum overall. This incorporates 90% achievement against the personal objectives, aligned to the Group's strategic objectives, and 100% against the adjusted profit before tax objective which was ahead of management's consensus of analyst expectations for financial performance. Full details of the performance assessment against both personal and financial objectives can be found on pages 103 and 104.

The outturn is in line with the experience of the wider workforce with maximum bonus being awarded.

Taken as a whole, the Committee is satisfied that the overall pay outcomes for the year ended 31 December 2024 are appropriate and, accordingly, we have not applied any discretion to this year's outcome. The Committee will continue to set stretching targets for the Hybrid Incentive Plan in the context of business plan and consensus forecasts.

60% of the award will be deferred into shares and the remainder will be paid in cash. This deferred element of the award is intended to align Executive Directors' remuneration with shareholder value in the longer term, and vests after three years after the start of the performance period.

We have been reviewing the appropriateness and alignment of our current Remuneration Policy in light of the evolving business strategy and, in particular, our medium-term ambitions as set out at the recent Capital Markets Day. We are currently engaging with major shareholders to determine whether to bring forward a revised policy to better align with our growth ambitions. We will provide more detail within the 2025 Notice of Annual General Meeting and, if approved, will take effect from the date of the 2025 AGM.

## DUTIES OF THE COMMITTEE

The Committee operates under the Group's agreed Terms of Reference and is responsible for reviewing remuneration in respect of all senior executive appointments and determining the Group's policy in respect of the terms of employment, including remuneration packages of Executive Directors. The Committee meets at least three times a year under its Terms of Reference.

## COMMITTEE MEMBERS AND ATTENDANCE

The Committee comprises three independent Non-Executive Directors: I continue to act as Committee Chair, with my colleagues John Gittins and Liz McMeikan. Other Directors (and members of senior management or advisers) may attend Committee meetings by invitation only.

## CONCLUSION

On behalf of the Committee, I trust that this report gives you a clear view of how we have implemented the Remuneration Policy in 2024 and our plans for 2025.

The Committee is open to engagement with shareholders and welcomes any comments or questions on the Company's approach to remuneration. We commit to consult with major shareholders ahead of implementing any significant changes to the way in which Directors are remunerated.

*Helen Keays*

**CHAIR OF THE REMUNERATION COMMITTEE**

10 March 2025

# Remuneration Committee Report continued

## REMUNERATION POLICY

The objective of the Group's Remuneration Policy is to attract, motivate and retain high-quality individuals who will contribute fully to the success of the Group. To achieve this, the Group provides competitive salaries and benefits to all employees.

The Committee has the following principles it follows when establishing Executive Director remuneration at Nichols:

- Motivating
- Simple
- Aligned to Group strategy
- Flexible
- Transparent
- Fair

To ensure alignment with these principles, the Group operates a single incentive plan in the form of a 'hybrid' incentive plan. The Hybrid Incentive Plan assesses short-term performance as well as aligning Executive Director remuneration with longer-term shareholder value using a combination of cash and deferred shares.

The table below summarises the key elements of the Remuneration Policy for Executive Directors, which remains in operation without any changes for 2025:

Element and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
<b>Base salary</b> Supports the recruitment and retention of Executive Directors, reflecting their role, skills and experience.	Base salary reflects the size of the role and responsibilities, individual performance (assessed annually) and the skills and experience of the individual.  In setting appropriate salary levels, the Committee considers data for similar positions in comparable organisations. The data is independently commissioned, and the Committee aims to position Executive Directors competitively within this reference group.	Increases to base salary are determined annually by the Committee, considering: <ul style="list-style-type: none"> <li>• Individual performance</li> <li>• The scope of the role</li> <li>• Pay levels in comparable organisations</li> <li>• Pay increases for other employees</li> </ul>	Not applicable, although individual performance is considered when determining base salary increases.
<b>Pension</b> Supports recruitment and retention of Executive Directors.	Generally, the Company contributes to a defined contribution pension scheme for the Executive Directors. The contribution can instead be paid in cash (which is excluded from incentive calculations) if the Executive Director is likely to be affected by the limits for tax-approved pension saving.	<ul style="list-style-type: none"> <li>• Up to 9% of base salary. This is in line with the wider workforce. After ten years' service the wider workforce is entitled to 10% of base salary</li> </ul>	Not applicable.

Element and link to strategy	Operation	Maximum potential value	Performance conditions and assessment
<p><b>Benefits</b></p> <p>Supports the recruitment and retention of Executive Directors.</p>	<p>Executive Directors are entitled to the following benefits:</p> <ul style="list-style-type: none"> <li>• Life assurance</li> <li>• Directors' and Officers' liability insurance</li> <li>• Private medical insurance</li> <li>• Company car/car allowance and fuel</li> </ul> <p>The Committee may determine that Executive Directors should receive additional reasonable benefits if appropriate, considering typical market practice and practice throughout the Company.</p>	<p>The value of such benefits is not capped but is based on cost, which may change from year to year.</p>	<p>Not applicable.</p>
<p><b>All-employee share plan – Save As You Earn (SAYE)</b></p> <p>To encourage equity ownership across all employees and create a culture of ownership.</p>	<p>The Company offers a SAYE scheme for all employees.</p> <p>The operation of these plans will be at the discretion of the Committee, and Executive Directors will be eligible to participate on the same basis as other employees.</p>	<p>Maximum permitted based on HMRC limits from time to time.</p>	<p>Not applicable.</p>
<p><b>Hybrid Incentive Plan</b></p> <p>Supports the recruitment and retention of Executive Directors.</p> <p>Supports a high-performance culture.</p> <p>Rewards performance in the context of achieving key goals.</p> <p>Encourages sustainable performance that supports the achievement of strategic goals.</p>	<p>A combination of financial and non-financial measures and targets are set annually. Outcome levels will be determined based on performance against this scorecard.</p> <p>For Executive Directors, 60% of awards will be deferred into shares. The deferred proportion of awards will pay out three years from the start of the performance period. The Committee retains discretion to adjust the payout level of deferred incentives based on performance in the deferral period.</p> <p>The deferred element of the award will attract dividend equivalents for the period between assessment and payout.</p>	<p>The maximum incentive which may be earned in any year under the Hybrid Incentive Plan is 250% of base salary.</p>	<p>For 2025 awards, performance conditions will be weighted 70% towards financial performance and 30% towards strategic goals.</p> <p>The financial element of the performance conditions will act as an underpin on payouts from the remainder of the award.</p>

# Remuneration Committee Report continued

## REMUNERATION POLICY continued

### NOTICE PERIODS

The CEO contract incorporates a 12-month notice period from the Executive and the Group, while the CFO contract incorporates a six-month notice period from the Executive and the Group.

### REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS

The Non-Executive Directors' signed letters of appointment with the Group for the provision of Non-Executive Directors' services, which may be terminated by either party giving three months' written notice.

The Non-Executive Directors' fees consist of fixed cash amounts and are determined by the Board.

## ANNUAL REPORT ON REMUNERATION IN 2024

The following table summarises the total remuneration of the Directors who served during 2024.

Directors	Fixed remuneration			Performance related – Hybrid Incentive Plan		Totals	
	Salary and fees £'000	Benefits in kind <sup>4</sup> £'000	Pension <sup>5</sup> £'000	Cash <sup>6</sup> £'000	Deferred shares £'000	Total 2024 £'000	Total 2023 £'000
<b>Executive Directors</b>							
A Milne (CEO)	386	20	39	378	568	<b>1,391</b>	1,358
D J S Taylor <sup>1</sup> (Interim CFO)	54	-	4	54	-	<b>112</b>	266
R Newman <sup>2</sup> (CFO)	262	13	19	249	373	<b>914</b>	-
<b>Total</b>						<b>2,417</b>	1,714
<b>Non-Executive Directors</b>							
P J Nichols	48	1	-	-	-	<b>49</b>	66
L McMeikan	150	-	-	-	-	<b>150</b>	113
M Nichols <sup>3</sup>	24	4	-	-	-	<b>24</b>	-
H Keays	48	-	-	-	-	<b>48</b>	48
J Gittins	48	-	-	-	-	<b>48</b>	48
<b>Total</b>						<b>319</b>	296
<b>All Directors</b>						<b>2,736</b>	2,010

1. D J S Taylor stepped down from the Board and his role as Interim CFO on 21 March 2024.
2. R Newman was appointed to the Board and the role of CFO on 29 January 2024.
3. M Nichols joined the Board as Non-Executive Director on 10 January 2024. The fee disclosed above relating to M Nichols is that for his Non-Executive Director duties as a Representative Director pursuant to the Relationship Agreement that exists between Nichols plc and the Nichols family. Separately, M Nichols was also a Commercial Director for the international route to market.
4. Benefits consist of the provision of a company car (or cash equivalent), fuel and private healthcare.
5. Pension may be paid as a cash sum in lieu of.
6. Vesting of awards will be two years from the date of grant.

## DIRECTORS' SALARIES

Salaries were reviewed by the Committee at the beginning of the year. It was agreed that the positioning of the Executive Directors' remuneration remained relatively modest relative to the market and that the Executive Directors had substantial experience in their respective roles which justified an adjustment. As a result, the CEO's salary was increased from £375,000 to £386,000, effective from 1 April 2024. No review of the CFO's salary took place, due the timing of Richard Newman's appointment.

## HYBRID INCENTIVE PLAN

For 2024, the maximum incentive opportunity for the Executive Directors under the Hybrid Incentive Plan was 250% of base salary. 70% of the award was based upon financial performance and 30% was based on performance against personal objectives.

### Financial element outcomes (70% of award)

	Performance targets								Actual performance	
	FY23 adjusted PBT	Threshold £m	Payout	Target £m	Payout	Maximum £m	Payout	£m	Payout	
Group adjusted profit before tax <sup>1</sup>	27.2	27.5	0%	28.5	60%	30.0	100%	31.4	100%	

1. Excluding exceptional items.

The Group achieved a strong financial performance in the year with adjusted profit before tax ('adjusted PBT') of £31.4m, up £4.2m (+15.6%) on the prior year result of £27.2m.

Performance targets were set at the beginning of 2024. Based upon financial plans at that time, Executive Directors would be able to earn 60% of maximum incentive with adjusted PBT of £28.5m. This target represented the Group-compiled market consensus for full-year performance in existence at that time and acknowledged the challenging economic environment and difficult trading conditions. An achievement of adjusted PBT of £30.0m represented a stretch target for the Group and would result in a maximum payout of 100%.

Based on actual performance, the Chief Executive Officer and Chief Financial Officer achieved 100% of the maximum incentive, acknowledging the Group performance in the period, broadly in line with target.

### Personal element outcomes (30% of award)

The Executive Directors were set four personal objectives to be measured as a whole, weighted at a maximum of 30% as follows:

- Business transformation and strategic growth:** Focus on achieving key milestones and conducting market tenders to ensure optimal capacity and value, driving both growth and market share.
- Partnership and acquisition:** Identify and solidify strategic partnerships and key acquisition targets that align with target categories and products, ensuring the business meets its capacity and capability needs for the next three to five years.
- Innovation and market expansion:** Launch new products to drive incremental growth, especially in the UKP route to market, aiming to double the contribution from innovation efforts.
- Sustainability and net zero goals:** Ensure a clear roadmap to net zero is in place and ensure all 2024 milestones are met.

Based on the exceptional performance of the Executive Directors during the year, the Committee has determined that a 90% award in respect of the personal objectives was achieved.

# Remuneration Committee Report continued

## ANNUAL REPORT ON REMUNERATION IN 2024 continued

### HYBRID INCENTIVE PLAN continued

#### Total incentive earned

Therefore, the total incentive earned by the CEO for 2024 was 243% of salary, or £946,000. Of this, 40%, or £378,000, will be paid in cash and the remaining 60%, or £568,000, will be deferred into shares for two years. The total incentive earned by the CFO for 2024 was 243% of salary, or £622,000. Of this, 40%, or £249,000, will be paid in cash and the remaining 60%, or £373,000, will be deferred into shares for two years. The Committee has not used any discretion as it believes the formulaic outcome is reflective of corporate and individuals' performance.

#### OUTSTANDING SHARE AWARDS

The table below sets out details of all outstanding share awards in respect of Executive Directors serving during 2024:

Award	Grant date	Date from which exercisable	Recipient	Exercise price	Number of shares outstanding
2023 SAYE	26 April 2023	26 April 2026	Andrew Milne	£8.96	1,205
2022 Hybrid Incentive Scheme	16 May 2023	16 May 2025	Andrew Milne	£0	27,572
2023 Hybrid Incentive Scheme	25 March 2024	25 March 2026	Andrew Milne	£0	55,693
2024 SAYE	24 April 2024	24 April 2027	Richard Newman	£7.88	3,807

1. The SAYE bonus relates to interest paid on top of the contributions made by the Executive Directors aligned to the Bank of England interest rate.
2. During the year, Andrew Milne, exercised 38,953 nil cost options over ordinary shares of 10p each in accordance with share option plans. The total gain on exercise was £382,000 (2023: £nil).

#### IMPLEMENTATION OF REMUNERATION POLICY IN 2025

In 2025, the Hybrid Incentive Plan will again be assessed against financial performance (operating profit) and Group strategic objectives. Threshold performance under the profit target will act as an underpin on the remainder of the award. The incentive outcome will range from zero at a threshold performance, up to 100% for maximum performance.

The maximum opportunity for the Executive Directors will remain at 250% of base salary with 70% of the award being based upon financial performance and 30% being based on performance against personal objectives. 60% of any incentive earned will be deferred into shares to be paid out three years from the start of the performance period with the remaining 40% being paid in cash.

The performance targets are not disclosed prospectively as they are commercially sensitive. Details of performance against the targets and the resulting awards earned will be disclosed retrospectively at the end of the performance period.

# Directors' Report

**In accordance with Section 415 of the Companies Act 2006, the Directors present their report for the year ended 31 December 2024.**

Nichols plc (the 'Company') is incorporated in England and Wales with registered number 00238303 and is a public limited company listed on AIM of the London Stock Exchange. The Company's registered office address is Laurel House, Woodlands Park, Ashton Road, Newton-le-Willows, WA12 UHH.

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, certain matters which are required to be disclosed in the Report of the Directors have been omitted as they are included elsewhere in this Annual Report and/or on the Company's website [www.nicholsplc.co.uk](http://www.nicholsplc.co.uk). The Corporate Governance Statement forms part of the Governance section of the Annual Report. The table sets out where the necessary disclosures can be found.

## BUSINESS PERFORMANCE

### Principal activities

Nichols plc is an international soft drinks business with sales in over 60 countries. The Group is home to the iconic Vimto brand which is popular in the UK and around the world, particularly in the Middle East and Africa. Other brands in its portfolio include SLUSH PUPPIE, ICEE, Levi Roots and Sunkist.

### Results

The Group's profit before taxation from continuing operations for the year ended 31 December 2024 amounted to £24.0m (2023: £24.3m).

### Dividends

A resolution to recommend a final dividend of 17.1p will be proposed at the forthcoming Annual General Meeting ('2025 AGM').

### Strategic Report

The Strategic Report appears in its own section, earlier in this Annual Report.

### Activities in research and development

The Group undertakes research and development activities in order to develop its range of new and existing products. Expenditure during the year on research and development amounted to £0.2m (2023: £0.2m).

