

APPLIED NUTRITION PLC
Annual Report and Financial Statements
For the year ended 31 July 2024

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APPLIED NUTRITION PLC

Company Information

For the Year Ended 31 July 2024

Directors:	T M Ryder S Granite J Pollard A W Peacock A J Bell A D Buffin M Millard D J Platt
Registered Office:	2 Acornfield Road Knowsley Industrial Park Liverpool United Kingdom L33 7UG
Registered Number:	09131749 (England and Wales)
Auditors	BDO LLP 55 Baker Street London United Kingdom W1U 7EU

APPLIED NUTRITION PLC

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APPLIED NUTRITION PLC

Group Strategic Report For the Year Ended 31 July 2024

The directors present their strategic report of the Company and the Group for the year ended 31 July 2024.

Review of business

Applied Nutrition Limited was re-registered as Applied Nutrition plc on 1 October 2024. Applied Nutrition plc is principally engaged in the manufacture and sale of sports nutrition products in over 80 countries globally. The Group formulates and creates nutrition products targeted at a wide range of consumers and largely manufactures them at its state-of-the-art facility in Knowsley, Liverpool, with some outsourced production of certain product ranges.

The Directors use the following combination of financial and non-financial KPIs as a method of determining how well the Group is performing against its objectives and overall strategy:

- Geographies in which the Group's products are sold: 82 (2023: 65)
- Revenue of £86.2 million (2023: £60.8 million)
- EBITDA of £24.3 million (2023: £18.1 million)
- Net cash generated £6.0 million (2023: £7.4 million)
- Volume manufactured (tonnes): 4,657 (2023: 3,411)

EBITDA is derived as follows:

	2024	2023
	£	£
Operating profit	23,769,665	17,672,483
Depreciation	574,865	402,914
Amortisation	11,389	5,934
(Profit)/loss on sale of assets	(9,375)	6,017
	<u>24,346,544</u>	<u>18,087,348</u>

KPIs are monitored on a regular basis by the Board and the directors are satisfied with the performance in all these areas during the period.

The Group generated revenue of £86.2 million, an increase of £25.4 million (41.8%) on the prior year as a result of organic growth driven by entry into new geographies and new product developments; particularly in the health and wellness and intra-workout product categories. Revenue growth of £8.4 million (33.3%) in the United Kingdom was principally as a result of growth in the grocery and gym channels. Revenue growth of £3.0 million (37.9%) in Europe benefitted from offering a DDP service. Revenue growth of £14.1 million (50.5%) in the Rest of World was principally a result of growth in both current and new customers and expansion into new markets.

EBITDA in the period increased by £6.2 million (34.3%) from £18.1 million to £24.3 million, principally due to increased sales and a higher gross margin of 47.9% (2023: 44.4%) which drove increased profit. During the year the Group incurred £1.2 million of costs, included within administrative expenses, relating to its proposed Initial Public Offering, planned to complete in Autumn 2024.

The Group generated £6.0 million of cash in the year (2023: £7.4 million), as a result of strong EBITDA performance of £24.3 million (2023: £18.1 million) offset by a working capital outflow of £8.4 million (2023: £7.8 million) and tax paid of £9.7 million (2023: £2.0 million). The Group also invested £1.0 million in capital expenditure (2023: £0.9 million), principally in relation to the extension of its manufacturing facility adding additional capacity to support its growth plans. The increased manufacturing capacity will allow the Group to grow to approximately £160 million of revenue without the need for non-maintenance capital expenditure.

The Group has maintained a strong balance sheet with net assets increasing by £19.3 million to £47.6 million (2023: £28.3 million) as a result of profit in the period. This provides the Group with strategic flexibility and a solid platform for future growth.

APPLIED NUTRITION PLC

Group Strategic Report (continued) For the Year Ended 31 July 2024

Review of business (continued)

Across the Applied Nutrition ranges, the Group has also entered into brand collaborations through influencer partnerships and flavour variations. These collaborations allow the Group to build brand awareness across a range of different product lines and consumers, which provides opportunity for cross selling of products with existing and new customers. Collaboration examples include the Group's recently commenced collaboration with Coleen Rooney; which focuses on female health and wellness products, Bradley Wiggins; raising the profile of the Endurance range, and collaborations with Swizzels and Millions to develop new flavours of products.

The Group has continued its partnership with Alder Hey Children's Hospital sponsoring two of its main events during the year to help raise funds for new hospital equipment and buildings. During the year, The Group was ranked in The Sunday Times "Fastest Growing Top 100" private companies for the second year in a row and in the "FEBE Growth 100"; a list of Britain's fastest growing, founder-led private companies.

The Board would like to thank its team of dedicated people for their continued hard work and contributions in achieving the vision of making Applied Nutrition the world's most trusted and innovative sports nutrition company.

Principal risks and uncertainties

The directors have set out below the principal risks facing the business. The directors are of the opinion that a thorough risk management process is adopted which involves the regular review of all risks in the Company and Group along with processes in place to monitor and mitigate such risks.

Macroeconomic conditions

The Group's products are sold in over 80 countries. As a result, The Group may be affected in particular by economic conditions in certain markets, as well as by broader macroeconomic conditions. Adverse changes in global, regional or local economic conditions, including inflation, recessions or slowing growth, political changes or uncertainty in fiscal, monetary or trade policy and lower consumer confidence and reduced spending, have historically and may in the future occur. In particular, the upcoming US election, as well as instability in the geopolitical environment in many parts of the world, for example relating to the Russia/Ukraine conflict and the escalating conflict in the Middle East, could lead to adverse changes in global economic conditions. Such adverse changes could have a wide range of effects on the Group, including a decrease in demand for its products due to reduced consumer spending, the inability of the Group's suppliers to deliver raw materials and other supplies, and the possible insolvency of key suppliers or customers.

Availability and price of materials

The Group is reliant on the supply of raw materials and packaging materials from its suppliers in order to manufacture its products and meet customer demand and is vulnerable to fluctuations in the price and availability of raw materials and packaging material. The Group has established relationships with multiple suppliers to reduce reliance on a single source for specific goods. The Group also has alternative suppliers in most product categories and the Directors consider that, should any supplier be unable to supply the Group for an extended period, the Group would be able to source replacement supplies without significant disruption to operations. Nevertheless, any unavailability of materials or any significant disruption to the Group's suppliers or supply chain as a result of external factors (such as natural disasters, global conflicts or political instability in countries where its suppliers are located) could impact the Group's production schedules and could result in products being unavailable for sale.

Quality and product safety

The Group's business and financial performance is largely dependent on the image, perception and recognition of the Applied Nutrition brand, which, in part, depends on the quality and safety of its products. As such, the perception by the Group's customers and the general public that the Group's products are of a good quality and are safe is essential to the Group's image and business. The Group's manufacturing operation holds a number of accreditations, for example the BRC-GS Global Food Safety certification (AA+ grade), the HACCP Food Safety certification, the GMP certification, FDA accreditation and ISO 22000:2018 - Food Safety Management. Further, certain of the Group's products are sold with Informed Sport accreditation, a global testing and supplement certification programme which provides assurance to athletes that products have been tested for prohibited substances and are therefore trusted and used by professional athletes.

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Group Strategic Report (continued) For the Year Ended 31 July 2024

Principal risks and uncertainties (continued)

Competition

The markets in which the Group operates are highly competitive and barriers to entry are relatively low. Consumers are increasingly focused on health, wellness and fitness and the demand for products in this sector is increasing. This may lead to new competitors seeking to enter the markets in which the Group's products are currently sold (both in the UK and internationally) and may also lead to competitors in similar markets diversifying into products which are similar to the Group's. Existing and/or increased competition, or the inability of the Group to maintain its competitiveness, could adversely affect the Group's market share and/or force it to consider price reductions. The Group has certain competitive advantages through its in-house manufacturing and its extensive and growing new product development capability, which are mitigating factors against the risk of competition.

Credit risk

The Group provides credit to some customers which creates a credit risk. As the Group continues to expand geographically, this risk becomes elevated as operating in overseas jurisdictions may limit potential recourse against any overdue or disputed debts.

In order to manage this risk the directors set limits for each credit customer based on a combination of payment history and third party credit references. These are reviewed regularly for any changes in payment performance and credit score.

Streamlined Energy and Carbon Reporting

Our Streamlined Energy and Carbon Reporting ("SECR") disclosure includes all emissions sources required under the 2019 regulations for the financial year ending 31 July 2024. The Company maintains an internal document to enable it to calculate energy usage and CO2 emissions. Energy usage is obtained from a variety of sources including external invoices and internal meter readings.

The following emissions are covered in the scope of this report:

Scope 1 - These include direct emissions released from owned company vehicles.

Scope 2 - These are indirect emissions produced offsite when generating electricity and gas directly consumed by the company.

Scope 3 - These are emissions from fuel purchased or mileage for employee-owned vehicles. No disclosure is made for indirect emissions which the company does not own or control (such as outsourced manufacturing and distribution).

		2024		2023	
		kWh	tCO2e	kWh	tCO2e
Emissions from combustion of gas and pool or leased vehicles	Scope 1	54,541	15.7	52,746	15.3
Emissions from purchased electricity	Scope 2	543,103	112.5	457,622	94.8
Emissions from purchased gas	Scope 2	18,171	3.3	17,827	3.3
Total Scope 1 and 2 emissions		615,815	131.5	528,195	113.4
Emissions from business travel from employee-owned vehicles	Scope 3	8,795	2.5	14,006	3.9
Total Scope 1, 2, and 3 emissions		624,610	134.0	542,201	117.3

Applied Nutrition plc generated 134.0 carbon dioxide equivalent tonnes ("tCO2e") of emissions during the year ending 31 July 2024 (31 July 2023: 117.3 tCO2e). The majority of this energy is consumed by our manufacturing facility at our production site in Knowsley. Maximising manufacturing efficiency is a key initiative for the Company; as we seek savings through more efficient production, investment in modern equipment and optimum production planning.

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Group Strategic Report (continued) For the Year Ended 31 July 2024

Streamlined Energy and Carbon Reporting (continued)

In order to calculate the carbon emissions, we have used the emission factors from the UK Government's GHG Conversion factors for Company Reporting 2023. As per the SECR requirements, we have reported our total UK energy use in kilowatt hours ('kWh'); calculated using the 2023 conversion factors. Scope 1 and 2 emissions reported cover facilities at our site in Knowsley which includes manufacturing, warehousing and office space plus fleet under our ownership. Scope 3 transport emissions relate to those emissions from employees who use their own or hire car vehicles in the course of business.

<i>Intensity ratios</i>	2024	2023
tCO ₂ e per £m revenue	1.55	1.93
tCO ₂ e per volume manufactured (Tonnes)	0.029	0.034

We have chosen two carbon intensity ratios that reflect our business performance. Our carbon intensity ratios for the year ended 31 July 2024 were 1.55 tCO₂e per £m revenue (31 July 2023: 1.93 tCO₂e per £m revenue) and 0.029 tCO₂e per manufactured tonne (31 July 2023: 0.034 tCO₂e per manufactured tonne).

The consolidated financial statements of the Company include the results of AN USA Holdings Inc, a subsidiary with its registered office in Texas, USA. As the direct operations of this subsidiary include only office space its emissions have been excluded from the SECR statement on the basis they are immaterial.

Section 172 (1) Statement

The Directors have acted in a way that they considered, in good faith, to be the most likely to promote the success of the Group for the benefit of its members as a whole. In doing so they have regard, amongst other matters, to:

- a) the likely consequence of any decision in the long term;
- b) the interest of the Group's employees;
- c) the need to foster the Group's business relationships with suppliers, customers and others;
- d) the impact of the Group's operations on the community and the environment;
- e) the desirability of the Group maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the Group.

In making decisions, the Board also considers the needs and interests of a range of stakeholders, including employees, customers, suppliers, and the wider community, and acknowledges the importance of maintaining constructive relationships with them. By understanding our stakeholders, the Board factors into boardroom discussions the potential impact of our decisions to further achieve the Group's long-term success on each stakeholder group and considers their broad range of interests. Key decisions in the year in respect of this have included:

Employees: The Directors have continued to invest in staff training and development to support long-term growth. The Group seeks to give opportunities to migrants who might not have held a job in the UK before. The Group has historically offered English language classes to help improve the English language skills of those employees who may wish to join.

Suppliers and Customers: The Group has focused on fostering strong relationships with key suppliers and customers. This includes visiting or hosting customers and suppliers on site, and engaging with customers through attendance at industry expos and shows.

Community and Environment: The Group seeks to be a force for good within its community. This has been achieved through its participation in a local council scheme which seeks to get the long-term unemployed back into the workforce and through its support for charities in its local communities.

Long-term Strategy: The Directors have invested in capital assets to deliver organic, growth-orientated plans supporting the long-term success of the business; driving sales with new and existing customers and optimise the Group's operations.

Standards of Business Conduct: The Group remains committed to conducting its business with integrity and in compliance with all applicable laws and regulations.

APPLIED NUTRITION PLC

**Group Strategic Report (continued)
For the Year Ended 31 July 2024**

Section 172 (1) Statement (continued)

Engagement with Stakeholders

During the year, regular reports were made to the Board on stakeholder engagement, which formed a key part of the decision-making process, ensuring that the interests of various groups were considered in both day-to-day operations and strategic initiatives.

The Directors believe that by considering all relevant stakeholders in decision-making and acting in good faith, they have promoted the success of the Group in a way that benefits its members and contributes positively to the wider community and environment.

On behalf of the board:



J Pollard

Director

11 October 2024

APPLIED NUTRITION PLC

Directors' Report For the Year Ended 31 July 2024

The directors present their annual report and audited annual financial statements of the Company and the Group for the year ended 31 July 2024.

Principal activity

The principal activity of the Company and Group continued to be that of the manufacture, wholesale and retail of sports nutritional products.

Results and dividends

The results for the year are set out on page 12.

The total distribution of dividends for the year ended 31 July 2024 was £Nil (2023: £Nil). The directors do not propose the payment of a final dividend.

Directors

The directors shown below have held office during the financial year.

T M Ryder
S Granite
J Pollard
N J Greenhalgh (resigned 30 November 2023)
A W Peacock (appointed 30 November 2023)
D J Platt (appointed 31 January 2024)
A J Bell (appointed 20 February 2024)
A D Buffin (appointed 20 February 2024)
M Millard (appointed 22 May 2024)

Going concern

The Group has continued to trade throughout the year under a net asset position. The Directors are pleased with progress of trading to date.

The Directors have assessed the ability of the Company and the Group to continue as a going concern using cash flow forecasts for at least 12 months from the date of signing. With the continued encouraging current trading results the Directors are satisfied that there are sufficient resources to continue in business for the foreseeable future and for at least 12 months from the date of signing these financial statements.

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company and Group to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Post balance sheet events

On 16 August 2024, the business established a 100% owned subsidiary company "Applied Nutrition Columbia SAS" in Colombia, South America with an initial share capital of COP\$1,000,000. The purpose of the entity is to facilitate product registration in the Colombian market. The entity has no employees.