### Future developments

Details about the Company's future developments can be found in the Strategic Report.

### Post balance sheet events

There were no material post balance sheet events relating to the 2024 Annual Report and Accounts.

### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial position of the Group is described in the Chief Financial Officer's Statement.

In assessing the appropriateness of adopting the going concern basis in preparing the Annual Report and financial statements, the Directors have considered the current financial position of the Group, and its principal risks and uncertainties. The review performed considers severe but plausible downside scenarios that could reasonably arise within the period.

# Directors' Report continued

## **BUSINESS PERFORMANCE** continued

### **Going concern** continued

Our modelling has sensitised the impacts of Russia's continued invasion of Ukraine and the conflict in Yemen; in particular their impact on global supply chains and macroeconomic inflationary factors. Alternative scenarios, including the potential impact of key principal risks from a financial and operational perspective, have been modelled with the resulting implications considered. In all cases, the business model remained robust.

The Group's diversified business model and strong balance sheet provide resilience against these factors and the other principal risks that the Group is exposed to. At 31 December 2024, the Group had cash and cash equivalents of £53.7m with no external bank borrowings.

On the basis of these reviews, the Directors consider the Group has adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of the Annual Report and Accounts) and, accordingly, consider it appropriate to adopt the going concern basis in preparing the accounts.

## **DIRECTORS**

### **Directors during 2024**

The Directors who have held office during the year ended 31 December 2024 and to the date of this report are as follows:

#### **Executive Directors**

Andrew Milne

David Taylor (Interim Chief Financial Officer, resigned on 20 March 2024)

Richard Newman (Chief Financial Officer, appointed on 29 January 2024)

#### **Non-Executive Directors**

Liz McMeikan

John Nichols

John Gittins

Helen Keays

Matthew Nichols (appointed 10 January 2024)

The roles and biographies of the Directors in office as at the date of this report are set out in the Governance section of the Annual Report.

#### **Relationship Agreement**

On 22 July 2020, the Company entered into a Relationship Agreement with the Nichols family. The Nichols family consists of certain members of the immediate and extended family of the Company's founder, John Noel Nichols. Members of the Nichols family hold in aggregate an interest of approximately 36% in the Company's issued share capital as at the year end.

The purpose of the Relationship Agreement is to formalise Board representation for the Nichols family whilst also ensuring that the Company is capable of carrying on, at all times, its business independently. In accordance with the terms of the Relationship Agreement, so long as the Nichols family retain (i) an aggregate interest of equal to or greater than 20% in the issued ordinary share capital of the Company, they shall be entitled (but not required) to appoint one Non-Executive Director; and (ii) an aggregate interest of equal to or greater than 30% in the issued ordinary share capital of the Company, they shall be entitled (but not required) to appoint one further Non-Executive Director to the Board.

In accordance with the terms of the Relationship Agreement, John Nichols and Matthew Nichols, both Non-Executive Directors, are the Family Representative Directors.

### **Directors' indemnity provisions and Directors' and Officers' liability insurance**

The Group has agreed to indemnify its Directors against third-party claims which may be brought against them and has in place a Directors' and Officers' insurance policy.

### **Directors' interests**

Details of Directors' interests in ordinary shares of the Company as at 31 December 2024 are provided in the Directors' Report in the Governance section

### **Directors' Remuneration Report**

Details of Directors' remuneration, including pension arrangements, service agreements and long-term incentive plan awards are provided in the Remuneration Committee Report in the Governance section.

## **CONSTITUTION**

### **Articles of Association**

The rules governing the appointment and replacement of Directors are set out in the Company's Articles of Association. The Articles of Association may be amended by a special resolution of the Company's shareholders. A copy of the Articles of Association can be found on the Company's website.

## **STAKEHOLDERS AND POLICIES**

### **Section 172**

The statement by the Directors in performance of their statutory duties in accordance with Section 172(1) Companies Act 2006 is provided in the Section 172 Statement in the Strategic Report.

### **Employee engagement**

Detail of how the Board has engaged with its employees is included in the Section 172 Statement in the Strategic Report.

Management continuously consult with employees and keep them informed on matters of current interest and concern to the business. Further information regarding employment at Nichols is provided in the Strategic Report.

### **Employees with disabilities**

The Group's policy is to recruit and promote on the basis of aptitude and ability without discrimination of any kind. Applications for employment by disabled people are always fully considered bearing in mind the qualification and abilities of the applicants. In the event of employees becoming disabled, every effort is made to ensure their continued employment.

### **Stakeholder engagement and key decisions**

Detail of how the Board has engaged with its customers and suppliers is included in the Section 172 Statement of the Strategic Report.

Environmental sustainability is a core priority for Nichols, which we have embedded within our 'Happier Future' strategy, which outlines the ways the business is working with its partners and for its communities to make life taste better for everyone.

### **Modern Slavery Statement**

The Company's Modern Slavery Statement is available on our website.

### **Political donations**

The Company does not make any political donations and does not incur any political expenditure.

### **Streamlined Energy and Carbon Reporting (SECR)**

In accordance with The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, we have prepared a Streamlined Energy and Carbon Reporting ('SECR Report') Report for the financial year of 2024. More information is provided in Our Happier Future Progress Report in the Strategic Report and on our website.

### **Financial risk management**

Business risks and uncertainties are included within the Risk Management section of the Strategic Report and financial risks are set out in the notes to the accounts.

# Directors' Report continued

## STAKEHOLDERS AND SHARE CAPITAL

### Share capital

Details of the Company's share capital, including changes during the year, are set out in the notes to the financial statements. As at 31 December 2024, the Company's share capital consisted of 36,968,772 ordinary shares of 10p each, of which 438,410 are held in treasury and accordingly have no voting rights.

Ordinary shareholders are entitled to receive notice of, and to attend and speak at, any general meeting of the Company. Every shareholder present in person or by proxy (or being a corporation represented by a duly authorised representative) shall have one vote on a show of hands, and on a poll shall have one vote for every share of which he or she is the holder or authorised representative. The Notice of Annual General Meeting specifies deadlines for exercising voting rights and appointing a proxy or proxies.

Other than the general provisions of the Articles of Association (and prevailing legislation), there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares.

The Board believes that being permitted to allot shares within the limits set out in the resolution without the delay and expense of a general meeting gives the ability to take advantage of circumstances that may arise during the year.

### Authority to purchase own shares

Subject to authorisation by shareholder resolution, the Group may purchase its own shares in accordance with the Companies Act 2006. Any shares which have been bought back may be held as treasury shares or cancelled immediately upon completion of the purchase.

At the Company's AGM held on 24 April 2024, the Group was generally and unconditionally authorised by its shareholders to make market purchases (within the meaning of Section 693 of the Companies Act 2006) of up to a maximum of 3,649,562 of its ordinary shares.

In exercising its authority in respect of the purchase and cancellation of the Group's shares, the Board takes as its major criterion the effect of such purchases on future expected earnings per share. No purchase is made if the effect is likely to lead to deterioration in future expected earnings per share growth.

### Major interests in shares

At the time of this report:

Shareholder name	Percentage of ownership
Octopus Investments	8.57%
S J Harper	7.32%
K Irvine	5.45%
S C Nichols	3.28%
M A and N D Taylor	3.09%

### Share options

#### Share options

The Company operates a Save As You Earn share option scheme. In conjunction with this, the Company will use some of the shares held in treasury to satisfy future exercises of options under the scheme. The Company has, in the past, also made donations to an Employee Share Ownership Trust (the 'ESOT') to enable shares to be bought in the market to satisfy the demand from option holders. As at 31 December 2024, the ESOT held 7,873 Nichols plc ordinary 10p shares (2023: 6,145).

### Annual General Meeting

The 2025 AGM of the Company will be held at Nichols plc, Laurel House, 5 Woodlands Park, Ashton Road, Newton-le-Willows, Merseyside, WA12 0HH on 23 April 2025 at 11.00am. The notice convening the meeting, together with details of the business to be considered and explanatory notes for each resolution, is available on the Company's website. Copies of the notice will be distributed to shareholders who have elected to receive hard copies of shareholder information. The voting on all resolutions at the 2025 AGM will be via a poll and not on a show of hands. This is a much fairer way of voting and is in accordance with best practice.

## AUDITOR AND AUDIT

### Disclosure of information to auditor

Each of the Directors who are Directors at the time when this Directors' Report is approved have confirmed that:

- So far as each of the Directors is aware there is no relevant audit information of which the Company's auditor is unaware
- The Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

### Independent auditor

BDO LLP has expressed its willingness to continue as auditor. In accordance with Section 489 of the Companies Act 2006, a resolution to reappoint BDO LLP will be proposed at the forthcoming Annual General Meeting.

The Directors' Report was approved by the Board of Directors on 10 March 2025 and signed on its behalf by:



*Andrew Milne*

**CHIEF EXECUTIVE OFFICER**

10 March 2025

Laurel House, Woodlands Park, Ashton Road,  
Newton-le-Willows, Merseyside, WA12 0HH.

Registered in England and Wales No. 00238303

# **FINANCIAL STATEMENTS**

## What's in this section?

Directors' Responsibilities Statement	112
Independent Auditor's Report	113
Consolidated Income Statement	122
Consolidated Statement of Comprehensive Income	123
Statement of Financial Position	124
Consolidated Statement of Cash Flows	125
Consolidated Statement of Changes in Equity	126
Notes to the Financial Statements	128
Unaudited Five-Year Summary	167
Advisers	168

# Directors' Responsibilities Statement

## **The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.**

Company law requires the Directors to prepare financial statements for each financial year. Under the 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 the affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

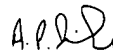
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted International Accounting Standards subject to any material departures disclosed and explained in the financial statements; and
- 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.

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 requirements of 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.

## **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.

This Responsibility Statement was approved by the Board on 10 March 2025 and is signed on its behalf by:



*Andrew Milne*  
**CHIEF EXECUTIVE OFFICER**

10 March 2025

# Independent Auditor's Report

## to the members of Nichols plc

### OPINION ON THE FINANCIAL STATEMENTS

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 December 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 United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Nichols plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2024 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Statement of financial position, the Consolidated statement of cash flows, the Statement of changes in equity and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remain independent of the Group and the 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 entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' 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 and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the Directors' assessment of the going concern status of the Group and the Parent Company which included forecasts and stress-testing covering a period of 12 months from the date of sign off of the financial statements;
- considering the appropriateness and accuracy of these forecasts and challenging their inputs using our knowledge of the business and the sector together with wider commentary available from competitors and peers;
- challenging the Directors' assumptions and judgements made with regards to stress-testing of forecasts, re-performing sensitivities on the Directors' base case and stressed case scenarios, considering the likelihood of these occurring and understanding the mitigating actions the Directors might take under these scenarios;
- ensuring that the inputs to the forecasts and the stress-testing adequately reflected key challenges encountered by the business during the financial year; and
- reviewing the going concern disclosures in the financial statements and assessing their consistency with the Directors' forecasts.

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 and the Parent Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

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 continued

to the members of Nichols plc

## OVERVIEW

Key audit matters	2024	2023
Discounts, Rebates, Promotional costs and Brand Support Arrangements	✓	✓

Materiality	Group financial statements as a whole
	£1.5m (2023: £1.35m) based on 5% of profit before tax after adjusting for exceptional items (2023: approximately 5% of profit before tax after adjusting for exceptional items)

## AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the Group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the Group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

### Components in scope

The Group manages its operations from two principal locations in the UK and has common financial systems, processes and controls covering all components for which audit procedures were performed on the entire financial information.

As part of performing our Group audit, we have focused on the Group's trading entities and have determined the components in scope as follows:

- Vimto Out of Home Limited; and
- the Parent Company.

The remaining components are dormant.

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included procedures on the entire financial information of the component, including performing substantive procedures and tests of the operating effectiveness of controls.

### Procedures performed at the component level

We performed procedures to respond to Group risks of material misstatement at the component level that included the following.

Component	Component name	Entity	Group audit scope
1	Parent Company	Nichols plc	Statutory audit and procedures on the entire financial information of the component.
2	Vimto Out of Home	Vimto Out of Home Limited	Procedures on the entire financial information of the component.

The Group engagement team has performed all procedures directly, and has not involved component auditors in the Group audit.

### Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls in relation to administrative and distribution expenses, payroll, and treasury functions.

The Group operates a centralised IT function that supports IT processes for certain components. This IT function is subject to specified risk-focused audit procedures, predominantly the testing of the relevant IT general controls and IT application controls.

### Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the Annual Report;
- our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- review of the minutes of Board and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Strategic Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment.

We also assessed the consistency of management's disclosures included as Other Information on page 52 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any key audit matters materially impacted by climate-related risks.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that 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 continued

## to the members of Nichols plc

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT continued

#### Key audit matters continued

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Discounts, Rebates, Promotional Costs and Brand Support Arrangements (accounting policy in Note 2.6)</b></p> <p>Consistent with industry practice, the Group provides significant discounts and rebates to customers in the support and development of the Group's brands.</p> <p>These include short and long-term promotional discounts, and rebates in respect of goods purchased by customers.</p> <p>The classification of these transactions within the income statement is dependent upon the type of arrangement with the customer; and the majority of these discounts and rebates are recognised as a deduction from revenue.</p> <p>There is a risk over the existence and accuracy of discounts and rebates recognised. In particular, due to the informal nature of some of the agreements with customers we considered there to be a significant risk of material misstatement in relation to the amount of the rebate or discount not claimed by customers or deducted by the Group which is recognised as a liability at the year end. This area required significant senior auditor involvement and time and we therefore considered it to be a key audit matter.</p>	<p>We undertook the following audit procedures in relation to discounts, rebates, promotional costs and brand support arrangements:</p> <ul style="list-style-type: none"><li>• we assessed whether the accounting policy for brand support arrangements followed applicable accounting standards;</li><li>• we compared a sample of the claims made by customers in the current period with previously accrued amounts (which arose from promotional activity that took place in previous years). These were then tested to supporting evidence to determine whether it was correct for the accrual to be brought forward into the current period under audit;</li><li>• we obtained and challenged management's assessment of historical rebates to determine if the estimate made in relation to the recognition of the liability translated into the Group ultimately settling the liability. To do this, management bifurcated the population into the type of rebate and if the customer had ever made a claim against the promotion. Where a claim had been partially made on specific types of rebate with growth/volume targets not met, it was determined the remaining liability was not appropriate to be retained and was hence released. Where no claims were made, but evidence of the liability relating the promotion still existed, management determined the liability was retained;</li><li>• we obtained a copy of the legal advice that management had sought to support the releasing of the accrual after three years (being the necessary two years plus an additional year to allow for different customer accounting periods) in compliance with Groceries Supply Code of Practice (GSCOP) and the Forensic Auditing: Retailer Voluntary Commitment (FARVC). We challenged if this derecognition was appropriate under applicable accounting standards; and</li><li>• we challenged the judgements and estimates made by management in determining the year-end accrual through;<ul style="list-style-type: none"><li>• reviewing the contractual terms within the brand support agreements, viewing customer online portals of agreed promotions, or viewing customer correspondence on agreement of the rebate amount for a sample of rebates;</li><li>• assessing the appropriateness of the inputs used, such as sales data, by verifying to supporting documentation for a sample of rebates;</li><li>• agreeing a sample of rebate accruals during the year to claims made by customers;</li><li>• performing a recalculation of the year-end accrual for a sample of promotions; and</li><li>• agreeing post year end customer claims received in January 2025 back to the year-end accrual.</li></ul></li></ul> <p><b>Key observations:</b></p> <p>Following the completion of our work, we consider the estimates and judgements applied by management in this area to be appropriate, and discounts, rebates, promotional costs and brand support arrangements have been calculated appropriately and classified in accordance with accounting standards.</p>

### OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2024	2023	2024	2023
<b>Materiality</b>	£1.5m	£1.35m	£0.8m	£0.65m
<b>Basis for determining materiality</b>	5% of profit before tax after adjusting for exceptional items	Approximately 5% of profit before tax after adjusting for exceptional items	5% of profit before tax after adjusting for exceptional items	Approximately 5% of profit before tax after adjusting for exceptional items
<b>Rationale for the benchmark applied</b>	Adjusted profit before tax is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance for the users of the financial statements.	Adjusted profit before tax is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance for the users of the financial statements.	Adjusted profit before tax is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance for the users of the financial statements.	Adjusted profit before tax is determined to be a stable basis of assessing business performance and is considered to be the most significant determinant of performance for the users of the financial statements.
<b>Performance materiality</b>	£1.125m	£1,012.5m	£0.6m	£0.488m
<b>Basis for determining performance materiality</b>	75% of materiality		75% of materiality	
<b>Rationale for the percentage applied for performance materiality</b>	This was considered appropriate based on audit knowledge of the control environment, historic misstatement levels, and given the trade of the Group is contained in the Parent Company and one other component which minimises the risk of additional unadjusted misstatements across a number of components.		This was considered appropriate based on audit knowledge of the control environment and historic misstatement levels.	

# Independent Auditor's Report continued

## to the members of Nichols plc

### OUR APPLICATION OF MATERIALITY continued

#### Component performance materiality

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Company whose materiality and performance materiality are set out above, based on a percentage of Group performance materiality dependent on a number of factors including the level of aggregation risk and our assessment of the risk of material misstatement of this component. Component performance materiality was £0.9m (2023: £0.78m).

#### Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £60,000 (2023: £27,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

### OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the document entitled Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the 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.

### OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

#### Strategic Report and Directors' Report

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.

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

#### Matters on which we are required to report by exception

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 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.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the 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 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.

## 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.

### Extent to which the audit was capable of detecting irregularities, including fraud

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:

#### Non-compliance with laws and regulations

Based on:

- our understanding of the Group and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework (UK adopted international accounting standards, UK GAAP and the Companies Act 2006), UK tax legislation and AIM Listing Rules.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be those relating to food safety, environmental, occupational health and safety, export duties and data protection.

## **Independent Auditor's Report** continued to the members of Nichols plc

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS** continued **Non-compliance with laws and regulations** continued

Our procedures in respect of the above included:

- review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- review of financial statement disclosures and agreeing to supporting documentation; and
- involvement of tax specialists in the audit.

### **Fraud**

We assessed the susceptibility of the financial statements to material misstatement, including fraud.

Our risk assessment procedures included:

- enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- obtaining an understanding of the Group's policies and procedures relating to:
  - detecting and responding to the risks of fraud; and
  - internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, manual adjustments to revenue and revenue recognition in relation to the cut off of sales in the International division.

Our procedures in respect of the above included:

- testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- testing a sample of goods despatched in a specified window pre year end to supporting documentation to check the revenue was recognised in the correct period; and
- assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### USE OF OUR REPORT

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Stuart Wood*

*Stuart Wood*

**(SENIOR STATUTORY AUDITOR)**

**FOR AND ON BEHALF OF BDO LLP, STATUTORY AUDITOR**

Manchester, UK

Date: 10 March 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated Income Statement

Year ended 31 December 2024

	Note	2024			2023		
		Before exceptional items £'000	Exceptional items (note 4) £'000	Total £'000	Before exceptional items £'000	Exceptional items (note 4) £'000	Total £'000
Revenue	3	<b>172,809</b>	-	<b>172,809</b>	170,741	-	170,741
Cost of sales		<b>(93,855)</b>	-	<b>(93,855)</b>	(98,565)	-	(98,565)
<b>Gross profit</b>		<b>78,954</b>	-	<b>78,954</b>	72,176	-	72,176
Distribution expenses		<b>(10,214)</b>	-	<b>(10,214)</b>	(9,567)	-	(9,567)
Administrative expenses		<b>(39,879)</b>	<b>(7,370)</b>	<b>(47,249)</b>	(37,416)	(2,907)	(40,323)
<b>Operating profit</b>	5	<b>28,861</b>	<b>(7,370)</b>	<b>21,491</b>	25,193	(2,907)	22,286
Finance income	6	<b>2,660</b>	-	<b>2,660</b>	2,095	-	2,095
Finance expense	6	<b>(117)</b>	-	<b>(117)</b>	(123)	-	(123)
<b>Profit before taxation</b>		<b>31,404</b>	<b>(7,370)</b>	<b>24,034</b>	27,165	(2,907)	24,258
Taxation	8	<b>(8,024)</b>	<b>1,828</b>	<b>(6,196)</b>	(6,586)	690	(5,896)
<b>Profit for the year attributable to equity shareholders</b>		<b>23,380</b>	<b>(5,542)</b>	<b>17,838</b>	20,579	(2,217)	18,362
<b>Earnings per share attributable to the equity shareholders</b>							
Earnings per share (basic)	10	<b>64.02p</b>		<b>48.84p</b>	56.41p		50.34
Earnings per share (diluted)	10	<b>63.98p</b>		<b>48.81p</b>	56.39p		50.32

# Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
<b>Profit for the year</b>		<b>17,838</b>	18,362
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of net defined benefit surplus	23	<b>(434)</b>	(192)
Deferred taxation on pension obligations and employee benefits	14	<b>95</b>	48
<b>Other comprehensive expense for the year</b>		<b>(339)</b>	(144)
<b>Total comprehensive income for the year</b>		<b>17,499</b>	18,218

# Statement of Financial Position

Year ended 31 December 2024

	Notes	Group		Parent	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	8,743	9,457	4,754	5,237
Investments	12	-	-	16,566	16,566
Intangibles	13	175	256	175	256
Pension surplus	23	3,721	4,014	3,721	4,014
<b>Total non-current assets</b>		<b>12,639</b>	13,727	<b>25,216</b>	26,073
<b>Current assets</b>					
Inventories	15	9,322	8,809	6,876	5,407
Trade and other receivables	16	44,340	41,393	52,912	50,853
Cash and cash equivalents	17	55,185	82,546	45,068	73,639
<b>Total current assets</b>		<b>108,847</b>	132,748	<b>104,856</b>	129,899
<b>Total assets</b>		<b>121,486</b>	146,475	<b>130,072</b>	155,972
<b>Liabilities</b>					
<b>Current liabilities</b>					
Borrowings	17	1,512	15,516	1,512	15,516
Trade and other payables	18	33,271	30,719	103,401	91,078
Corporation tax payable		243	318	230	288
<b>Total current liabilities</b>		<b>35,026</b>	46,553	<b>105,143</b>	106,882
<b>Non-current liabilities</b>					
Other payables	18	1,672	1,865	1,376	1,517
Deferred tax liabilities	14	743	715	942	970
<b>Total non-current liabilities</b>		<b>2,415</b>	2,580	<b>2,318</b>	2,487
<b>Total liabilities</b>		<b>37,441</b>	49,133	<b>107,461</b>	109,369
<b>Net assets</b>		<b>84,045</b>	97,342	<b>22,611</b>	46,603
<b>Equity</b>					
Share capital	25	3,697	3,697	3,697	3,697
Share premium reserve		3,255	3,255	3,255	3,255
Capital redemption reserve		1,209	1,209	1,209	1,209
Other reserves		2,471	1,845	3,246	2,620
Retained earnings		73,413	87,336	11,204	35,822
<b>Total equity</b>		<b>84,045</b>	97,342	<b>22,611</b>	46,603

The Parent Company reported a profit after tax for the year ended 31 December 2024 of 7,146,000 (2023: £7,595,000).

The financial statements on pages 122 to 127 were approved by the Board of Directors on 10 March 2025 and were signed on its behalf by:

*A. P. D.*

*Andrew Milne*

CHIEF EXECUTIVE OFFICER

Registered number 00238303

# Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024		2023	
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>					
<b>Profit for the financial year</b>			<b>17,838</b>		18,362
Adjustments for:					
Depreciation and amortisation		<b>1,909</b>		2,343	
Loss on sale of property, plant and equipment		<b>52</b>		67	
Interest received	6	<b>(2,480)</b>		(2,095)	
Interest paid	6	<b>117</b>		123	
Taxation expense recognised in the income statement		<b>6,196</b>		5,896	
(Increase)/decrease in inventories		<b>(513)</b>		1,623	
Increase in trade and other receivables		<b>(2,984)</b>		(1,549)	
Charge for share-based payments		<b>272</b>		-	
Increase in trade and other payables		<b>2,549</b>		384	
Change in pension obligations and employee benefits		<b>39</b>		(81)	
Fair value loss/(gain) on derivative financial instruments	19	<b>37</b>		(285)	
			<b>5,194</b>		6,426
<b>Cash generated from operating activities</b>			<b>23,032</b>		24,788
Taxation paid			<b>(6,131)</b>		(4,776)
<b>Net cash generated from operating activities</b>			<b>16,901</b>		20,012
<b>Cash flows from investing activities</b>					
Finance income		<b>2,480</b>		2,095	
Proceeds from sale of property, plant and equipment		<b>18</b>		192	
Acquisition of property, plant and equipment		<b>(851)</b>		(479)	
<b>Net cash from investing activities</b>			<b>1,647</b>		1,808
<b>Cash flows from financing activities</b>					
Payment of lease liabilities	21	<b>(755)</b>		(909)	
Dividends paid	9	<b>(31,153)</b>		(10,177)	
<b>Net cash used in financing activities</b>			<b>(31,908)</b>		(11,086)
<b>Net (decrease)/increase in cash and cash equivalents</b>			<b>(13,360)</b>		10,734
Exchange gain on cash and cash equivalents			<b>3</b>		-
Cash and cash equivalents at 1 January			<b>67,030</b>		56,296
<b>Cash and cash equivalents at 31 December</b>	17		<b>53,673</b>		67,030

## Consolidated Statement of Changes in Equity

Year ended 31 December 2024

Group	Called up share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2023</b>	3,697	3,255	1,209	1,280	79,295	88,736
Dividends	-	-	-	-	(10,177)	(10,177)
Movement in ESOT	-	-	-	(2)	-	(2)
Credit to equity for equity-settled share-based payments	-	-	-	567	-	567
Purchase of own shares	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	565	(10,177)	(9,612)
Profit for the year	-	-	-	-	18,362	18,362
Other comprehensive income	-	-	-	-	(144)	(144)
<b>Total comprehensive income</b>	-	-	-	-	18,218	18,218
<b>At 1 January 2024</b>	<b>3,697</b>	<b>3,255</b>	<b>1,209</b>	<b>1,845</b>	<b>87,336</b>	<b>97,342</b>
Dividends	-	-	-	-	(31,153)	(31,153)
Movement in ESOT	-	-	-	23	-	23
Share option exercise	-	-	-	-	(272)	(272)
Credit to equity for equity-settled share-based payments	-	-	-	603	-	603
<b>Total transactions with owners</b>	-	-	-	626	(31,425)	(30,799)
Profit for the year	-	-	-	-	17,838	17,838
Other comprehensive expense	-	-	-	-	(339)	(339)
Currency translation	-	-	-	-	3	3
<b>Total comprehensive income</b>	-	-	-	-	17,502	17,502
<b>At 31 December 2024</b>	<b>3,697</b>	<b>3,255</b>	<b>1,209</b>	<b>2,471</b>	<b>73,413</b>	<b>84,045</b>

Parent	Called up share capital £'000	Share premium reserve £'000	Capital redemption reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
<b>At 1 January 2023</b>	3,697	3,255	1,209	2,055	38,548	48,764
Dividends	-	-	-	-	(10,177)	(10,177)
Movement in ESOT	-	-	-	(2)	-	(2)
Credit to equity for equity-settled share-based payments	-	-	-	567	-	567
Purchase of own shares	-	-	-	-	-	-
<b>Total transactions with owners</b>	-	-	-	565	(10,177)	(9,612)
Profit for the year	-	-	-	-	7,595	7,595
Other comprehensive expense	-	-	-	-	(144)	(144)
<b>Total comprehensive income</b>	-	-	-	-	7,451	7,451
<b>At 1 January 2024</b>	<b>3,697</b>	<b>3,255</b>	<b>1,209</b>	<b>2,620</b>	<b>35,822</b>	<b>46,603</b>
Dividends	-	-	-	-	(31,153)	(31,153)
Movement in ESOT	-	-	-	23	-	23
Share option exercise	-	-	-	-	(272)	(272)
Credit to equity for equity-settled share-based payments	-	-	-	603	-	603
<b>Total transactions with owners</b>	-	-	-	626	(31,425)	(30,799)
Profit for the year	-	-	-	-	7,146	7,146
Other comprehensive expense	-	-	-	-	(339)	(339)
<b>Total comprehensive income</b>	-	-	-	-	6,807	6,807
<b>At 31 December 2024</b>	<b>3,697</b>	<b>3,255</b>	<b>1,209</b>	<b>3,246</b>	<b>11,204</b>	<b>22,611</b>

# Notes to the Financial Statements

Year ended 31 December 2024

## 1. REPORTING ENTITY

Nichols plc (the 'Company') is a company incorporated and domiciled in the United Kingdom, listed on the Alternative Investment Market. The address of the Company's registered office is Laurel House, Woodlands Park, Ashton Road, Newton-le-Willows, WA12 0HH. The consolidated financial statements of the Company as at and for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as 'the Group'). The Group is primarily engaged in the supply of soft drinks to the retail, wholesale, catering, licensed and leisure industries.

## 2. ACCOUNTING POLICIES

### 2.1 Basis of preparation

The Group's Consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and the requirements of the Companies Act 2006. The Parent Company's financial statements have been prepared in accordance with UK Generally Accepted Accounting Standards (FRS 101) and the requirements of the Companies Act 2006.

In accordance with FRS 101 Reduced Disclosure Framework, the Company has taken advantage of certain disclosure exemptions conferred by FRS 101 Reduced Disclosure Framework. Therefore, these financial statements do not include a statement of Parent Company cash flows. The company has taken advantage of the exemption allowed under s408 of the Companies Act 2006 and has not presented its own profit and loss account.

The accounting policies have been applied consistently by the Group, with those adopted in the previous year.

### 2.2 Going concern

In assessing the appropriateness of adopting the going concern basis in preparing the Annual Report and Accounts, the Directors have considered the current financial position of the Group, its principal risks and uncertainties. The review performed considers severe but plausible downside scenarios that could reasonably arise within the period.