On 1 October 2024, the Company re-registered as Applied Nutrition plc (having been formerly known as Applied Nutrition Limited) in readiness for its intention to float on the London Stock Exchange. To facilitate the re-registration, on 24 September 2024 a shareholders resolution was passed in respect of a bonus issue of 4,990,000 new ordinary shares. A sum of £49,900 was capitalised from the Company's distributable reserves and appropriated to the shareholders of the Company in proportion to the number of ordinary shares in the Company held by them respectively. As a result of the bonus issue the total number of ordinary shares in issue increased to 5,000,000 and the resultant share capital increased to £50,000.

As a result of the re-registration as a plc, a calculation of earnings per share based on total of 5,000,000 ordinary shares is disclosed in the Consolidated Income Statement and in note 25.

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Directors' Report (Continued) For the Year Ended 31 July 2024

Statement of directors' responsibilities

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 that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group and Company 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 applicable UK Accounting Standards have been followed, 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' indemnities

The Company has taken out qualifying third party indemnity insurance for the benefit of the Directors, which were in place at the date of the signing of the Directors' Report.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

During the financial year, the Company appointed BDO LLP as its statutory auditors, replacing Haines Watts, who resigned on 12 February 2024.

On behalf of the board:



J Pollard

Director

11 October 2024

APPLIED NUTRITION PLC

Independent Auditor's Report For the Year Ended 31 July 2024

Independent Auditor's Report to the MEMBERS of Applied Nutrition plc (formerly known as Applied Nutrition Limited)

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 July 2024 and of the Group's profit for the year then ended;
- the 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 Applied Nutrition plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 July 2024 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 are 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, 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.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, 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.

APPLIED NUTRITION PLC

Independent Auditor's Report (continued) For the Year Ended 31 July 2024

Other Companies Act 2006 reporting

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 the 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.

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 Statement of Directors Responsibilities, 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 Parent Company and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's and Parent Company's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be Corporation Tax law and the Companies Act 2006.

APPLIED NUTRITION PLC

Independent Auditor's Report (continued...) For the Year Ended 31 July 2024

The Group and the Parent Company 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 health and safety legislation, UK Employment law and the Data Protection Act.

Our procedures in respect of the above included:

- Enquiries with management of any pending litigation or ongoing legal cases that we should be aware of;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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 and the Parent Company's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to 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, related to the potential bias in aggregate across all key estimates and judgments made by management, and the recording of unusual journal entries in the general ledger; and
- Revenue recognition, through unusual journal entries made to revenue and through the recognition of sales invoices in the correct period with respect to when the risks and rewards of ownership transfer to the customer.

Our procedures in respect of the above included the following:

- We tested and agreed a sample of journal entries throughout the year to supporting documentation, with specific focus on unusual journals posted to revenue, which met a defined risk criteria set to detect possible irregularities and fraud;
- We reviewed all significant estimates made by management to determine if those estimates, in aggregate, had been fraudulently manipulated;
- We tested a sample of sales invoices either side of the year end, and determined whether those invoices are recognised in the correct period with reference to the agreed Incoterms with the customer, and the date those Incoterms are fulfilled;
- We reviewed the adjustment made by management to defer revenue in relation to sales made on DAP and/or EXW Incoterms, by testing a sample of entries in the adjustment to supporting documentation, and assessing whether the period of sales covered by management was sufficiently complete and captured all appropriate sales;
- We reviewed management's Terms & Conditions of sale with its customers to assess whether those Terms & Conditions align with factors that determine the point in which risks and rewards transfer to the customer under UK GAAP; and
- We performed an analytical review on sales made to overseas distributors in the period, where we investigated any sales made in the final quarter to those distributors that were significantly higher or lower than in the previous two quarters, agreeing any instances of significant deviation to supporting evidence and explanations.

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.

APPLIED NUTRITION PLC

Independent Auditor's Report (continued...) For the Year Ended 31 July 2024

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: <https://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.

DocuSigned by:
Mark Langford
FD4C63A61681495...

Mark Langford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds, UK
11 October 2024

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

APPLIED NUTRITION PLC

Consolidated Income Statement For the Year Ended 31 July 2024

	Notes	2024 £	2023 (Restated) £
Turnover	2	86,151,551	60,780,909
Cost of sales		(44,858,443)	(33,809,851)
Gross profit		<u>41,293,108</u>	<u>26,971,058</u>
Administrative expenses		(17,523,443)	(9,298,575)
Operating profit	4	<u>23,769,665</u>	<u>17,672,483</u>
Interest receivable	6	733,759	68,784
Profit before taxation		<u>24,503,424</u>	<u>17,741,267</u>
Tax on profit	7	(5,762,082)	(4,106,877)
Profit for the financial year		<u>18,741,342</u>	<u>13,634,390</u>
Other comprehensive income:			
Gain on foreign currency translation		21,892	58,466
Deferred tax asset on share-based payment		435,819	-
Other comprehensive income for the year, net of income tax		<u>457,711</u>	<u>58,466</u>
Total comprehensive income for the year		<u><u>19,199,053</u></u>	<u><u>13,692,856</u></u>
Earnings per share for profit attributable to the owners of the parent¹			
Basic and diluted (£)	25	3.84	2.73

The notes on pages 18 to 38 form part of these financial statements.

¹As a result of the company's re-registration as a plc on 1 October 2024, and associated bonus issue of ordinary shares, a basic and diluted earnings per share has been calculated based on a total of 5,000,000 ordinary shares, see note 21 and 25.

APPLIED NUTRITION PLC (REGISTERED NUMBER: 09131749)

**Consolidated Balance Sheet
As at 31 July 2024**

	Notes	2024 £	2023 (Restated) £
Fixed assets			
Intangible assets	8	42,299	36,853
Tangible assets	9	<u>1,688,096</u>	<u>1,250,371</u>
		1,730,395	1,287,224
Current assets			
Stocks	11	18,857,683	12,351,868
Debtors: due within one year	12	17,383,421	11,537,747
Deferred tax assets	7	594,889	-
Cash at bank and in hand		<u>18,720,241</u>	<u>12,734,724</u>
		55,556,234	36,624,339
Creditors			
Amounts falling due within one year	13	<u>9,404,457</u>	<u>9,099,612</u>
Net Current assets		46,151,777	27,524,727
Total assets less current liabilities		47,882,172	28,811,951
Provisions for liabilities	14	<u>237,079</u>	<u>531,173</u>
Net assets		47,645,093	28,280,778
Capital and reserves			
Called up share capital	17	100	100
Foreign exchange reserve		80,358	58,466
Share based payment reserve	18	165,262	-
Retained earnings		<u>47,399,373</u>	<u>28,222,212</u>
Total equity		47,645,093	28,280,778

The notes on pages 18 to 38 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 11 October 2024 and were signed on its behalf by:



J Pollard
Director
11 October 2024

APPLIED NUTRITION PLC (REGISTERED NUMBER: 09131749)

**Company Balance Sheet
As at 31 July 2024**

	Notes	2024 £	2023 (Restated) £
Fixed assets			
Intangible assets	8	26,493	27,771
Tangible assets	9	1,664,611	1,225,781
Investments		82	82
		<u>1,691,186</u>	<u>1,253,634</u>
Current assets			
Stocks	11	17,656,565	11,308,617
Debtors: due within one year	12	16,850,907	11,342,513
Debtors: due after one year		5,130,524	3,404,186
Deferred tax assets	7	113,389	-
Cash at bank and in hand		<u>18,379,886</u>	<u>12,314,919</u>
		58,131,271	38,370,235
Creditors			
Amounts falling due within one year	13	<u>9,527,058</u>	<u>9,022,756</u>
Net Current assets		48,604,213	29,347,479
Total assets less current liabilities		50,295,399	30,601,113
Provisions for liabilities	14	<u>237,079</u>	<u>531,173</u>
Net assets		50,058,320	30,069,940
Capital and reserves			
Called up share capital	17	100	100
Share based payment reserve	18	165,262	-
Retained earnings		<u>49,892,958</u>	<u>30,069,840</u>
Total equity		50,058,320	30,069,940

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £19,387,299 (2023: £15,411,501).