Our modelling has sensitised the impacts of Russia's invasion of Ukraine and the conflict within Yemen, in particular their impact on global supply chains and macroeconomic inflationary factors. Alternative scenarios, including the potential impact of key principal risks from a financial and operational perspective, have been modelled with the resulting implications considered. In all cases, the business model remained robust. The Group's diversified business model and strong balance sheet provide resilience against these factors and the other principal risks that the Group is exposed to. At 31 December 2024, the Group had net cash and cash equivalents of £53.7m. Included within this is an overdraft within the RBS netting facility of £1.5m. There are no other external borrowings.

On the basis of these reviews, the Directors consider the Group has adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of the Annual Report and Accounts) and, accordingly, consider it appropriate to adopt the going concern basis in preparing the financial statements.

### 2.3 Use of adjusted measures

The performance of the Group is assessed using adjusted measures that are not defined under IFRS and are therefore deemed non-GAAP measures. These measures include adjusted operating profit and adjusted profit before tax, which both remove the impact of exceptional items (note 4). The Group also reports EBITDA which measures underlying performance having removed the impact of interest, taxation, depreciation and amortisation from profit after tax. The Group also calculates an adjusted earnings per share, based on the adjusted profit after tax which again removes the impact of exceptional items.

These adjusted measures are used to allow a better understanding of the underlying trading performance of the Group after taking account of items that, due to their nature and size, do not reflect the Group's underlying performance. The measures are not comparable to similar measures used by other companies.

## 2.4 Use of estimates and judgements

The preparation of financial statements requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Due to the nature of estimation, the actual outcomes may differ from these estimates.

The following paragraphs detail the key estimates and judgements that the Group believes have the most significant effect on the carrying amounts of assets and liabilities at the reporting date and within the next financial year.

### Intangible assets with indefinite lives

In the opinion of the Directors, the industry in which the Group operates is stable and there are relatively high barriers to entry. The brands acquired are well established in their respective sales channels and both have an important role to play in all of the Group's routes to market.

The Directors have therefore made a judgement that certain intangible assets relating to brands have indefinite lives. It is expected that these brands will be held and supported for an indefinite period of time and are expected to generate economic benefits. The Group is committed to supporting its brands and invests in significant consumer marketing promotional spend. Should management have judged the intangible assets not to be of indefinite lives, an amortisation charge would be made to the Consolidated Income Statement on an annual basis.

### Impairment of intangible assets with indefinite lives

Customer list intangible assets have finite lives assigned. Such assets are tested for impairment if an impairment indicator exists. In 2022, based on the annual impairment review, it was concluded that the carrying value of the assets were not supported by the value in use calculated. As a result of this analysis, management recognised an impairment charge of £8.7m in 2022, £4.8m in relation to the intangible assets and £3.9m relating to a proportion of the fixed assets. The impairment charge was recognised as an exceptional item.

The Directors perform value in use assessments of the intangible assets with indefinite lives at each reporting date and consider whether there have been any indications of impairment or whether existing impairments should be reversed if the value in use exceeds that which had been assessed in a previous period. Should management have judged the value in use on previously impaired assets to have exceeded their carrying value, then an impairment reversal would be recognised with the impairment reversal gain being recognised in the Consolidated Income Statement.

### Carrying value of brand support accruals

The Group incurs significant costs in the support and development of the Group's brands. The majority of costs incurred on these arrangements have been settled at 31 December 2024, however certain judgement is required in determining the level of closing accrual required at a year end for promotions and brand support campaigns that either span two financial years or where the costs have not been fully settled by the year-end date.

In order to comply with the Groceries Supply Code of Practice (GSCOP) and the Forensic Auditing: Retailer Voluntary Commitment (FARVC), brand support accruals for designated retailers are held for up to three years, being the necessary two years plus an additional year to allow for any differing accounting periods of the designated retailers.

Promotions and brand support campaigns comprise:

#### Long-term discounts and rebates

- Fixed, a defined amount over a period of time
- % of net revenue, a percentage of net revenue, which may have associated hurdle rates

#### Short-term promotional discounts

Promotional discounts consist of many individual rebates across numerous customers and represent the cost to the Group of short-term deal mechanics. The common deals typically include price reductions for specific SKUs during a promotional period.

To provide an amount for these brand support accruals at the end of a period requires a degree of estimation supported by historical data and experience. The accruals are calculated using the expected value approach, however, in most instances, the discounts can be estimated using known facts with a high level of accuracy.

# Notes to the Financial Statements continued

Year ended 31 December 2024

## 2. ACCOUNTING POLICIES continued

### 2.4 Use of estimates and judgements

continued

#### Defined benefit obligations

Accounting for retirement benefit schemes under IAS 19 requires an assessment of future benefits payable in accordance with actuarial assumptions. The assumptions include discount rate, inflation, pension and salary increases, expected return on scheme assets, mortality and other demographic assumptions (see note 23) which represent a key source of estimation uncertainty for the Group.

#### Historic incentive scheme

The liability and corresponding asset disclosed within note 18 and note 16 have been calculated based on specialist tax and legal advice and represent a reasonable estimate of the final outcome, including the Group's additional tax liability, interest costs and amounts expected to be recovered.

#### Bad debt provision

The Group has traded with Yemen and certain African markets for many years but following increased uncertainty in the business climate of these markets, and delays in payment of outstanding debt, the Group continues to hold bad debt provisions at the year end. The level of provision in each case involves estimation and reflects management's judgement over the recoverability of each debt.

### 2.5 Basis of consolidation and goodwill

The Group financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 31 December 2024.

Subsidiaries are entities controlled by the Group. Control exists if all three of the following elements are present: power over the investee; exposure to variable returns from the investee; and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-Group balances and any unrealised gains and losses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

Acquisitions of subsidiaries are dealt with by the acquisition method. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group's accounting policies.

### 2.6 Revenue recognition

Revenue is recognised when control of the goods have been transferred to the buyer. Payment terms vary by customer but never exceed 12 months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Transfer of control varies depending on the individual term of the contract of sale. For sales in the UK, transfer of control occurs when the product is delivered to the customer. However, for some international shipments, transfer of control occurs either upon loading the goods onto the relevant carrier or when the goods have arrived in the overseas port. The point of transfer for international shipments is dictated by the terms of each sale.

Revenue from the sale of goods is based on the price specified in the contract, being the invoice price less any agreed discounts or rebates and excluding VAT and after the deduction of certain promotional and brand support costs expected from customers.

With regard to discounts, rebates, promotional costs and brand support costs, consideration is given as to whether a distinct good or service has been received from the goods sold to the customer. Where the payments do not result in the receipt of a distinct good or service, they are treated as a deduction from revenue. However when they do, they are recorded as an expense and recognised in administrative expenses.

Discounts fall into three main categories:

- Fixed – a defined amount over a period of time
- Pence per case – a pence per case rebate, based upon volumes sold
- Percentage of net revenue – a percentage of net revenue, which may have associated hurdle rates

Where the consideration of the Group is entitled varies because of a rebate or discount to a customer, the amount payable is deemed to be variable consideration. The rebate or discounts are calculated based on the expected amounts necessary to meet the claims of the Group's customers using the expected value method. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The statement of financial position includes accruals for claims yet to be received for discounts, rebates and promotional costs. Accruals are made for each individual promotion or rebate based on the specific terms and conditions of the customer agreement. Management makes estimates on an ongoing basis, to assess customer performance and sales volume, to calculate total amounts earned to be recorded as deductions from revenue. In most instances, the discount can be estimated using known facts with a high level of accuracy.

## 2.7 Segmental reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. Management identify its Packaged and Out of Home businesses and its Central division as distinct segments where operating results are reviewed regularly by the Board (as chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment reporting for the Group is made to the adjusted operating profit level for the operating segments but no segment reporting is made for further expenditure or for the assets and liabilities of the Group. The assets and liabilities of the Group are reported as Group totals and no reporting of these balances is recorded at a segment level. As a result, all of the Group's assets and liabilities are unallocated items and no reconciliation of segment assets to the Group's total assets is prepared.

## 2.8 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at exchange rates at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the consolidated income statement in the period in which they arise.

## 2.9 Exceptional items

The Group has adopted an accounting policy that seeks to highlight significant exceptional items of income and expense within Group results for the year. Exceptional items are those considered to be one-off items that are of such significance, by either nature or scale, that separate disclosure is required in the financial statements in order to provide a better understanding of the Group's trading performance.

## 2.10 Taxation

Income tax expense comprises consolidated current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income/(expense), in which case it is recognised in consolidated other comprehensive income/(expense).

### Current tax

Current tax is the expected tax payable on the taxable income for the year, using rates which are enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

# Notes to the Financial Statements continued

Year ended 31 December 2024

## 2. ACCOUNTING POLICIES continued

### 2.10 Taxation continued

#### Deferred tax

Deferred tax is recognised using the balance sheet liability method, with no discounting, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, provided they are enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

### 2.11 Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands acquired separately through a business combination are assessed at the date of acquisition as to whether they have an indefinite life. The assessment includes whether the brand name will continue to trade and the expected lifetime of the brand. All brands acquired to date have been assessed as having an indefinite life as they are expected to continue to contribute to the long-term future of the Group. The brands are reviewed annually for impairment, being carried at cost less accumulated impairment charges. The fair value of a brand at the date of acquisition is based on the Relief from Royalties method, which is a valuation model based on discounted cash flows.

### 2.12 Customer lists

Customer lists acquired in a business combination are recognised at fair value at the acquisition date. They are amortised over the useful economic life identified at the date of acquisition with amortisation charges included within administrative expenses.

Customer lists are amortised between 7-15 years.

### 2.13 Reserves

Share capital represents the nominal value of equity shares.

Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares.

Capital redemption reserve represents the reserve created upon redemption of shares.

Other reserves incorporate purchase of own shares, movements in the Group's ESOT and equity-settled share-based payments in respect of long-term incentive plans.

Retained earnings represents retained earnings.

### 2.14 Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. In respect of interim dividends these are recognised once paid.

### 2.15 Impairment

The carrying values of the Group's non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment. All property, plant and equipment is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets which have indefinite useful lives, including the Group's acquired brands, are subject to annual impairment testing or more frequent testing if there are indicators of impairment or if there is an indication that the value in use exceeds their carrying value if they have been previously impaired.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit (CGU) level.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions 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 the cost of capital that reflects the current market assessments of the time value of money and the risks specific to the CGU. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Impairment losses are recognised in the income statement.

## 2.16 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis to write down the cost less estimated residual value on property, plant and equipment over their estimated useful lives.

The estimated useful lives for the current and comparative periods are as follows:

Plant, machinery, fixtures and fittings	3-10 years
Buildings	50 years

Material residual value estimates and useful economic lives are updated at least annually.

## 2.17 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

## 2.18 Financial assets

The Group's financial assets comprise primarily cash, bank deposits and trade receivables that arise from its business operations. Financial assets are a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

Trade receivables are measured at amortised cost using the effective interest method, less any expected credit losses using the simplified approach contained within IFRS 9. Estimated irrecoverable amounts are based on historical experience and forward-looking information, together with specific amounts that are not expected to be recovered. Individual amounts are written off when management deems them to be irrecoverable. The amount of expected credit losses are updated at each reporting date.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Amounts owed by Group undertakings are stated after any provision for expected credit loss in line with the three stage model in IFRS 9.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise deposits with banks, bank and cash balances and an overdraft within the RBS netting facility.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

This Group holds derivative financial instruments in relation to foreign currency forward contracts. They are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

# Notes to the Financial Statements continued

Year ended 31 December 2024

## 2. ACCOUNTING POLICIES continued

### 2.19 Financial liabilities

The Group's financial liabilities comprise trade and other payables and IFRS 16 lease liabilities. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments. Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

### 2.20 Leased assets

Leases are accounted for under IFRS 16 Leases by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets
- Leases with a duration of 12 months or less

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

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

The Group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Group will consider whether the absence of a break clause exposes the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term
- The economic stability of the environment in which the property is located
- Whether the location represents a new area of operations for the Group

At 31 December 2024, the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the Group would not exercise its right to exercise any right to break the lease.

Total lease payments of £454,000 (2023: £459,000) are potentially avoidable were the Group to exercise break clauses at the earliest opportunity.

## 2.21 Post-employment benefit plans

The Group provides post-employment benefits through defined contribution and defined benefit plans.

### Defined contribution plan

The Group pays fixed contributions into independent entities in relation to plans and insurances for individual employees. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

### Defined benefit plan

Under the Group's defined benefit plan, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The asset recognised in the statement of financial position for defined benefit plans is the fair value of plan assets at the reporting date less the present value of the defined benefit obligation (DBO).

Management estimates the DBO annually with the assistance of independent actuaries. This is based on the standard rates of inflation, salary growth and mortality. Discount factors are determined close to each year end by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability. Service cost on the net defined benefit liability is included in employee benefits expense. Net interest income on the net defined benefit surplus is included in finance income. Remeasurement of the DBO, comprising actuarial gains and losses and the return on scheme assets (excluding interest), are recognised in the statement of other comprehensive income in the year in which they arise.

## 2.22 Share-based payment transactions

The Group operates two equity-settled share-based payment schemes: a Save As You Earn (SAYE) scheme open to all employees and a Hybrid Incentive Plan for certain Directors and senior executives. All schemes comprise the grant of options under the Group's share option schemes.

The Group recognises an expense to the income statement representing the fair value of outstanding equity-settled share-based payment awards to employees which have not vested as at 31 December 2024.

Those fair values are charged to the income statement over the relevant vesting period adjusted to reflect actual and expected vesting levels. The Group calculates the fair market value of the options as being based on the market value of a company's shares at the date of grant adjusted to reflect the fact that an employee is not entitled to receive dividends over the relevant holding period.

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 2. ACCOUNTING POLICIES continued

#### 2.22 Share-based payment transactions continued

The total amount to be expensed over the vesting period is determined with reference to the fair value of options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in the assumptions about the number of options expected to vest. At each reporting date the Group revises its estimate of the number of options expected to vest.

It recognises the impact of revisions to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received, net of any directly attributable transactions costs, are managed by the ESOT, therefore there is no impact on share capital and share premium when the options are exercised.

Further disclosures in relation to the schemes above are provided in note 26.

#### 2.23 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### 2.24 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise of interest expenses on leases and defined benefit pension obligations. Interest expenses are recognised as they accrue, using the effective interest method.

#### 2.25 Employee Share Ownership Trust

The assets and liabilities of the Employee Share Ownership Trust (ESOT) have been included in the consolidated financial statements.

The costs of purchasing own shares held by the ESOT are shown as a deduction against equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the consolidated income statement.

As at 31 December 2024, the ESOT holds 7,873 shares in the Company (2023: 6,145 shares).

#### 2.26 Investments in subsidiaries

Investments in subsidiaries are shown in the Parent Company statement of financial position at cost less any provision for impairment.

#### 2.27 Standards and interpretations in issue not yet adopted

There are a number of standards, amendments to standards and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2025:

- Amendments to IAS 21 – Lack of Exchangeability

The following amendments are effective for the period beginning 1 January 2026:

- Amendments to the classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

The following amendments are effective for the period beginning 1 January 2027:

- IFRS 18 – Presentation and Disclosure in Financial Statements
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures

The Directors are currently considering the potential impact of adoption of these standards and interpretations in future periods on the consolidated financial statements of the Group.

The Group does not expect any other standards issued, but not yet effective, to have a material impact on the Group.

### 3. SEGMENTAL INFORMATION

#### a. Key operating segments

The Board, as the entity's chief operating decision maker, analyses the Group's internal reports to enable an assessment of performance and allocation of resources. The operating segments are based on these reports.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment performance is evaluated based on adjusted operating profit (excluding exceptional items), finance income and exceptional items. This is the measure reported to the Board for the purpose of resource allocation and assessment of segment performance.

Year ended 31 December 2024	Revenue £'000	Adjusted operating profit £'000	Net finance income £'000	Adjusted profit before taxation £'000	Exceptional items £'000	Profit before taxation £'000
<b>Packaged</b>						
UK	89,222					
Middle East	14,213					
Africa	20,793					
Rest of World	8,593					
<b>Total Packaged</b>	<b>132,821</b>	<b>40,626</b>				
Out of Home	39,988	6,835				
<b>Total segments</b>	<b>172,809</b>	<b>47,461</b>				
Central <sup>1</sup>	-	(18,600)				
<b>Total Group</b>	<b>172,809</b>	<b>28,861</b>	<b>2,543</b>	<b>31,404</b>	<b>(7,370)</b>	<b>24,034</b>

Year ended 31 December 2023	Revenue £'000	Adjusted operating profit £'000	Net finance income £'000	Adjusted profit before taxation £'000	Exceptional items £'000	Profit before taxation £'000
<b>Packaged</b>						
UK	83,914					
Middle East	12,963					
Africa	22,184					
Rest of World	8,122					
<b>Total Packaged</b>	<b>127,183</b>	<b>36,317</b>				
Out of Home	43,558	5,063				
<b>Total segments</b>	<b>170,741</b>	<b>41,380</b>				
Central <sup>1</sup>	-	(16,187)				
<b>Total Group</b>	<b>170,741</b>	<b>25,193</b>	<b>1,972</b>	<b>27,165</b>	<b>(2,907)</b>	<b>24,258</b>

1. Central includes the Group's central and corporate costs, which relate to salaries and head office overheads such as rent and rates, insurance and IT maintenance as well as the costs associated with the Board and Executive Leadership Team, governance and listed Company costs.

There are no sales between the two operating segments and all revenue is earned from external customers.

# Notes to the Financial Statements continued

Year ended 31 December 2024

## 3. SEGMENTAL INFORMATION continued

### a. Key operating segments continued

The gross profit of the operating segments is reconciled to profit before taxation as per the consolidated income statement.

The Group's overheads are managed centrally by the Board and consequently there is no reconciliation to profit before tax at a segmental level.

The Group's assets are managed centrally by the Board and consequently there is no reconciliation between the Group's assets per the consolidated statement of financial position and the segment assets.

	2024 £'000	2023 £'000
Capital expenditure	851	479
IFRS 16 lease additions	334	790
Depreciation	1,828	2,273
Amortisation	81	70

### b. Reporting by geographic area

#### Revenue by geographic destination

	2024 £'000	2024 %	2023 £'000	2023 %
Middle East	14,213	8	12,963	8
Africa	20,793	12	22,184	13
Rest of the World	8,950	5	8,518	5
<b>Total exports</b>	<b>43,956</b>	<b>25</b>	43,665	26
United Kingdom	128,853	75	127,076	74
	<b>172,809</b>	<b>100</b>	170,741	100

Revenue from continuing operations arose principally from the provision of goods.

The Group's business segments operate in the Middle East, Africa, the Rest of the World and the United Kingdom. The Group's Head Office operations are located in the United Kingdom.

In presenting information on the basis of geographical areas, area revenue is based on the geographical location of customers and not on the legal entity in which the transaction occurred.

No individual customer accounts for 10% or more of the Group's revenue in either 2024 or 2023.

#### Total assets

The assets of the Group at 31 December 2024 and 31 December 2023 are located within the United Kingdom and Europe.

#### Capital expenditure

The capital expenditure of the Group for the years ended 31 December 2024 and 31 December 2023 was made within the United Kingdom and Europe.

#### IFRS 16 lease additions

The IFRS 16 lease additions of the Group for the years ended 31 December 2024 and 31 December 2023 were made within the United Kingdom and Europe.

#### Depreciation

The Group's depreciation charges for the years ended 31 December 2024 and 31 December 2023 are against property, plant and equipment retained within the United Kingdom and Europe.

#### Amortisation

The Group's amortisation charges for the years ended 31 December 2024 and 31 December 2023 are against intangible assets retained within the United Kingdom and Europe.

#### 4. EXCEPTIONAL ITEMS

By virtue of their nature and size, there are a number of items which have been reported as exceptional items within administrative expenses. These items are as follows:

	<b>2024</b>	2023
	<b>£'000</b>	£'000
Business change programme and systems development	<b>7,603</b>	1,722
Out of Home strategic review and restructuring	<b>(34)</b>	1,784
Historic incentive scheme	<b>(199)</b>	(599)
	<b>7,370</b>	2,907

##### 2024 Exceptional items

The Group incurred £7.4m of exceptional costs during the year (2023: £2.9m).

##### Business change programme and systems development

The Group commenced a project in 2022 to identify the potential benefits from replacing current operational and IT processes and systems, which were reaching the end of their planned life, with a cloud-based integrated Enterprise Resource Planning (ERP) solution. During 2024 this project continued to progress well, as we completed the design, build and testing of the systems and processes. Costs of £7.6m (2023: £1.7m) have been incurred in completing this work with some final costs to be incurred in early 2025 ahead of the planned 'go-live' in March 2025. Due to the nature of these charges, the Group is treating the costs as exceptional.

##### Historic incentive scheme

During 2022 the Group finalised the treatment of a historic incentive scheme with HM Revenue and Customs and agreed to pay a sum in settlement of additional tax and interest liabilities. The Group also commenced the process of the recovery of debts from current and former employees who had indemnified the Company. A reserve was put in place to provide against the potential irrecoverability of some of these debts. Given the progress made in the collection of outstanding amounts, this provision has been reduced during 2024, giving a net exceptional credit of £0.2m (2023: £0.6m credit).

##### Out of Home strategic review and restructuring

In 2022 the Group completed a strategic review into its OoH business following a number of changes to the market it serves. This review included an assessment of customer and product profitability and the identification of opportunities to raise operating margins. As the changes arising from this review have been finalised during 2024, a net credit of under £0.1m has been realised. This restructuring was one-off in nature and has been treated as exceptional. The review is now fully concluded.

*Due to the one-off nature of these charges, the Board is treating these items as exceptional costs and their impact has been removed in all adjusted measures throughout this report.*

##### 2023 Exceptional items

In the previous period, the Group incurred £2.9m of exceptional costs, largely relating to the Group's business change programme (£1.7m) and systems development and its Out of Home strategic review and restructuring (£1.8m). A net credit in relation to the Group's historic incentive scheme was recognised, totalling £0.6m.

**Notes to the Financial Statements** continued  
Year ended 31 December 2024

**5. OPERATING PROFIT**

	Notes	2024 £'000	2023 £'000
Operating profit is stated after charging/(crediting):			
Inventory amounts charged to cost of sales		<b>93,855</b>	98,565
BDO LLP remuneration:			
Audit services of the Group's annual accounts		<b>200</b>	190
Depreciation of property, plant and equipment		<b>1,828</b>	2,273
Amortisation of intangible assets		<b>81</b>	70
Short-term lease rental payments		<b>320</b>	416
Charge for equity-settled share-based payments		<b>603</b>	567
Loss on foreign exchange differences		<b>7</b>	303
Fair value loss/(gain) on derivative financial instruments	19	<b>37</b>	(285)
Loss on sale of property, plant and equipment		<b>52</b>	67
Bad debt and expected credit loss provision charge	16	<b>549</b>	1,508
Insurance proceeds		<b>(700)</b>	-

Short-term lease rental payments have not been included in the measurement of lease liabilities under IFRS 16 and have been included within administrative expenses.

**6. FINANCE INCOME AND EXPENSE**

	Notes	2024 £'000	2023 £'000
Finance income comprises:			
Bank interest receivable		<b>2,480</b>	1,901
Net interest income on defined benefit pension scheme surplus	23	<b>180</b>	194
Finance income		<b>2,660</b>	2,095
Finance expense comprises:			
IFRS 16 lease interest charge	21	<b>(117)</b>	(123)
Finance expense		<b>(117)</b>	(123)

**7. DIRECTORS AND EMPLOYEES**

**a. Average monthly number of persons employed during the year, including Directors:**

	2024 Number	2023 Number
Group	<b>297</b>	307
Parent Company	<b>256</b>	264

**b. Group employment costs were as follows:**

	2024 £'000	2023 £'000
Wages and salaries	17,228	14,968
Social security costs	1,813	1,634
Pension costs – defined contribution scheme	1,020	780
Pension costs – defined benefit scheme (see note 24)	63	135
Equity-settled share-based payments credit	603	567
	<b>20,727</b>	<b>18,084</b>

**c. Parent Company employment costs were as follows:**

	2024 £'000	2023 £'000
Wages and salaries	15,964	14,077
Social security costs	1,696	1,094
Pension costs – defined contribution scheme	931	691
Pension costs – defined benefit scheme (see note 24)	63	135
Equity-settled share-based payments charge	603	567
	<b>19,257</b>	<b>16,564</b>

A charge of £603,000 (2023: £599,000) was recognised during the year in relation to benefits accruing under the Group's Save As You Earn schemes, Hybrid Incentive Plan and Executive share award scheme.

**Group and Parent Company key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the Directors of the Company listed on pages 78 to 81.

	2024 £'000	2023 £'000
Wages and salaries	1,734	1,960
Gain on exercise of share options	382	-
Social security costs	273	240
Pension costs – defined contribution scheme	62	50
	<b>2,451</b>	<b>2,250</b>

The highest paid Director has received £1,391,000 (2023: £1,324,000) excluding pension contributions.

Benefits are accruing to two Directors (2023: three Directors) under a defined contribution scheme; the highest paid Director has received contributions of £39,000 in the year (2022: £34,000).

Aggregate amounts for loss of office totalled £nil (2023: £235,000).

There is a share-based payment charge of £nil in the year in relation to executive matching share awards made to 1 current Director (2023: £64,000 made to 1 current Director and 1 former Director). The Group no longer operates an executive matching share award for its Executive Directors.

Further information regarding Directors' remuneration and the Hybrid Incentive Plan is provided in the Remuneration Committee Report on pages 102 to 104.

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 8. TAXATION

#### a. Analysis of expense recognised in the consolidated income statement

	2024 £'000	2023 £'000
Current taxation:		
UK corporation tax on income for the year	6,120	5,699
Adjustments in respect of prior years	(47)	104
<b>Total current tax charge for the year</b>	<b>6,073</b>	<b>5,803</b>
Deferred tax:		
Origination and reversal of temporary differences	103	99
Adjustments in respect of prior years	20	(6)
<b>Total deferred tax charge for the year</b>	<b>123</b>	<b>93</b>
<b>Total tax expense in the consolidated income statement</b>	<b>6,196</b>	<b>5,896</b>

The tax expense is wholly in respect of UK taxation.

#### b. Tax reconciliation

	2024 £'000	2023 £'000
Profit before taxation	24,034	24,258
Profit before taxation multiplied by the standard rate of corporation tax in the United Kingdom of 25.00% (2023: 23.52%)	6,005	5,705
Effect of:		
Non-deductible expenses	150	32
Other tax adjustments, reliefs and transfers	-	(29)
Other timing differences	68	84
Adjustments to the tax charge in respect of prior years	(27)	98
Impact on deferred tax due to rate change	-	6
<b>Total tax expense in the consolidated income statement</b>	<b>6,196</b>	<b>5,896</b>

#### c. The effective rate of tax

The effective rate of tax on adjusted profit before tax is 25.6% (2023: 24.2%) which is higher than the standard rate of corporation tax in the United Kingdom (25.00%). The effective rate of tax on profit before tax is 25.8% (2023: 24.3%) which is higher than this rate.

Deferred tax balances as at 31 December 2024 have been recognised at the prevailing UK corporation tax rate of 25% (2023: 25%).

#### d. Tax on items recognised in other comprehensive income/(expense)

In addition to the amount charged to the consolidated income statement, a credit of £95,000 (2023: £48,000 credit) has been recognised in other comprehensive income/(expense), being the movement on deferred taxation relating to retirement benefit obligations and equity-settled share-based payments.

## 9. EQUITY DIVIDENDS

	2024 £'000	2023 £'000
Final dividend for 2023 15.6p (2023: 15.3p) paid 2 May 2024	5,693	5,580
Interim dividend 14.9p (2023: 12.6p) paid 6 September 2024	5,460	4,597
Special dividend 54.8p paid 6 September 2024	20,000	-
	<b>31,153</b>	10,177

The interim dividend for the prior year of £4,597,000 was paid on 8 September 2023.

The 2024 final proposed dividend of 17.1p per share has not been accrued as it had not been approved by the year end.

## 10. EARNINGS PER SHARE

	2024	2023
Earnings per share (basic)	<b>48.84p</b>	50.34p
Earnings per share (diluted)	<b>48.81p</b>	50.32p
Adjusted earnings per share (basic) – before exceptional items	<b>64.02p</b>	56.41p
Adjusted earnings per share (diluted) – before exceptional items	<b>63.98p</b>	56.39p

Basic earnings per share is calculated by dividing the Group's profit after tax for the year by the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares is calculated by adjusting the shares in issue at the beginning of the period by the number of shares bought back or issued during the period multiplied by a time-weighting factor. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue assuming the conversion of all potentially dilutive ordinary shares.