The notes on pages 18 to 38 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 11 October 2024 and were signed on its behalf by:



J Pollard
Director
11 October 2024

APPLIED NUTRITION PLC

**Consolidated Statement of Changes in Equity
For the Year Ended 31 July 2024**

	Called up share capital £	Foreign exchange reserve £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 1 August 2022	100	-	-	14,587,822	14,587,922
Changes in equity					
Other comprehensive income	-	58,466	-	-	58,466
Profit for the year	-	-	-	13,634,390	13,634,390
Balance at 31 July 2023 (Restated¹)	<u>100</u>	<u>58,466</u>	<u>-</u>	<u>28,222,212</u>	<u>28,280,778</u>
Changes in equity					
Share based payments	-	-	165,262	-	165,262
Other comprehensive income	-	21,892	-	435,819	457,711
Profit for the year	-	-	-	18,741,342	18,741,342
Balance at 31 July 2024	<u>100</u>	<u>80,358</u>	<u>165,262</u>	<u>47,399,373</u>	<u>47,645,093</u>

The notes on pages 18 to 38 form part of these financial statements.

¹ The consolidated statement of changes in equity as reported for the year ended 31 July 2023 has been restated to split out the foreign exchange reserve from the retained earnings balance, see note 15.

APPLIED NUTRITION PLC

**Company Statement of Changes in Equity
For the Year Ended 31 July 2024**

	Called up share capital £	Share based payment reserve £	Retained earnings £	Total equity £
Balance at 1 August 2022	100	-	14,658,339	14,658,439
Changes in equity				
Profit for the year	-	-	15,411,501	15,411,501
Balance at 31 July 2023	<u>100</u>	<u>-</u>	<u>30,069,840</u>	<u>30,069,940</u>
Changes in equity				
Share based payments	-	165,262	-	165,262
Other comprehensive income	-	-	435,819	435,819
Profit for the year	-	-	19,387,299	19,387,299
Balance at 31 July 2024	<u>100</u>	<u>165,262</u>	<u>49,892,958</u>	<u>50,058,320</u>

The notes on pages 18 to 38 form part of these financial statements.

APPLIED NUTRITION PLC

**Consolidated Cash Flow Statement
For the Year Ended 31 July 2024**

		2024	2023 (Restated)
	Notes	£	£
Cash flows from operating activities			
Profit before taxation		24,503,424	17,741,267
Adjustments for:			
Depreciation charges	9	574,865	402,914
Amortisation charges	8	11,389	5,934
(Profit)/ loss on disposal of fixed assets		(9,375)	6,017
Finance income		(733,759)	(68,784)
Share based payment expense		165,262	-
		<u>24,511,806</u>	<u>18,087,348</u>
Increase in stocks		(4,616,671)	(4,875,458)
Increase in trade and other debtors		(5,214,463)	(5,451,200)
Increase in trade and other creditors		1,429,517	2,497,899
Cash generated from operating activities		<u>16,110,189</u>	<u>10,258,589</u>
Tax paid		<u>(9,747,459)</u>	<u>(1,950,000)</u>
Net cash from operating activities		<u>6,362,730</u>	<u>8,308,589</u>
Cash flows from investing activities			
Purchase of intangible fixed assets	8	(16,835)	(41,443)
Purchase of tangible fixed assets	9	(1,038,282)	(963,486)
Sale of intangible fixed assets		35,333	14,634
Interest received		613,745	68,784
Net cash used in investing activities		<u>(406,039)</u>	<u>(921,511)</u>
Cash flows from financing activities			
Directors' loans repaid	20	(554)	(7,312)
Net cash used in financing activities		<u>(554)</u>	<u>(7,312)</u>
Increase in cash and cash equivalents		5,956,137	7,379,766
Cash and cash equivalents at beginning of year		12,734,724	5,398,713
Effect of foreign exchange rate changes		29,380	(43,755)
Cash and cash equivalents at end of year		<u>18,720,241</u>	<u>12,734,724</u>

The notes on pages 18 to 38 form part of these financial statements.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement For the Year Ended 31 July 2024

1. Statutory Information

Applied Nutrition plc (the “Company”) is a public limited company incorporated, domiciled and registered in England, United Kingdom, under the Companies Act 2006. The Company's registered number is 09131749 and registered office address is 2 Acornfield Road, Knowsley Industrial Park, Liverpool, United Kingdom, L33 7UG.

The Group consists of Applied Nutrition plc and its subsidiary AN US Holdings Inc.

1.1 Basis of accounting

These consolidated and Company financial statements have been prepared in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the Companies Act 2006.

The financial statements are prepared in British Pound sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest pound.

These financial statements have been prepared under the historical cost convention.

The Company is a qualifying entity for the purposes of FRS102, being a member of a group where the parent and that group prepares publicly available consolidated financial statements, including the Company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Company has therefore taken advantage of exemptions for the following disclosure requirements for the parent company information presented within the consolidated financial statements:

- Section 4 ‘Statement of Financial Position’: Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cashflows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 26 ‘Share Based Payment’: Share based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share based payments, explanation of modifications to arrangement; and
- Section 33 ‘Related Party Disclosures’: Compensation for key manager personnel.

1.2 Basis of consolidation

The Group financial statements include the financial statements of the Company and of its single subsidiary undertaking.

A subsidiary is an entity controlled by the Group. Control arises where the Parent holds more than 50% of the voting power over a subsidiary. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associated entities to the extent of the Group’s interest in the entity.

1.3 Accounting policies

Going Concern

The Group has continued to trade throughout the year under a net asset position. The Directors are pleased with progress of trading to date.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

1.3 Accounting policies – continued

The Directors have assessed the ability of the Company and the Group to continue as a going concern using cash flow forecasts for at least 12 months from the date of signing these financial statements. With the continued encouraging current trading results the Directors are satisfied that there are sufficient resources to continue in business for the foreseeable future and for at least 12 months from the date of signing these financial statements.

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company and Group to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Turnover

Turnover represents amounts chargeable, net of value added tax, in respect of the manufacture, wholesale and retail of sports nutritional products.

The Group operates through a range of business to business “B2B” and business to consumer “B2C” channels, with all revenue recognised at a point of time being when significant risks and rewards are considered to have been transferred to the buyer under the relevant Incoterms®. Payment of the transaction price is due immediately when the customer purchases the product, or in the case of certain trade transactions, payable on set credit terms.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Classification of costs

Allocations of costs presented in the consolidated statement of profit or loss are allocated to cost of sales when management deem costs are directly associated with fulfilling performance obligations, including the creation of those products sold by the Group. Those costs which fall outside of these allocations, which includes all sales and marketing associated costs are presented within administrative expenses, excluding finance expenses and taxation, in the consolidated statement of profit or loss.

Tangible fixed assets

Depreciation is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis:

Plant and machinery	-	20% straight line
Fixtures and fittings	-	33% straight line
Motor vehicles	-	20% straight line
Computer equipment	-	33% straight line

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. At each reporting period end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

1.3 Accounting policies – continued

Amortisation is charged to the administrative expenses in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

Intangible assets are amortised on a straight-line basis over their useful lives. The estimated useful lives are as follows:

Patents and licences - 3 years

Impairment of assets

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. For the purposes of assessing impairment, assets are carried at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs).

Where there is any indication that an asset may be impaired, the carrying value of the asset (or CGUs to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and comprise cash at bank and in hand and short term highly liquid deposits which are subject to an insignificant risk of changes in value.

Stocks

Inventories are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and an allocation of those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated on a weighted average cost basis. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

Financial instruments

The Company and Group have chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

There are no assets which are initially measured at fair value.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (continued) For the year ended 31 July 2024

1.3 Accounting policies – continued

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK and US where the Group operates and generates taxable income and expenses.

Deferred tax balances are recognised in respect of all temporary differences that have originated but not reversed by the reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures, the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Where applicable the Group claim Research and Development (“R&D”) tax reliefs in accordance with the Small and Medium Enterprise (“SME”) R&D Relief Scheme. Projects are assessed by management to ensure the claims made fit the criteria and definitions set out by the UK HM Revenue and Customs.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period. All differences are taken to the statement of profit or loss and other comprehensive income.

The Group includes foreign entities whose functional currencies are not GBP. On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the Balance Sheet date and income and expenses are translated at the weighted average rates during the period. Translation differences are recognised as a gain on foreign currency translation in Other Comprehensive Income.

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Company’s pension scheme are charged to profit or loss in the period to which they relate.

Share based payments

The Group issues equity-settled share-based incentives to certain employees in the form of share options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed in the Group’s financial statements on a straight-line basis over the estimated vesting period, based on the estimate of shares that will eventually vest.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

1.3 Accounting policies – continued

Share Option Plan

Under the Share Option Plan, the Company may, within certain limits and subject to any applicable performance conditions, grant tax-advantaged enterprise management incentives options and unapproved options over shares to eligible employees. No payment is required for the grant of an Option. Share Options that have been issued by the Group have been reviewed under the Monte Carlo model. The share-based payment expense has been calculated and detailed per the notes to the financial statements.

Other Schemes

Under other schemes the Company has granted Share Options in AN USA Holdings Inc. to certain employees. The Share Scheme lapsed in December 2023. Management deems the fair value of these shares to be trivial.

Equity instruments

Equity is the residual interest in the assets of the Group and Company after deducting all liabilities and comprises the following:

- “Share capital” represents the nominal value of equity shares;
- “Share-based payment reserve” represents the cumulative fair value of options charged to the statement of profit or loss;
- “Foreign exchange reserve” represents the cumulative value of foreign currency translation differences; and
- “Retained earnings” represents retained earnings less retained losses.

Leasing commitments

Rentals paid under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the period of the lease.

Dividends

Ordinary dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

1.4 Key judgements and sources of estimation

In the application of the Group’s accounting policies, the directors are required to make certain critical accounting estimates. Group management must exercise judgement and use assumptions in applying the Group’s accounting policies. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. Management believe that the estimates utilised in preparing these financial statements are reasonable and prudent.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The judgements and key sources of estimation uncertainty that have a significant effect on the amounts recognised in these financial statements are discussed below.

Share-based payments

In order to calculate the value of employee share options, the Group makes estimates principally relating to the assumptions used in its option-pricing model. This is a key estimate used to value the share options in issue at the balance sheet date.

Deferred tax assets

In order to calculate deferred tax assets on share-based payments, the Group makes estimates principally relating to the equity value of the Group at the reporting date. This is a key estimate used to value deferred tax assets at the balance sheet date.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

1.4 Key judgements and sources of estimation - continued

Allocation of selling and marketing costs

The Group allocates selling and marketing costs to administrative expenses rather than cost of sales, as these are not costs directly associated with fulfilling performance obligations. This is key area of judgement in the presentation of costs in statement of comprehensive income.

2. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the Group, being the manufacture, wholesale, and retail of sports nutritional products.

An analysis of turnover by geographical market is given below:

	2024	2023 (Restated)
	£	£
United Kingdom	33,635,214	25,240,306
Europe	10,664,626	7,736,278
Rest of World	41,851,711	27,804,325
	<u>86,151,551</u>	<u>60,780,909</u>

Within the Groups one business stream turnover can be disaggregated across six product categories for the purpose of alignment with the Directors internal reporting, being protein, pre-workout, grab-and-go, health and wellness, weight management, and intra-workout. An additional two categories are presented being 'other' which includes sales of raw materials and white label packaging; and 'rebates' where certain amounts are shown separately as they are unable to be allocated against specific product ranges.

	2024	2023
	£	£
Protein	26,117,868	21,526,093
Pre-workout	19,586,775	11,857,628
Grab-and-Go	12,808,195	11,211,829
Health and wellness	9,669,855	5,150,623
Weight management	7,373,482	5,734,903
Intra-workout	10,423,119	4,860,257
Other	1,558,637	1,047,552
Rebates	(1,386,380)	(607,976)
	<u>86,151,551</u>	<u>60,780,909</u>

3. Employees and directors

The aggregate remuneration of persons employed by the Group and Company during the year was:

	2024	2023
	£	£
Wages and salaries	7,854,801	4,952,736
Social Security costs	770,265	465,031
Other pension costs	139,993	78,479
Share-based payment expense (Note 18)	165,262	-
	<u>8,930,321</u>	<u>5,496,246</u>

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

3. Employees and directors - continued

The average number of people (including directors) employed by the Group and Company during the year was as follows:

	2024	2023
Directors	4	3
Warehouse/production	147	98
Office	44	35
	<u>195</u>	<u>136</u>

	2024	2023
	£	£
<i>Director emoluments comprise:</i>		
Wages and salaries	562,360	402,043
Social security	62,539	50,571
Directors' pension contributions to money purchase schemes	29,600	11,343
Share-based payment expense (Note 18)	165,262	-
	<u>819,761</u>	<u>463,957</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director for the year ended 31 July 2024 is as follows:

	2024	2023
	£	£
Wages and salaries	216,000	147,600
Social security	27,336	17,719
Directors' pension contributions to money purchase schemes	12,000	-
	<u>255,336</u>	<u>165,319</u>

Key management personnel include all of the Directors, who together have authority and responsibility for planning, directing, and controlling the activities of the Group's business. There are no key management personnel other than the Directors of the Group.

4. Operating profit

The operating profit is stated after charging/(crediting):

	2024	2023
	£	£
Hire of plant and machinery	23,450	12,122
Research and development expenditure	1,443,155	1,311,959
Other operating leases	699,408	392,878
Depreciation - owned assets	574,865	402,914
(Profit)/loss on disposal of fixed assets	(9,375)	6,017
Patents and licences amortisation	<u>11,389</u>	<u>5,934</u>

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

5. Auditors' remuneration

	2024	2023
	£	£
Audit of the financial statements of the Group and Company	110,000	68,784
Fees relating to other services	430,000	-
	<u>540,000</u>	<u>68,784</u>

As at 31 July 2024 other fees payable of £430,000 (2023: £Nil), where is respect of fees charged in relation to the auditors workstreams as the Company's Reporting Accountant.

6. Interest receivable and similar income

	2024	2023
	£	£
Interest receivable	733,759	68,784
	<u>733,759</u>	<u>68,784</u>

7. Taxation

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2024	2023
	£	£
Current tax:		
Total current tax	6,384,405	3,975,142
Adjustments in respect of prior periods	(158,977)	-
Tax current tax	<u>6,225,428</u>	<u>3,975,142</u>
Deferred tax:		
Origination and reversal of timing differences	(266,593)	131,735
Adjustments in respect of previous periods	(196,753)	-
Total deferred tax	<u>(463,346)</u>	<u>131,735</u>
Tax on profit	<u>5,762,082</u>	<u>4,106,877</u>

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

7. Taxation (Continued)

Reconciliation of total tax charge included in profit and loss

The tax charges for the year differs from the standard rate of corporate tax in the UK. The differences are explained below:

	2024	2023
	£	£
Profit before tax	24,503,424	17,741,267
Tax using the Group's domestic tax rates	6,125,856	3,725,666
Effects of:		
Expenses not deductible for tax purposes	310,536	5,122
Depreciation in excess of capital allowances	28,337	2,896
Movement on unrecognised deferred tax	(94,433)	263,747
R&D tax claim	(288,631)	-
Effect of tax rates in foreign jurisdictions	46,636	-
Consolidation adjustment	(7,420)	109,446
Transfer pricing adjustment	(3,069)	-
Adjustments in respect of prior periods to current tax	(158,977)	-
Adjustments in respect of prior periods to deferred tax	(196,753)	-
Total tax charge	<u>5,762,082</u>	<u>4,106,877</u>

Corporation tax for the year ended 31 July 2024 was calculated using a tax rate of 25%. The UK corporation tax was set at the main rate of 25% from 1 April 2023. Corporation tax for the year ended 31 July 2023 was calculated using a marginal tax rate of 21%.