	2024			2023		
	Earnings £'000	Weighted average number of shares	Earnings per share	Earnings £'000	Weighted average number of shares	Earnings per share
Basic earnings per share	17,838	36,520,834	48.84p	18,362	36,477,926	50.34p
Dilutive effect of share options		21,719			14,995	
Diluted earnings per share	17,838	36,542,553	48.81p	18,362	36,492,921	50.32p

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 10. EARNINGS PER SHARE continued

Adjusted earnings per share before exceptional items has been presented in addition to the earnings per share as defined in IAS 33 Earnings per Share since, in the opinion of the Directors, this provides shareholders with a more meaningful representation of the earnings derived from the Group's operations. It can be reconciled from the basic earnings per share as follows:

	2024			2023		
	Earnings £'000	Weighted average number of shares	Earnings per share	Earnings £'000	Weighted average number of shares	Earnings per share
Basic earnings per share	17,838	36,520,834	48.84p	18,362	36,477,926	50.34p
Exceptional items after taxation	5,542			2,217		
Adjusted earnings per share (basic) – before exceptional items	23,380	36,520,834	64.02p	20,579	36,477,926	56.41p
Dilutive effect of share options		21,719			14,995	
Adjusted earnings per share (diluted) – before exceptional items	23,380	36,542,553	63.98p	20,579	36,492,921	56.39p

### 11. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings £'000	Plant, machinery fixtures and fittings £'000	Right-of-use assets; motor vehicles (note 22) £'000	Right-of-use assets; property (note 22) £'000	Total £'000
<b>Cost</b>					
At 1 January 2023	3,444	25,421	3,119	3,327	35,311
Additions	-	479	337	453	1,269
Disposals	-	(4,629)	-	(39)	(4,668)
Transfers out	-	(238)	-	-	(238)
<b>At 1 January 2024</b>	<b>3,444</b>	<b>21,033</b>	<b>3,456</b>	<b>3,741</b>	<b>31,674</b>
Additions	-	851	162	172	1,185
Disposals	-	(1,939)	(2,978)	(780)	(5,697)
<b>At 31 December 2024</b>	<b>3,444</b>	<b>19,945</b>	<b>640</b>	<b>3,133</b>	<b>27,162</b>
<b>Depreciation</b>					
At 1 January 2023	592	19,603	2,643	1,515	24,353
Charge for the year	69	1,378	358	468	2,273
On disposals	-	(4,388)	-	(21)	(4,409)
<b>At 1 January 2024</b>	<b>661</b>	<b>16,593</b>	<b>3,001</b>	<b>1,962</b>	<b>22,217</b>
Charge for the year	69	1,087	233	438	1,828
On disposals	-	(1,868)	(2,978)	(780)	(5,626)
<b>At 31 December 2024</b>	<b>730</b>	<b>15,812</b>	<b>256</b>	<b>1,620</b>	<b>18,419</b>
<b>Net book value at 31 December 2024</b>	<b>2,714</b>	<b>4,133</b>	<b>384</b>	<b>1,512</b>	<b>8,743</b>
Net book value at 31 December 2023	2,783	4,440	455	1,779	9,457

Parent	Land and buildings £'000	Plant, machinery fixtures and fittings £'000	Right-of-use assets; motor vehicles (note 21) £'000	Right-of-use assets; property (note 21) £'000	Total £'000
<b>Cost</b>					
At 1 January 2023	3,444	5,831	3,119	2,379	14,773
Additions	-	151	337	453	941
Disposals	-	(46)	-	(39)	(85)
Transfers out	-	(238)	-	-	(238)
<b>At 1 January 2024</b>	<b>3,444</b>	<b>5,698</b>	<b>3,456</b>	<b>2,793</b>	<b>15,391</b>
Additions	-	64	162	95	321
Disposals	-	-	(2,978)	(781)	(3,759)
<b>At 31 December 2024</b>	<b>3,444</b>	<b>5,761</b>	<b>641</b>	<b>2,107</b>	<b>11,954</b>
<b>Depreciation</b>					
At 1 January 2023	592	4,689	2,643	1,094	9,018
Charge for the year	69	369	358	361	1,157
On disposals	-	-	-	(21)	(21)
<b>At 1 January 2024</b>	<b>661</b>	<b>5,058</b>	<b>3,001</b>	<b>1,434</b>	<b>10,154</b>
Charge for the year	69	187	234	316	807
On disposals	-	-	(2,978)	(781)	(3,759)
<b>At 31 December 2024</b>	<b>730</b>	<b>5,245</b>	<b>257</b>	<b>968</b>	<b>7,200</b>
<b>Net book value at 31 December 2024</b>	<b>2,714</b>	<b>516</b>	<b>384</b>	<b>1,139</b>	<b>4,754</b>
Net book value at 31 December 2023	2,783	640	455	1,359	5,237

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 12. INVESTMENTS: SHARES IN GROUP UNDERTAKINGS

Parent	£'000
<b>Cost and net book amount</b>	
<b>At 1 January 2023, 1 January 2024 and 31 December 2024</b>	<b>16,566</b>

All non-current investments relate to Group undertakings. Listed below are the trading subsidiaries and the ownership of their ordinary share capital by the Group.

	%
Ben Shaws Dispense Drinks Limited <sup>1</sup>	100
Dayla Liquid Packing Limited <sup>1</sup>	100
Vimto (Out of Home) Limited <sup>1</sup>	100
Adrian Mecklenburgh Limited <sup>2</sup>	100
Beacon Drinks Limited <sup>2</sup>	100
Cabana Soft Drinks Limited <sup>2</sup>	100
DJ Drink Solutions Limited <sup>2</sup>	100
Festival Drinks Limited <sup>2</sup>	100
Nichols Dispense (S.W.) Limited <sup>2</sup>	100
The Noisy Drinks Co. Limited <sup>2</sup>	100
Dispense Solutions (Wales) Limited <sup>3</sup>	100
The Noisy Drink Company North West Limited <sup>4</sup>	100
Nichols Senegal SUARL <sup>5</sup>	100

1. The Company directly owns Ben Shaws Dispense Drinks Limited, Dayla Liquid Packing Limited and Vimto (Out of Home) Limited.

2. Directly owned by Vimto (Out of Home) Limited.

3. Dispense Solutions (Wales) Limited is directly owned by Nichols Dispense (S.W.) Limited.

4. The shareholding in The Noisy Drink Company North West Limited is directly owned by Vimto (Out of Home) Limited.

5. The shareholding in Nichols Senegal SUARL is directly owned by Nichols International (Holdco) Limited.

All Group undertakings are consolidated.

The above companies, excluding Nichols Senegal SUARL, and the Parent Company, were all incorporated and operate in the United Kingdom. Particulars of UK non-trading companies are filed with the annual confirmation statement.

All companies, excluding Nichols Senegal SUARL, are engaged in the supply of soft drinks and other beverages.

The registered address of each of the above is Laurel House, Woodlands Park, Ashton Road, Newton-le-Willows, WA12 0HH.

Nichols Senegal SUARL is a subsidiary incorporated in Senegal and is directly owned by Nichols International (Holdco) Limited, a holding company 100% owned by the Parent Company. The registered address is Allees Seydou Nourou TALL, Point E, Dakar – Senegal. Nichols Senegal SUARL is a company engaged in the supply of marketing support services to businesses selling soft drinks and other beverages.

### 13. INTANGIBLES

Group	Contractual agreement £'000	Customer lists £'000	Brand name £'000	Computer software £'000	Total £'000
<b>Cost</b>					
At 1 January 2023 and 1 January 2024	180	5,521	3,889	408	9,998
<b>At 31 December 2024</b>	<b>180</b>	<b>5,521</b>	<b>3,889</b>	<b>408</b>	<b>9,998</b>
<b>Amortisation and impairment</b>					
At 1 January 2023	180	5,521	3,889	82	9,672
Charge for the year	-	-	-	70	70
<b>At 1 January 2024</b>	<b>180</b>	<b>5,521</b>	<b>3,889</b>	<b>152</b>	<b>9,742</b>
Charge for the year	-	-	-	81	81
<b>At 31 December 2024</b>	<b>180</b>	<b>5,521</b>	<b>3,889</b>	<b>233</b>	<b>9,823</b>
<b>Net book value at 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>175</b>
Net book value at 31 December 2023	-	-	-	256	256

Parent	Brand name £'000	Computer software £'000	Total £'000
<b>Cost</b>			
At 1 January 2023 and 1 January 2024	1,316	408	1,724
<b>At 31 December 2024</b>	<b>1,316</b>	<b>408</b>	<b>1,724</b>
<b>Amortisation and impairment</b>			
At 1 January 2023	1,316	82	1,398
Charge for the year	-	70	70
<b>At 1 January 2024</b>	<b>1,316</b>	<b>152</b>	<b>1,468</b>
Charge for the year	-	81	81
<b>At 31 December 2024</b>	<b>1,316</b>	<b>233</b>	<b>1,549</b>
<b>Net book value at 31 December 2024</b>	<b>-</b>	<b>175</b>	<b>175</b>
Net book value at 31 December 2023	-	256	256

As at 31 December 2024, the Group made no changes in respect of the value in use assessment of its intangible assets with indefinite lives as there have been no indications of impairments during the year.

In a previous year, an annual impairment review was performed on the intangible assets with indefinite lives, all of which related to the Group's OoH route to market. Based on the review it was concluded that the carrying value of the assets were not supported by the value in use calculated and the assets were fully impaired with the impairment charge being recognised as an exceptional item. There have been no indications during the year which suggest this position has changed and as such no adjustments have been made to the carrying value of the intangible assets held.

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 14. DEFERRED TAX ASSETS AND LIABILITIES

#### Movement in temporary differences during the year

The UK deferred tax balances are measured at 25% (2023: 25%).

Group	Net balance at 1 January 2024 £'000	Recognised in income £'000	Recognised in other comprehensive expense £'000	Net balance at 31 December 2024 £'000
Property, plant and equipment	12	(60)	-	(48)
Goodwill and intangibles	137	(20)	-	117
Employee benefits	(915)	(56)	95	(876)
Provisions	51	13	-	64
	<b>(715)</b>	<b>(123)</b>	<b>95</b>	<b>(743)</b>

Group	Net balance at 1 January 2023 £'000	Recognised in income £'000	Recognised in other comprehensive income £'000	Net balance at 31 December 2023 £'000
Property, plant and equipment	72	(60)	-	12
Goodwill and intangibles	167	(30)	-	137
Employee benefits	(951)	(12)	48	(915)
Provisions	42	9	-	51
	<b>(670)</b>	<b>(93)</b>	<b>48</b>	<b>(715)</b>

Parent	Net balance at 1 January 2024 £'000	Recognised in income £'000	Recognised in other comprehensive expense £'000	Net balance at 31 December 2024 £'000
Property, plant and equipment	(243)	(4)	-	(247)
Intangibles	137	(20)	-	117
Employee benefits	(915)	(56)	95	(876)
Provisions	51	13	-	64
	<b>(970)</b>	<b>(67)</b>	<b>95</b>	<b>(942)</b>

Parent	Net balance at 1 January 2023 £'000	Recognised in income £'000	Recognised in other comprehensive income £'000	Net balance at 31 December 2023 £'000
Property, plant and equipment	(258)	15	-	(243)
Intangibles	167	(30)	-	137
Employee benefits	(951)	(12)	48	(915)
Provisions	42	9	-	51
	<b>(1,000)</b>	<b>(18)</b>	<b>48</b>	<b>(970)</b>

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Group						
Property, plant and equipment	-	12	(48)	-	(48)	12
Goodwill and intangibles	117	137	-	-	117	137
Employee benefits	-	-	(876)	(915)	(876)	(915)
Provisions	64	51	-	-	64	51
	<b>181</b>	200	<b>(924)</b>	(915)	<b>(743)</b>	(715)

	Assets		Liabilities		Net	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Parent						
Property, plant and equipment	-	-	(247)	(243)	(247)	(243)
Goodwill and intangibles	117	137	-	-	117	137
Employee benefits	-	-	(876)	(915)	(876)	(915)
Provisions	64	51	-	-	64	51
	<b>181</b>	188	<b>(1,123)</b>	(1,158)	<b>(942)</b>	(970)

### 15. INVENTORIES

	Group		Parent	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Finished goods	8,592	7,867	6,754	5,167
Raw materials	730	942	122	240
	<b>9,322</b>	8,809	<b>6,876</b>	5,407

At the year end, the Group provision for the write-down of inventories to net realisable value amounted to £356,000 (2023: £460,000).

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 16. TRADE AND OTHER RECEIVABLES

	Group		Parent	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade receivables	<b>43,679</b>	39,238	<b>35,525</b>	31,364
Less: provision for impairment of trade receivables	<b>(2,559)</b>	(2,063)	<b>(1,959)</b>	(219)
Trade receivables – net	<b>41,120</b>	37,175	<b>33,566</b>	31,145
Amounts owed by Group undertakings	-	-	<b>15,813</b>	15,619
Other receivables	<b>1,290</b>	2,218	<b>1,707</b>	2,219
Derivative financial instruments – forward contracts (note 20)	-	69	-	69
Prepayments	<b>1,930</b>	1,931	<b>1,826</b>	1,800
	<b>44,340</b>	41,393	<b>52,912</b>	50,852

All amounts above are short-term receivables and are generally non-interest bearing. The difference between the carrying value and fair value of all receivables is not considered to be material.

A total provision for the impairment of trade receivables of £2,559,000 (2023: £2,063,000) has been recorded as at 31 December 2024.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade and other receivables, excluding any reimbursement assets or amounts specifically provided for. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period to the year end. The historic loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, such as inflation, interest rates and economic growth rates. The total credit loss allowance was £523,000 (2023: £767,000) and specific provisions totalled £2,059,000 (2023: £1,296,000). This largely relates to the International division.

We have assessed amounts receivable from Group undertakings in accordance with the expected credit loss model prescribed by IFRS 9. The provision for impairment against these balances is considered to be immaterial.

The Group's expected credit loss provision was determined as follows:

	Current	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>31 December 2024</b>						
Expected loss rate	<b>1.2%</b>	<b>0.6%</b>	<b>6.7%</b>	<b>0.2%</b>	<b>0.4%</b>	
Gross carrying amount	<b>37,751</b>	<b>4,578</b>	<b>510</b>	<b>455</b>	<b>385</b>	<b>43,679</b>
Credit loss allowance	<b>461</b>	<b>26</b>	<b>35</b>	-	<b>2</b>	<b>523</b>
31 December 2023	Current	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	1.2%	4.5%	1.5%	0.4%	32.8%	
Gross carrying amount	34,145	3,023	1,248	249	573	39,238
Credit loss allowance	424	136	19	1	188	767

Movements in the expected credit loss allowance was as follows:

	At 1 January 2024 £'000	Charge in the year £'000	Released in the year £'000	Utilised £'000	At 31 December 2024 £'000
Group					
Expected credit loss provision	767	0	(192)	(52)	523

	At 1 January 2023 £'000	Charge in the year £'000	Released in the year £'000	Utilised £'000	At 31 December 2023 £'000
Group					
Expected credit loss provision	555	246	(34)	-	767

	At 1 January 2024 £'000	Charge in the year £'000	Released in the year £'000	Utilised £'000	At 31 December 2024 £'000
Parent					
Expected credit loss provision	219	0	(166)	(52)	1

	At 1 January 2023 £'000	Charge in the year £'000	Released in the year £'000	Utilised £'000	At 31 December 2023 £'000
Parent					
Expected credit loss provision	184	35	0	0	219

The release of the expected credit loss provision in the year, as shown above, represents cash received against previously provided for debts under the expected credit loss model.

## 17. CASH AND CASH EQUIVALENTS

	At 1 January 2024 £'000	Cash flow £'000	At 31 December 2024 £'000
Group			
Cash and cash equivalents	82,546	(27,361)	55,185
Current borrowings	(15,516)	14,004	(1,512)
Net cash	67,030	(13,357)	53,673

	At 1 January 2024 £'000	Cash flow £'000	At 31 December 2024 £'000
Parent			
Cash and cash equivalents	73,639	(28,571)	45,068
Current borrowings	(15,516)	14,004	(1,512)
Net cash	58,123	(14,567)	43,556

Included within cash and cash equivalents are short-term deposits of £32,286,000 (2023: £48,631,000) that are readily convertible to known amounts of cash.

The Group operates set off arrangements with Royal Bank of Scotland PLC to facilitate the day-to-day management of cash. In 2024, the Group has presented the amounts held within the set off arrangement on a gross basis without netting off individual accounts that are in credit or overdrawn. Comparative figures for 2023 were not presented in accordance with IAS 32 as gross balances and have been restated.

The equivalent balances at 31 December 2022 were presented as a net cash balance of £56.3m, these should have also been presented on a gross basis with cash and cash equivalents of £64.5m and current borrowings of £8.2m.