Deferred tax

	Group		Company	
	2024	2023	2024	2023
	£	£	£	£
Accelerated capital allowances	(363,747)	(294,094)	(363,474)	(294,094)
Share based payment timing differences	477,136	-	477,136	-
Tax losses	481,500	-	-	-
	<u>594,889</u>	<u>(294,094)</u>	<u>113,389</u>	<u>(294,094)</u>

Group

	Deferred tax £
Balance at 1 August 2023	(294,094)
Provided during the year	463,346
Impact of foreign exchange	(10,182)
Recognised through other comprehensive income	435,819
Balance at 31 July 2024	<u>594,889</u>

Company

	Deferred tax £
Balance at 1 August 2023	(294,094)
Provided during the year	(28,336)
Recognised through other comprehensive income	435,819
Balance at 31 July 2024	<u>113,389</u>

APPLIED NUTRITION PLC

**Notes to the Consolidated Financial Statement (Continued)
For the Year Ended 31 July 2024**

8. Intangible fixed assets

Group

	Patents and licenses £
Cost	
At 1 August 2022	1,423
Additions	41,443
At 31 July 2023	<u>42,866</u>
Amortisation	
At 1 August 2022	79
Amortisation for the year	5,934
At 31 July 2023	<u>6,013</u>
Cost	
At 1 August 2023	42,866
Additions	16,835
At 31 July 2024	<u>59,701</u>
Amortisation	
At 1 August 2023	6,013
Amortisation for the year	11,389
At 31 July 2024	<u>17,402</u>
Net book value	
At 31 July 2024	<u>42,299</u>
At 31 July 2023	<u>36,853</u>

Company

	Patents and licenses £
Cost	
At 1 August 2022	1,423
Additions	30,063
At 31 July 2023	<u>31,486</u>
Amortisation	
At 1 August 2022	79
Amortisation for the year	3,636
At 31 July 2023	<u>3,715</u>
Cost	
At 1 August 2023	31,486
Additions	6,006
At 31 July 2024	<u>37,492</u>
Amortisation	
At 1 August 2023	3,715
Amortisation for the year	7,284
At 31 July 2024	<u>10,999</u>
Net book value	
At 31 July 2024	<u>26,493</u>
At 31 July 2023	<u>27,771</u>

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued)
For the Year Ended 31 July 2024

9. Tangible fixed assets

Group	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 August 2022	816,363	325,580	62,516	84,122	1,288,581
Additions	414,542	449,668	17,500	79,118	960,828
Disposals	(4,200)	(26,559)	(6,515)	-	(37,274)
At 31 July 2023	1,226,705	748,689	73,501	163,240	2,212,135
Depreciation					
At 1 August 2022	372,597	154,592	4,963	43,321	575,473
Charge for the year	189,143	172,730	12,069	28,972	402,914
Disposals	(3,625)	(11,804)	(1,194)	-	(16,623)
At 31 July 2023	558,115	315,518	15,838	72,293	961,764
Cost					
At 1 August 2023	1,226,705	748,689	73,501	163,240	2,212,135
Additions	793,392	158,154	13,705	73,031	1,038,282
Disposals	(44,750)	-	(13,000)	(8,850)	(66,600)
At 31 July 2024	1,975,347	906,843	74,206	227,421	3,183,817
Depreciation					
At 1 August 2023	558,115	315,518	15,838	72,293	961,764
Charge for the year	290,235	214,309	17,552	52,769	574,865
Disposals	(26,375)	-	(5,417)	(8,850)	(40,642)
Foreign exchange	-	(156)	-	(108)	(265)
At 31 July 2024	821,975	529,671	27,973	116,104	1,495,722
Net book value					
At 31 July 2024	1,153,372	377,172	46,233	111,317	1,688,096
At 31 July 2023	668,590	433,171	57,663	90,947	1,250,371

APPLIED NUTRITION PLC

**Notes to the Consolidated Financial Statement (Continued)
For the Year Ended 31 July 2024**

9. Tangible fixed assets - continued

Company	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 August 2022	816,363	325,580	62,516	84,122	1,288,581
Additions	414,542	428,847	17,500	68,476	929,365
Disposals	(4,200)	(26,559)	(6,515)	-	(37,274)
At 31 July 2023	1,226,705	727,868	73,501	152,598	2,180,672
Depreciation					
At 1 August 2022	372,597	154,592	4,963	43,321	575,473
Charge for the year	189,143	167,205	12,069	27,624	396,041
Disposals	(3,625)	(11,804)	(1,194)	-	(16,623)
At 31 July 2023	558,115	309,993	15,838	70,945	954,891
Cost					
At 1 August 2023	1,226,705	727,868	73,501	152,598	2,180,672
Additions	793,392	157,620	13,705	62,642	1,027,360
Disposals	(44,750)	-	(13,000)	(8,850)	(66,600)
At 31 July 2024	1,975,347	885,488	74,206	206,390	3,141,432
Depreciation					
At 1 August 2023	558,115	309,993	15,838	70,945	954,891
Charge for the year	290,235	207,152	17,552	47,634	562,573
Disposals	(26,375)	0	(5,417)	(8,850)	(40,642)
At 31 July 2024	821,975	517,145	27,973	109,729	1,476,822
Net book value					
At 31 July 2024	1,153,372	368,343	46,233	96,661	1,664,611
At 31 July 2023	668,590	417,875	57,663	81,653	1,225,781

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

10. Fixed asset investments

Company

	Shares in group undertakings £
Cost	
At 1 August 2022	82
At 31 July 2023	82
At 1 August 2023	82
At 31 July 2024	82
Net book value	
At 31 July 2024	82
At 31 July 2023	82

The Company has one subsidiary. The table below sets out the details of the subsidiary of the Company during the year ended 31 July 2024 and 31 July 2023, the percentage ownership and the percentage of voting power held.

Subsidiaries	Principal activity	Country of incorporation	Registered address	Percentage of voting rights held	Proportion of ordinary shares held by Group
AN USA Holdings Inc.	Sale of sports nutrition products	United States of America	5601 Democracy Dr Ste 135 Plano, TX	100% as at 31 July 2022; 2023; and 2024.	*90% as at 31 July 2023; and 2024.

The Group holds direct investments in all subsidiaries.

*AN USA Holdings Inc. issued 10,000 class A shares on 21 April 2023 to its former chief executive officer ("US CEO"). The US CEO left employment in December 2023 and the A shares were brought back by AN USA Holdings Inc. at £Nil value. The Class A shareholders held no rights to vote, nor receive dividends.

As at 31 July 2023 the previous US CEO owned 10% of the shares in issue of AN USA Holdings Inc., as the shares held no rights to vote, or receive dividends and could only be bought back by AN USA Holdings Inc. at a predetermined formulaic price, it is concluded the US CEO held no rights to the Company's equity outside of the predetermined formula, and thus no non-controlling interest ("NCI") existed. No recognition of NCI has been recognised as at 31 July 2023.

In the year ended 31 July 2024 AN USA Holdings Inc. issued 10,000 class A shares on 4 June 2024 to its new US CEO. As at 31 July 2024 the US CEO owned 10% of the shares in issue of AN USA Holdings Inc., as the shares held no rights to vote, or receive dividends and could only be bought back by AN USA Holdings Inc. at a predetermined formulaic price, it is concluded the US CEO held no rights to the Company's equity outside of the predetermined formula, and thus no non-controlling interest ("NCI") existed. No recognition of NCI has been recognised as at 31 July 2024.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

11. Stocks

	Group		Company	
	2024	2023 (Restated)	2024	2023 (Restated)
	£	£	£	£
Raw materials	10,732,427	5,829,420	10,732,427	5,829,420
Finished goods and goods for resale	8,125,256	6,522,448	6,924,138	5,479,197
	<u>18,857,683</u>	<u>12,351,868</u>	<u>17,656,565</u>	<u>11,308,617</u>

The Company and Group have restated certain areas in the comparative figures to/at 31 July 2023 to correct the accounting treatment of certain activities due to prior period omissions. The Group and Company identified a misstatement in the year ended 31 July 2023 relating to stock in transit, not invoiced, which was identified to be the responsibility and control of the Company at the 31 July 2023 year end.

For the year ended 31 July 2023, stock was originally reported by the Group and Company at £11,701,868 and £10,658,617, respectively. Per the restated balances stock has been corrected and reported by the Group and Company at £12,351,868 and £11,308,617, respectively. Therefore, a total adjustment of £650,000 for year ended 2023 has been applied to gross up the Group and Company's stock and accrual balances. The consolidated cash flow statement has been restated in respect of this adjustment, with a £650,000 adjustment through increase in stock and increase in trade and other creditors. There is no impact to the statement of comprehensive income, or reserves, in both periods presented in these financial statements in respect of this prior period adjustment.

12. Debtors: amounts falling due within one year

	Group		Company	
	2024	2023	2024	2023 (Restated)
	£	£	£	£
Trade debtors	16,234,970	11,059,766	15,736,596	10,879,636
Other debtors	11,685	8,161	5,506	4,732
Prepayments	625,286	469,820	595,945	458,145
Corporation tax	511,480	-	512,860	-
	<u>17,383,421</u>	<u>11,537,747</u>	<u>16,850,907</u>	<u>11,342,513</u>

Debtors: amounts falling due after one year

	Group		Company	
	2024	2023	2024	2023 (Restated)
	£	£	£	£
Amounts owed by group undertakings	-	-	5,130,524	3,404,186
	<u>-</u>	<u>-</u>	<u>5,130,524</u>	<u>3,404,186</u>

The Company have restated certain areas in the comparative figures as at 31 July 2023 to correct the accounting treatment of certain activities due to prior period omissions. The Company identified a misstatement in the year ended 31 July 2023 relating to amounts owed by Group undertakings to the Company. The Company identified the full amount of £3,404,186 due from the Company's subsidiary would be expected to be paid after 12 months from 31 July 2023. This has resulted in £3,404,186 being restated from a debtor amount falling due within one year to a debtor amount falling due after one year. There is no impact to the statement of comprehensive income, or reserves, in both periods presented in these financial statements in respect of this prior period adjustment.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

13. Creditors: amounts falling due within one year

	Group		Company	
	2024	2023 (Restated)	2024	2023 (Restated)
	£	£	£	£
Trade creditors	3,770,139	2,585,668	3,413,636	2,564,619
Corporation tax	-	3,010,580	-	3,010,580
Amounts owed to group undertakings	-	-	637,261	-
Social security and other taxes	157,195	166,157	157,010	166,157
VAT	577,791	607,797	577,676	607,797
Other creditors	18,098	25,017	18,432	15,222
Directors' current accounts	-	554	-	554
Accrued expenses and deferred income	4,881,234	2,703,839	4,723,043	2,657,827
	<u>9,404,457</u>	<u>9,099,612</u>	<u>9,527,058</u>	<u>9,022,756</u>

Accrued expenses and deferred income have been presented as restated as at 31 July 2023 for both the Group and Company. Please see further details in Note 11 and Note 14.

Directors' loan accounts are interest free and repayable on demand, fully settled during the year.

14. Provisions for liabilities

	Group		Company	
	2024	2023 (Restated)	2024	2023 (Restated)
	£	£	£	£
Deferred tax (Note 7)	-	294,094	-	294,094
Dilapidation provision	237,079	237,079	237,079	237,079
	<u>237,079</u>	<u>531,173</u>	<u>237,079</u>	<u>531,173</u>

The Company have restated certain areas in the comparative figures as at 31 July 2023 to correct the accounting treatment of certain activities due to prior period omissions. The Company identified a misstatement in the year ended 31 July 2023 relating to dilapidation provisions. The Company identified and reclassified the amount of £237,079 included in accrued expenses as at 31 July 2023, to be restated to provisions for liabilities, as the dilapidation accruals were not due to be realised by the Company until 2030 when the corresponding leases expire. There is no impact to the statement of comprehensive income, or reserves, in both periods presented in these financial statements in respect of this prior period adjustment.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

15. Equity and reserves

In the prior period presented, being 31 July 2023, equity and reserves balances were restated by the Group. In the prior period the Group did not present a separate foreign exchange reserve, to represent the cumulative gains and losses on translating the net assets of overseas operations to the presentation currency. These amounts were recorded directly to retained earnings. These equity balances have been restated to ensure consistent comparative presentation with the year ended 31 July 2024, along with alignment of the Group's accounting policies. The restatements are as detailed below.

	Foreign exchange reserve	Retained earnings
	£	£
Balance at 1 August 2022	-	14,587,822
Other comprehensive income (Restated)	58,466	-
Profit for the year	-	13,634,390
Balance at 31 July 2023 (Restated)	<u>58,466</u>	<u>28,222,212</u>
	Foreign exchange reserve	Retained earnings
	£	£
Balance at 1 August 2022 (As reported)	-	14,587,822
Profit for the year (As reported)	-	13,692,856
Balance at 31 July 2023 (As reported)	<u>-</u>	<u>28,280,678</u>

16. Leasing arrangement

Minimum lease payments falling due are as follows:

Group

	Non-cancellable operating leases	
	2024	2023
	£	£
Within one year	451,150	344,233
Between one and five years	1,648,206	1,689,119
In more than five years	405,809	816,115
	<u>2,505,165</u>	<u>2,849,467</u>

Company

	Non-cancellable operating leases	
	2024	2023
	£	£
Within one year	410,306	304,099
Between one and five years	1,641,224	1,641,224
In more than five years	405,809	816,115
	<u>2,457,339</u>	<u>2,761,438</u>

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

17. Called up share capital

	2024 Shares	2023 Shares
Allotted, called up and fully paid		
<i>A1 Ordinary shares of £0.01 each</i>		
Opening number of A1 ordinary shares	5,800	5,800
Re-designation of shares	(367)	-
Closing number of A1 ordinary shares	<u>5,433</u>	<u>5,800</u>
 <i>A2 Ordinary shares of £0.01 each</i>		
Opening number of A2 ordinary shares	1,000	1,000
Re-designation of shares	(57)	-
Closing number of A2 ordinary shares	<u>943</u>	<u>1,000</u>
 <i>B Ordinary shares of £0.01 each</i>		
Opening number of B ordinary shares	3,200	3,200
Re-designation of shares	(64)	-
Closing number of B ordinary shares	<u>3,136</u>	<u>3,200</u>
 <i>D Ordinary shares of £0.01 each</i>		
Opening number of D ordinary shares	-	-
Re-designation of shares	488	-
Closing number of D ordinary shares	<u>488</u>	<u>-</u>
 Closing share capital	<u>10,000</u>	<u>10,000</u>
 Allotted, issued and fully paid		
Class:	Nominal value	
		2024
		£
A1 Ordinary	1p	54
A2 Ordinary	1p	10
B Ordinary	1p	31
D Ordinary	1p	5
		<u>100</u>
		<u>2023</u>
		£
		58
		10
		32
		-
		<u>100</u>

The Company have also granted 102 share options to a director of the Company which are held over C Shares in the Company. The C shares only participate in a return in the event of an Exit Event, and when the Exit is above a specific Hurdle.