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 18. TRADE AND OTHER PAYABLES

#### Current liabilities

	Group		Parent	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Trade payables	<b>10,733</b>	9,484	<b>8,455</b>	8,183
Amounts owed to Group undertakings	-	-	<b>75,065</b>	66,264
Other taxes and social security	<b>449</b>	1,389	<b>438</b>	431
Other payables	<b>60</b>	15	<b>60</b>	15
Derivative financial instruments – forward contracts (note 19)	<b>44</b>	-	<b>44</b>	-
Accruals	<b>21,417</b>	19,153	<b>18,908</b>	15,643
IFRS 16 lease liabilities (note 21)	<b>568</b>	678	<b>431</b>	542
	<b>33,271</b>	30,719	<b>103,401</b>	91,078

#### Non-current liabilities

	Group		Parent	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
IFRS 16 lease liabilities (note 21)	<b>1,672</b>	1,865	<b>1,376</b>	1,517
	<b>1,672</b>	1,865	<b>1,376</b>	1,517

The difference between the carrying value and fair value of all payables is not considered to be material.

All payables are generally not interest bearing.

### 19. FINANCIAL INSTRUMENTS

Exposure to treasury management, liquidity, credit and currency risks arise in the normal course of the Group's business.

#### Treasury management

The Group's treasury activities are targeted to provide suitable, flexible funding arrangements to satisfy the Group's requirements. Interest rate and liquidity risk are managed at a Group level. Foreign currency risk is managed, in consultation with Group management, in subsidiaries which are responsible for the majority of purchases. The Group's policy for investing any surplus cash balances is to place such amounts on deposit.

#### Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs. The Group does this through the use of rolling cash flow forecasts, which are reviewed periodically. The acquisition of companies and the continuing investment in non-current assets will be achieved by a mix of operating cash and, where required, short-term borrowing facilities.

### Credit risk

The Group has no significant concentrations of credit risk. The Group has implemented stringent policies that ensure that credit evaluations are performed on all potential customers before sales commence. Credit risk is managed by limiting the aggregate exposure to any one individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed and adjusted as necessary.

The possibility of a material loss arising in the event of non-performance by counterparties is considered to be unlikely. Cash at bank is held only with major UK banks with high quality external credit ratings or government support.

### Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily US Dollars (USD) and Euros (€).

During 2024 the Group entered into foreign currency transactions resulting in a natural hedge for a large majority of the exposure experienced over the course of the year.

To supplement this, and to further reduce foreign currency risk, the Group entered into a number of forward contracts to minimise the impact of movements in foreign currency rates on the spot market.

	2024 £'000	2023 £'000
Foreign currency assets		
US Dollar	<b>3,990</b>	3,931
Euro	<b>5,640</b>	5,727
	<b>9,630</b>	9,658

### Foreign currency sensitivity

Management have undertaken sensitivity analysis to consider the financial impact if Sterling had both strengthened and weakened against the US Dollar and the Euro.

If Sterling had strengthened against the US Dollar and Euro by 5% (2023: 5%), then this would have had the following impact:

	2024			2023		
	USD £'000	Euro £'000	Total £'000	USD £'000	Euro £'000	Total £'000
Net result for the year	<b>(190)</b>	<b>(269)</b>	<b>(459)</b>	(187)	(273)	(460)

If Sterling had weakened against the US Dollar and Euro by 5% (2022: 5%), then this would have had the following impact:

	2024			2023		
	USD £'000	Euro £'000	Total £'000	USD £'000	Euro £'000	Total £'000
Net result for the year	<b>210</b>	<b>297</b>	<b>507</b>	207	301	508

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 19. FINANCIAL INSTRUMENTS continued

#### Derivative financial instruments

	2024 £'000	2023 £'000
Derivative financial (liabilities)/assets		
Foreign currency forward contracts carried at fair value	(44)	69

In December 2024, the Group entered into foreign exchange forward contracts to manage the foreign currency risk associated with anticipated cash inflows in 2025.

The following table details the foreign currency forward contracts outstanding at the year end:

	Forward rate	Notional value in foreign currency £'000	Notional value in local currency £'000	Carrying amount of derivative financial liability £'000
Sell EUR – less than 12 months	1.2120	5,800	4,785	(18)
Sell USD – less than 12 months	1.2728	2,100	1,650	(27)

#### Capital management policies and procedures

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. This strategy remains unchanged from 2023.

At 31 December 2024, the Group had no debt and therefore the capital structure consists of equity only.

As the Group has no debt there is no exposure to interest rate risk.

### 20. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The IFRS 9 categories of financial assets included in the Consolidated Statement of Financial Position and the headings in which they are included are as follows:

	Group				Parent			
	Fair value through profit or loss		Amortised cost		Fair value through profit or loss		Amortised cost	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Financial assets								
Trade receivables and other receivables	-	69	42,410	39,393	-	69	51,086	48,983
Cash and cash equivalents	-	-	55,185	82,546	-	-	45,068	73,639
<b>Total financial assets</b>	-	69	97,595	121,939	-	69	96,154	122,622

The IFRS 9 categories of financial liability included in the Statement of Financial Position and the headings in which they are included are as follows:

	Group				Parent			
	Fair value through profit or loss		Amortised cost		Fair value through profit or loss		Amortised cost	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Financial liabilities								
Borrowings	-	-	1,512	15,516	-	-	1,512	15,516
Trade and other payables	44	-	10,793	9,499	44	-	83,580	74,462
IFRS 16 lease liabilities	-	-	2,240	2,543	-	-	1,807	2,059
<b>Total financial liabilities</b>	44	-	14,545	27,558	44	-	86,899	92,037

Accruals totalling £22,167,000 (2023: £19,153,000) have been excluded from the balance of trade and other payables disclosed above. Accruals are a financial liability held at amortised cost.

The following table sets out the Group contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 December 2024</b>					
Trade and other payables	10,793	-	-	-	-
Borrowings	1,512	-	-	-	-
<b>Total</b>	<b>12,305</b>	-	-	-	-
	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
At 31 December 2023					
Trade and other payables	9,499	-	-	-	-
Borrowings	15,516	-	-	-	-
<b>Total</b>	<b>25,015</b>	-	-	-	-

The contractual maturities of IFRS 16 lease liabilities are disclosed in note 21.

## 21. LEASES

The Group has presented right-of-use assets within property, plant and equipment, with the corresponding liabilities presented within trade and other payables split between current and non-current liabilities on the consolidated statement of financial position.

The Group has classified the principal and interest portions of lease payments within financing activities on the consolidated statement of cash flows. Lease payments for short-term leases and low-value assets are not included in the measurement of the lease liability. These are presented within administrative expenses within the consolidated income statement and are classified as cash flows from operating activities.

The following tables reconcile the Group's right-of-use assets and lease liabilities to 31 December 2024:

	Group			Parent		
	Property £'000	Motor vehicles £'000	Total £'000	Property £'000	Motor vehicles £'000	Total £'000
Right-of-use assets						
<b>At 1 January 2023</b>	1,812	476	2,288	1,285	476	1,761
Additions	453	337	790	453	337	790
Disposals	(18)	-	(18)	(18)	-	(18)
Depreciation	(468)	(358)	(826)	(361)	(358)	(719)
<b>At 1 January 2024</b>	<b>1,779</b>	<b>455</b>	<b>2,234</b>	<b>1,359</b>	<b>455</b>	<b>1,814</b>
Additions	172	162	334	95	162	257
Disposals	-	-	-	-	-	-
Depreciation	(438)	(233)	(672)	(315)	(233)	(549)
<b>At 31 December 2024</b>	<b>1,513</b>	<b>384</b>	<b>1,897</b>	<b>1,139</b>	<b>384</b>	<b>1,523</b>

**Notes to the Financial Statements** continued  
Year ended 31 December 2024

**21. LEASES** continued

	Group			Parent		
	Property £'000	Motor vehicles £'000	Total £'000	Property £'000	Motor vehicles £'000	Total £'000
Lease liabilities						
<b>At 1 January 2023</b>	2,000	539	2,539	1,413	539	1,952
Additions	453	337	790	453	337	790
Interest expense	88	35	123	66	35	101
Lease payments	(530)	(379)	(909)	(405)	(379)	(784)
<b>At 1 January 2024</b>	<b>2,011</b>	<b>532</b>	<b>2,543</b>	<b>1,527</b>	<b>532</b>	<b>2,059</b>
Additions	172	162	334	95	162	257
Interest expense	90	27	117	73	27	100
Lease payments	(466)	(289)	(755)	(321)	(289)	(609)
<b>At 31 December 2024</b>	<b>1,807</b>	<b>432</b>	<b>2,239</b>	<b>1,374</b>	<b>432</b>	<b>1,807</b>

The following table sets out the Group maturities of IFRS 16 lease liabilities based on the contractual undiscounted cash flows:

Group	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
	<b>At 31 December 2024</b>				
Lease liabilities	176	479	524	823	328
<b>At 31 December 2023</b>					
Lease liabilities	220	521	507	995	480
Parent	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000
<b>At 31 December 2024</b>					
Lease liabilities	137	363	370	658	328
<b>At 31 December 2023</b>					
Lease liabilities	187	421	375	729	480

The following table reconciles the changes in IFRS 16 lease liabilities from financing activities during the year to 31 December 2024:

	Group			Parent		
	Current loans and borrowings (note 18) £'000	Non-current loans and borrowings (note 18) £'000	Total £'000	Current loans and borrowings (note 18) £'000	Non-current loans and borrowings (note 18) £'000	Total £'000
<b>At 1 January 2023</b>	501	2,038	2,539	398	1,554	1,952
Cash flows	(909)	-	(909)	(784)	-	(784)
Non-cash flows						
- interest paid	123	-	123	101	-	101
- lease additions	305	485	790	305	485	790
- transfers	658	(658)	-	522	(522)	-
<b>At 1 January 2024</b>	<b>678</b>	<b>1,865</b>	<b>2,543</b>	<b>542</b>	<b>1,517</b>	<b>2,059</b>
Cash Flows	(755)	-	(755)	(609)	-	(609)
Non-cash flows						
- interest paid	117	-	117	100	-	100
- lease additions	334	-	334	257	-	257
- transfers	193	(193)	-	142	(142)	-
<b>At 31 December 2024</b>	<b>568</b>	<b>1,672</b>	<b>2,239</b>	<b>431</b>	<b>1,376</b>	<b>1,807</b>

Lease payments incurred for short-term leases not included in the measurement of lease liabilities under IFRS 16 were as follows:

	2024		2023	
	Group £'000	Parent £'000	Group £'000	Parent £'000
Short-term lease expense	320	320	416	416

## 22. RELATED PARTY TRANSACTIONS

### Parent Company

The Parent Company entered into the following transactions with subsidiaries during the year:

	Transaction value		Balance outstanding	
	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Sale of goods (including recharge of costs)	1,717	1,520	(59,252)	(50,645)

All sales noted above with the related parties are conducted in line with similar transactions with external parties.

Details of key management personnel compensation have been disclosed in note 7. No other transactions were entered into with key management personnel in the year.

During the year, one family member of the Non-Executive Director, P J Nichols, was employed in a management role within the business. The total remuneration paid to this family member in the year was £233,000 (2023: £317,000).

## Notes to the Financial Statements continued

Year ended 31 December 2024

### 23. PENSION OBLIGATIONS AND EMPLOYEE BENEFITS

The Group operates two employee benefit plans: a defined benefit plan that provides benefits based on final salary, which is now closed to new members, and a defined contribution group personal plan.

The Group personal plan consists of individual contracts with contributions from both the employer and employee. The charge for the year for the Group personal plan was £1,142,000 (2023: £780,000).

The Company operates a defined benefit plan in the UK. A full actuarial valuation was carried out on 5 April 2023 and approximately updated to 31 December 2024 by an independent qualified actuary.

The assets of the defined benefit plan are managed by a pension fund that is legally separated from the Group. Governance of the plan is the responsibility of appointed trustees, acting on professional advice.

The plan is exposed to a number of risks, including changes to long-term UK interest rates and inflation expectations, movements in global investment markets, changes in UK life expectancies and regulatory risk from changes in UK pension legislation.

#### Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Sterling. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of the plan assets.

#### Investment risk

The plan assets at 31 December 2024 are predominantly credit, liability-driven investments and bonds.

#### Longevity risk

The Group is required to provide benefits for life for the members of the defined benefit liability. Increases in the life expectancy of the members will increase the defined benefit liability.

#### Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities, which will mitigate some of the effects of inflation.

A reconciliation of the pension obligation and plan assets to the amounts presented in the statement of financial position for 2024 and 2023 is shown below:

	<b>31 December</b>	31 December
	<b>2024</b>	2023
	<b>£'000</b>	£'000
Present value of funded obligations	<b>(16,966)</b>	(18,892)
Fair value of plan assets	<b>20,687</b>	22,906
Surplus in the plan	<b>3,721</b>	4,014
Related deferred tax (liability)	<b>(930)</b>	(1,004)
<b>Net surplus recognised</b>	<b>2,790</b>	3,010

The Trust Deed provides Nichols plc with an unconditional right to a refund of surplus assets assuming IFRIC 14 paragraph 11(b). Furthermore, in the ordinary course of business, the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits, due to members of the scheme. Based on these rights, the net surplus has been recognised in full as at 31 December 2024.

### Defined benefit obligation

The details of the Group's defined benefit obligation are as follows:

	31 December 2024 £'000	31 December 2023 £'000
Opening defined benefit obligation	18,892	18,688
Current service cost (company only)	12	11
Interest cost	826	861
Actual contributions paid by plan participants	3	3
Experience adjustment	(64)	146
Actuarial (gains)/losses from changes in financial assumptions	(1,477)	486
Actuarial (gains) from changes in demographic assumptions	(124)	(176)
Benefits paid – including insurance premiums	(1,102)	(1,127)
<b>Closing defined benefit obligation</b>	<b>16,966</b>	<b>18,892</b>

### Plan assets

The reconciliation of the balance of the assets held for the Group's defined benefit plan is presented below:

	31 December 2024 £'000	31 December 2023 £'000
Fair value of plan assets at start of accounting period	22,906	22,813
Interest income	1,006	1,055
Return on plan assets (excluding amounts included in net interest)	(2,099)	264
Contributions paid by the employer	24	22
Actual contributions paid by plan participants	3	3
Benefits paid	(1,102)	(1,127)
Expenses paid	(51)	(124)
<b>Fair value of plan assets at end of accounting period</b>	<b>20,687</b>	<b>22,906</b>

The actual return on plan assets was a loss of £1,093,000 (2023: gain of £1,139,000).

Plan assets do not comprise any of the Group's own financial instruments or any assets used by Group companies.

The fair value of the scheme assets in each category has been summarised below.

## Notes to the Financial Statements continued

### Year ended 31 December 2024

#### 23. PENSION OBLIGATIONS AND EMPLOYEE BENEFITS continued

##### Plan assets continued

The major categories of plan assets, measured at fair value, are:

	<b>31 December 2024</b>	31 December 2023
	<b>£'000</b>	£'000
Credit	<b>13,959</b>	14,499
Liability-driven investments	<b>4,509</b>	7,122
Other, including cash	<b>2,219</b>	135
	<b>20,687</b>	21,756

Assets included which do not have a quoted market value:

	<b>31 December 2024</b>	31 December 2023
	<b>£'000</b>	£'000
Property	-	1,150
	-	1,150

The property was disposed of during the financial year ended 31 December 2024.

##### Assumptions

The significant actuarial assumptions used for the valuations are as follows:

	<b>31 December 2024</b>	31 December 2023
	<b>£'000</b>	£'000
Future salary increases	<b>3.30%</b>	3.15%
Rate of increase in (post 1997) pensions in payment <sup>1</sup>	<b>3.60%</b>	3.55%
Discount rate	<b>5.35%</b>	4.50%
Expected rate of inflation – RPI	<b>3.30%</b>	3.15%

1. Increases on pre-6 April 1997 pensions are fixed at 3% per annum. Post-6 April 1997 increases are in line with consumer price inflation, subject to a minimum of 3% and a maximum of 5%.

Assumptions regarding future mortality experience are set based on the advice of actuaries and in accordance with published statistics. For members not yet retired, life expectancies have been estimated as 87 years for men (2023: 88 years) and 90 years for women (2023: 90 years). For pensioners currently aged 65, life expectancies have been estimated as 86 years for men (2023: 86 years) and 88 years for women (2023: 89 years).

Over the year the Company contributed to the plan at the rate of 48.5% of salaries. The Company will continue to contribute at this rate pending the results of the next actuarial valuation. The plan is now closed to new entrants. This means that the average age of the membership can be expected to rise which in turn means that the future service cost (as a percentage of scheme members' pensionable salaries) can be expected to rise.

### Defined benefit plan expenses

Amounts recognised in profit or loss are:

	31 December 2024 £'000	31 December 2023 £'000
Current service cost (Company)	12	11
Net interest (on net defined benefit surplus)	(180)	(194)
Scheme administration expenses	51	124
<b>Total amount recognised in the consolidated income statement</b>	<b>(117)</b>	<b>(59)</b>

The current cost is included in employee benefits expense and the net interest credit is included within interest receivable.

Remeasurements recognised in other comprehensive (expense) relating to the Group's defined benefit plan are as follows:

	31 December 2024 £'000	31 December 2023 £'000
Actuarial (losses)/gains on assets	(2,099)	264
Experience adjustment	64	(146)
Actuarial gains/(losses) from changes in financial assumptions	1,477	(486)
Changes in demographic assumptions	124	176
<b>Total loss recognised in other comprehensive (expense)</b>	<b>(434)</b>	<b>(192)</b>

### Other defined benefit plan information

Participating employees of the Group are required to contribute a fixed 6% of their pensionable salary.

The remaining contribution is partly funded by the Group's subsidiaries. The funding requirements are based on the pension funds actuarial measurement framework as set out in the funding policies.

Based on historical data, the Group expects contributions of £nil to be paid in 2024.

The weighted average duration of the defined benefit scheme obligation at 31 December 2024 is 11 years (2023: 12 years).

The significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the inflation assumption and life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. The table below summarises the sensitivity of a reasonably possible change to one significant actuarial assumption, holding all other assumptions constant, on the obligation.

	31 December 2024		31 December 2023	
	£'000	%	£'000	%
Increase in discount rate by 0.5%	(813)	(4.79)%	(951)	(5.03)%
Increase in price inflation adjustment by 0.5%	189	1.11%	215	1.14%
1 year increase in life expectancy	721	4.25%	769	4.07%

The sensitivities may not be representative of the actual change in the present value of the scheme obligation, as it is unlikely that the change in assumptions would occur in isolation of each other, as the assumptions may be linked.

The method and assumptions used in this analysis have been reviewed and remain unchanged from the prior year.

**Notes to the Financial Statements** continued  
Year ended 31 December 2024

**24. AUDIT EXEMPTION AND PARENTAL GUARANTEE STATEMENT**

Under Section 479A of the Companies Act 2006, the Group is claiming exemption from audit for the subsidiary companies listed below.

The parent undertaking, Nichols plc (registered number 00238303), guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year (being the year ended 31 December 2024 for each company unless otherwise stated). The guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

	Company Number
Adrian Mecklenburgh Limited	01481282
Beacon Drinks Limited	01732905
Ben Shaws Dispense Drinks Limited	00231218
Cabana Soft Drinks Limited	00938594
Dayla Liquid Packing Limited	00603111
Dispense Solutions (Wales) Limited (year ended 30 September 2024)	08671127
DJ Drink Solutions Limited (year ended 31 May 2024)	05787898
Festival Drinks Limited	01256006
Nichols Dispense (S.W.) Limited	08766560
The Noisy Drink Company North West Limited	05024347
The Noisy Drinks Co. Limited	05905631
Vimto (Out of Home) Limited	08795779
Nichols International (Holdco) Limited	14872239

**25. SHARE CAPITAL**

	2024 £'000	2023 £'000
Allotted, issued and fully paid 36,968,772 (2023: 36,968,772) 10p ordinary shares	<b>3,697</b>	3,697

The share capital of Nichols plc consists of ordinary 10p shares. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings.

There were no movements in the Group's authorised and allotted, issued and fully paid share capital for the financial years ending 31 December 2024 and 31 December 2023.

The total number of shares held in Treasury as at 31 December 2024 is 438,410 (2023: 473,150).

At the Group's 2024 AGM the Group was, generally and unconditionally, authorised by its shareholders to make market purchases (within the meaning of Section 693 of the Companies Act 2006) of up to a maximum of 3,696,877 of its ordinary shares. This replaced a similar authority granted in 2022 and is due to be renewed at the AGM to be held on 23 April 2025.

No repurchases of ordinary shares were made in the current or previous year. The Group, therefore, has an unexpired authority to purchase up to 3,696,877 ordinary shares with a nominal value of £369,688 (2023: 3,696,877 ordinary shares with a nominal value of £369,688).

## 26. EMPLOYEE SHARE SCHEMES

The Group operates three equity-settled share-based payment schemes: a Save As You Earn (SAYE) scheme open to all employees; a Hybrid Incentive Plan for certain Directors and senior executives and an Executive share award scheme for certain Directors and senior executives. All schemes comprise the grant of options under the Group's share option schemes.

### Hybrid Incentive Plan

A combination of financial and non-financial measures and targets are set annually with outcomes determined by performance against this scorecard. Awards made under the Hybrid Incentive Plan vest provided the participant remains under employment within the two-year vesting period following the award. Awards made under the Hybrid Incentive Plan have a £nil exercise price.

The weighted average fair values of Hybrid Incentive Plan awards at their grant date in previous years are set out below. The fair value is calculated using the Black-Scholes valuation model.

	Awards	Share price on grant date £	Expected dividend yield	Risk free rate	Volatility	Fair value per award £
2021 Hybrid Incentive Plan	58,550	13.63	1.50%	1.30%	49.10%	13.22
2022 Hybrid Incentive Plan	40,016	10.80	2.60%	3.80%	38.10%	10.25
2023 Hybrid Incentive Plan	83,551	9.66	2.50%	3.81%	36.10%	9.19

The movement of outstanding awards during the year is also set out below.

	Awards outstanding at 1 January 2024	Granted	Exercised	Lapsed	Awards outstanding at 31 December 2024
2021 Hybrid Incentive Plan	43,253	-	(40,203)	(3,050)	-
2022 Hybrid Incentive Plan	40,016	-	-	(6,723)	33,293
2023 Hybrid Incentive Plan	-	83,551	-	(10,393)	73,158

Of the total number of options outstanding at 31 December 2024, nil had vested and were exercisable.

## Notes to the Financial Statements *continued*

Year ended 31 December 2024

### 26. EMPLOYEE SHARE SCHEMES *continued*

#### SAYE

The Group's SAYE scheme is open to all employees. To participate in the scheme, the employees are required to save an amount of their gross monthly salary, for a period of 36 or 60 months. At the end of the 36 or 60-month period, the employees are entitled to purchase shares using funds saved at a price of 20% below the market price at grant date. Only employees that remain in service and save the required amount of their gross monthly salary for 36 or 60 consecutive months will become entitled to purchase the shares.

The weighted average fair values of SAYE options at their grant date in previous years are set out below. The fair value is calculated using the Black-Scholes valuation model.

	Awards	Exercise price per option £	Share price on grant date £	Expected dividend yield	Risk free rate	Volatility	Fair value per option £
2019 5 year SAYE	6,304	12.84	16.90	1.87%	0.91%	25.40%	2.19
2020 5 year SAYE	15,014	7.93	11.35	1.87%	0.09%	31.30%	4.14
2021 3 year SAYE	29,098	10.15	13.95	2.70%	0.19%	44.60%	4.50
2021 5 year SAYE	5,967	10.15	13.95	2.70%	0.40%	37.50%	4.33
2022 3 year SAYE	33,545	10.79	13.70	1.50%	1.54%	47.66%	4.76
2022 5 year SAYE	4,197	10.79	13.70	1.50%	1.58%	41.00%	4.96
2023 3 year SAYE	59,870	8.96	11.40	2.60%	3.68%	43.74%	3.75
2023 5 year SAYE	4,351	8.96	11.40	2.60%	3.24%	42.19%	4.07
2024 3 year SAYE	61,223	7.88	10.00	2.50%	4.29%	37.43%	3.09
2024 5 year SAYE	13,032	7.88	10.00	2.50%	4.22%	43.12%	3.76

The movement of outstanding SAYE options during the year is also set out below.

	Options outstanding at 1 January 2024	Granted	Exercised	Lapsed	Options outstanding at 31 December 2024
2019 5 year SAYE	700	-	-	(700)	-
2020 5 year SAYE	10,475	-	(517)	(617)	9,341
2021 3 year SAYE	16,612	-	(9,294)	(7,318)	-
2021 5 year SAYE	944	-	-	(649)	295
2022 3 year SAYE	18,252	-	-	(3,864)	14,388
2022 5 year SAYE	1,668	-	-	(834)	834
2023 3 year SAYE	53,990	-	-	(18,350)	35,640
2023 5 year SAYE	4,351	-	-	-	4,351
2024 3 year SAYE	-	61,223	-	(1,411)	59,812
2024 5 year SAYE	-	13,032	-	-	13,032

The weighted average remaining life of SAYE awards at 31 December 2024 is 2.1 years.

Volatility has been determined using statistical analysis of the Group's share price over a three or five-year period preceding the grant date.

The share price on the vesting date of the awards vested in the year was £10.30.

### Executive share awards

On 18 December 2020, the Group made awards of 17,402 share options to the Chief Executive Officer and former Chief Financial Officer. The awards, equal to 50% of their annual salaries at the date of award, vested on their third anniversary. The number of awards vested was based on the number of ordinary shares purchased and retained by the Directors over the vesting period of the award. No other performance conditions applied.

	Awards	Share price on grant date £	Expected dividend yield	Risk free rate	Volatility	Fair value per award £
2020 Executive share awards	17,402	14.08	2.70%	(0.07)%	42.40%	12.98

	Awards outstanding at 1 January 2024	Exercised	Lapsed	Awards outstanding at 31 December 2024
2020 Executive share awards	17,402	(17,402)	-	-

The remaining life of Executive share awards at 31 December 2024 is nil years.

Volatility has been determined using statistical analysis of the Group's share price over a three-year period preceding the grant date.

The awards were matched on a 1:1 basis for every ordinary share purchased.

The total gain for on exercise of share options in the year for Executive Directors was £382,000 (2023: £nil)

The equity-settled share-based payment charge recognised within the Consolidated Statement of Changes in Equity in the year is as follows:

	2024 £'000	2023 £'000
SAYE	173	104
Executive share awards	-	64
Hybrid Incentive Plan	430	399
<b>Total charge</b>	<b>603</b>	<b>567</b>

# Notes to the Financial Statements continued

Year ended 31 December 2024

## 27. ALTERNATIVE PERFORMANCE MEASURES

The Group uses a number of alternative performance measures to assess business performance and provide additional useful information to shareholders about the underlying performance of the Group.

### Reconciliation from GAAP-defined reporting measures to the Group's alternative performance measures

#### Consolidated income statement

	<b>31 December 2024</b>	31 December 2023
	<b>£'000</b>	£'000
<b>Adjusted profit before taxation</b>		
Profit before taxation	<b>24,034</b>	24,258
Adjusted for:		
Exceptionals items (note 4)	<b>7,370</b>	2,907
<b>Adjusted profit before taxation</b>	<b>31,404</b>	27,165

	<b>31 December 2024</b>	31 December 2023
	<b>£'000</b>	£'000
<b>Adjusted operating profit</b>		
Operating profit	<b>21,491</b>	22,286
Adjusted for:		
Exceptionals items (note 4)	<b>7,370</b>	2,907
<b>Adjusted operating profit</b>	<b>28,861</b>	25,193

	<b>31 December 2024</b>	31 December 2023
	<b>£'000</b>	£'000
<b>EBITDA</b>		
Operating profit	<b>21,491</b>	22,286
Adjusted for:		
Depreciation	<b>1,828</b>	2,273
Amortisation	<b>81</b>	70
Loss on disposal of fixed assets	<b>52</b>	67
<b>EBITDA</b>	<b>23,452</b>	24,695
Adjusted for:		
Exceptionals (note 4)	<b>7,370</b>	2,907
<b>Adjusted EBITDA</b>	<b>30,822</b>	27,602

## Unaudited Five-Year Summary

Years ended 31 December

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
<b>Revenue</b>	<b>172,809</b>	170,741	164,926	144,328	118,657
<b>Adjusted operating profit</b>	<b>28,861</b>	25,193	24,602	21,922	11,654
Exceptional items	<b>(7,370)</b>	(2,907)	(11,146)	(39,477)	(5,074)
<b>Operating profit/(loss)</b>	<b>21,491</b>	22,286	13,456	(17,555)	6,580
Net finance income/(expense)	<b>2,543</b>	1,972	380	(101)	(40)
<b>Adjusted profit before taxation</b>	<b>31,404</b>	27,165	21,821	11,614	32,422
<b>Profit/(loss) before taxation</b>	<b>24,034</b>	24,258	13,836	(17,656)	6,540
Taxation	<b>(6,196)</b>	(5,896)	(2,201)	(4,512)	(1,686)
<b>Profit/(loss) after taxation</b>	<b>17,838</b>	18,362	11,635	(22,168)	4,854
Dividends paid	<b>(31,153)</b>	(10,177)	(9,383)	(6,868)	(10,338)
<b>Retained earnings movement</b>	<b>(13,315)</b>	8,185	2,252	(29,036)	(5,484)
<b>Earnings/(loss) per share (basic)</b>	<b>48.84p</b>	50.34p	31.86p	(60.04p)	13.14p
<b>Earnings/(loss) per share (diluted)</b>	<b>48.81p</b>	50.32p	31.82p	(60.04p)	13.13p
<b>Earnings per share - (basic) before exceptional items</b>	<b>64.02p</b>	56.41p	55.38p	46.15p	25.56p
<b>Earnings per share - (diluted) before exceptional items</b>	<b>63.98p</b>	56.39p	55.32p	46.09p	25.54p
<b>Total dividend declared per share</b>	<b>32.0p</b>	28.2p	25.7p	13.3p	28.0p
<b>Special dividend declared per share</b>	<b>54.8p</b>	-	-	-	-

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