Shareholders are entitled to one voting right per share.

On 31 January 2024, 116 A1 ordinary shares, 20 A2 ordinary shares and 64 B ordinary shares were re-designated into 200 D ordinary shares of £0.01 each. On 18 April 2024, 171 A1 ordinary shares and 29 A2 ordinary shares were re-designated into 200 D shares of £0.01 each. On 6 June 2024, 42 A1 ordinary shares and the 8 A2 ordinary shares were re-designated into 50 D ordinary shares of £0.01 each. On 7 June 2024, 38 A1 ordinary shares were re-designated into 38 D ordinary shares of £0.01 each.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

18. Share based payments

The Group operated an employee share option plan that is accounted for as equity-settled share-based payments.

Share Option Plan

On 29 April 2022 the Company granted 102 share options to a director of the Company. The Share Options are options held over potential C Shares in the Company which would result in a redesignation of 102 A1 ordinary shares as C Shares, and therefore no C Shares are currently in issue. The C shares only participate in a return in the event of an Exit Event, and when the Exit is above a specific Hurdle. There are further continuous employment service conditions attached to the Share Options.

The Share Options granted are as detailed below:

Date of grant	No. of options	Exercise price (£)	Vesting conditions	Contractual life of options
29 April 2022	102	88.78	Market and non-market-based performance conditions	10 years

Details of the number of Share Options granted, exercised, lapsed as well as the weighted average exercise prices in GBP are as follows:

	Number	Weighted Average Exercise Price £
At 1 August 2022	102	88.79
At 31 July 2023	102	88.79
At 1 August 2023	102	88.79
At 31 July 2024	102	88.79
Total outstanding as at 31 July 2024	102	88.79
Total exercisable as at 31 July 2024	102	88.79

The fair value of the Share Options and the expected vesting period was calculated at the date of grant using the Monte Carlo Model.

As at 31 July 2024, management estimated the likelihood of an Exit Event to be highly probable and for the option holder to remain in employment, and therefore a charge to be recognised in the Group's consolidated income statement was calculated, representing a catch up of the option charge since issuance. The fair value of these Share Options granted as at 31 July 2024 was calculated as £165,262 (2023: £Nil).

The expected vesting period of the options was 3.75 years, which is the date the share price hurdle was expected to be met.

As at 31 July 2024, consistent with the likelihood of an Exit Event judgment noted above, an intrinsic valuation of the options was made in order to assess any future corporation tax adjustment that may be available for the deduction available for the market price of the shares less the exercise price paid for the shares. This calculation showed that a £477,135 deduction is expected to be available and therefore a Deferred Tax Asset was recognised in respect of this amount. £435,819 of this Deferred Tax Asset was recognised in Equity, as can be seen in other comprehensive income and Note 7 above.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

19. Retirement benefit schemes

	2024 £	2023 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution pension schemes	110,393	67,136
Charge to profit or loss in respect of money purchase pension schemes	29,600	11,343
	<u>139,993</u>	<u>78,479</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

There were 2 Directors participating in money purchase pension schemes as at the year ended 31 July 2024 (2023: 2).

20. Related party transactions

Key management personnel remuneration is disclosed in Note 3 above. Certain Directors of the Company have also received share options and these are detailed in Note 18.

Loans and transactions with Directors

The following advances and credits to a director subsisted during the years ended 31 July 2024 and 31 July 2023:

	2024 £	2023 £
T M Ryder		
Balance outstanding at start of year	(554)	(7,866)
Amounts repaid	<u>554</u>	<u>7,312</u>
Balance outstanding at end of year	<u>-</u>	<u>(554)</u>

Other related parties

	2024 £	2023 £
Sales	1,173,364	550,508
Amount due from related party	<u>143,285</u>	<u>96,952</u>

Other related parties constitute transactions and amount due from JD Sports Fashion plc, a shareholder of the Company.

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors nor has any guarantee been given or received during the financial year regarding related party transactions. All transactions with related parties have been conducted at an arms length basis.

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

21. Post balance sheet events

On 16 August 2024, the business established a 100% owned subsidiary company "Applied Nutrition Columbia SAS" in Colombia, South America with an initial share capital of COP\$1,000,000. The purpose of the entity is to facilitate product registration in the Colombian market. The entity has no employees.

On 1 October 2024, the Company re-registered as Applied Nutrition plc (having been formerly known as Applied Nutrition Limited) in readiness for its intention to float on the London Stock Exchange. To facilitate the re-registration, on 24 September 2024 a shareholders resolution was passed in respect of a bonus issue of 4,990,000 new ordinary shares. A sum of £49,900 was capitalised from the Company's distributable reserves and appropriated to the shareholders of the Company in proportion to the number of ordinary shares in the Company held by them respectively. As a result of the bonus issue the total number of ordinary shares in issue increased to 5,000,000 and the resultant share capital increased to £50,000.

As a result of the re-registration as a plc, a calculation of earnings per share based on total of 5,000,000 ordinary shares is disclosed in the Consolidated Income Statement and in note 25.

22. Commitments and contingencies

The Group has no capital, financial and or other commitments at the 31 July 2024.

The Group has made a VAT reclaim to HMRC in respect of certain products that have been treated as standard rated but are believed to be zero rated. This claim is ranged between £Nil and £1.4 million and has not been recognised in these financial statements.

23. Ultimate controlling party

The ultimate controlling party of the Group is Mr T M Ryder.

24. Restatement of operating profit

Management have restated those balances above the operating profit line for the comparative year ended 31 July 2023, in these financial statements. Turnover, cost of sales and administrative expenses for the year ended 31 July 2023 have been restated to ensure consistent comparative presentation with the year ended 31 July 2024, along with alignment of the Group's accounting policies.

Allocations of costs presented in the consolidated statement of profit or loss are allocated to cost of sales when management deem costs are directly associated with fulfilling performance obligations, including the creation of those products sold by the Group. Those costs which fall outside of these allocations, which includes all sales and marketing associated costs are presented within administrative expenses, excluding finance expenses and taxation, in the consolidated statement of profit or loss.

There is no impact on profit before taxation in respect of the representation.

	2023 £	2023 £ (Restated)
Turnover	61,169,074	60,780,909
Cost of sales	(31,234,583)	(33,809,851)
Gross Profit	<u>29,934,491</u>	<u>26,971,058</u>
Administrative expenses	(12,273,891)	(9,298,575)
Other operating income	11,883	-
Operating profit	<u>17,672,483</u>	<u>17,672,483</u>

APPLIED NUTRITION PLC

Notes to the Consolidated Financial Statement (Continued) For the Year Ended 31 July 2024

25. Earnings per share

Basic and diluted profit per share is calculated by dividing the result attributable to equity holders by the weighted average number of ordinary shares in issue. Earnings per share is presented based on the number of shares outstanding in the Company. Diluted earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The Company's C Share Options are contingent on the option conditions being fulfilled by future events. None of conditions were fulfilled as at 31 July 2023 and 31 July 2024. Share Options are not deemed dilutive until all contingent conditions have been met, and thus have no dilutive impact in the historical financial period.

The disclosed EPS has been presented in the current and comparative year using the updated number of shares in issue (note 21), as the denominator in the calculations.

Basic and diluted	2024	2023
Profit attributable to owners of the Company (£)	19,199,053	13,692,856
Weighted average number of shares	5,000,000	5,000,000
Basic and diluted earnings per share (£)	3.84	2.73