

20 November 2017

UP Global Sourcing Holdings plc

“Ultimate Products” or the “Group” or the “Company”

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

Following the release on 7 November 2017 of its final results statement, Ultimate Products (LSE: UPGS), the owner, manager, designer and developer of a range of value-focused consumer goods brands, announces that it has today published its Annual Report and Accounts (“the Annual Report”) for the year ended 31 July 2017.

The Company also announces that it will hold its Annual General Meeting at 2.00pm on Friday 15 December at the Company’s registered office at Manor Mill, Victoria Street, Chadderton, Oldham, OL9 0DD.

Copies of the Annual Report and the Notice of the 2017 Annual General Meeting are available to view on the Company's website: www.upgs.com. They have also been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/nsm in compliance with paragraph 9.6.1 of the FCA Listing Rules. Copies of these documents, together with a form of proxy for use in connection with the 2017 Annual General Meeting, have been posted or made available to the Company’s shareholders.

The final results statement and presentation of 7 November 2017 included a set of condensed financial statements and a fair view of the development and performance of the business and the position of the Company.

The information contained within the final results statement, together with the information set out below, all of which is extracted from the Annual Report for the year ended 31 July 2017, constitute the requirements of the Disclosure and Transparency Rule 6.3.5(2)(b).

This announcement is not a substitute for reading the full Annual Report.

Directors' responsibility statement

The following Directors' responsibility statement is extracted from the Annual Report and Accounts (pages 90 to 91):

The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced and understandable, providing the information necessary for shareholders to assess the Group’s performance, business model and strategy.

Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.

- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and parent company, together with a description of the principal risks and uncertainties that they face.

Principal risks and uncertainties

The following description of the principal risks and uncertainties that the Group faces is extracted from the Annual Report and Accounts (pages 19 to 23):

Risk management approach

The Board is responsible for the Group's risk management and internal control systems and for reviewing their effectiveness, supported by the Audit and Risk Committee. We review our business regularly to identify and document key business risks. Once identified, risks are assessed according to the likelihood and impact of the risk occurring and an appropriate mitigating response is determined. This risk mitigation plan is then regularly monitored.

The principal risks as determined by the Board are listed in the table below, together with corresponding mitigating actions. This is not intended to be an exhaustive list of all risk and uncertainties that may arise.

Area	Risk	Mitigation
Macro economic factors	Macro economic trends affecting consumer confidence and depressing consumer non-food spending, in particular uncertainty regarding Brexit, could affect retail demand.	<p>The Group sees the opportunity to increase market share by developing new customer relationships, particularly internationally, and from growth in online channels, mitigating the risk from macro-economic factors affecting the overall market.</p> <p>The Group's products, being mass market and value led, are well-placed in the event of an economic downturn.</p>
Margin dilution	A tough retail environment, the impact of weakened sterling (discussed below), and customer mix (large concentration on discounters) could put pressure on gross margin.	<p>The Group mitigates this risk by a combination of margin enhancing initiatives including monitoring profitability of individual product lines, continued product innovation and refreshing product ranges, balanced against the need to ensure that our products remain competitive.</p> <p>The Group's strategy of growing international and online sales is expected to provide greater diversity and a balanced-margin portfolio.</p>

<p>Loss of continuity of supply of goods for resale</p>	<p>The Group is heavily reliant on China as a source of products. Any deterioration in, or disruption to political, economic or social conditions in China could impact the Group's sales and operating profits. Potential changes in Chinese law could impact margins.</p>	<p>The Group closely monitors developments in China and continues to consider and use alternative sources when practicable and viable.</p>
<p>Customer concentration</p>	<p>A large proportion of the Group's turnover is derived from a small number of customers. Loss of a key customer could have an adverse impact on the Group's turnover and operating profit.</p>	<p>The Group continues to develop relationships with other existing customers and target new customers, with specific focus on international and online sales, in order to widen its portfolio and spread risk.</p> <p>In addition, in-store penetration of the Group's brands and products offer some commercial protection against customer loss.</p>
<p>Retention of competitive advantage through innovation</p>	<p>Failure to develop and enhance our product range and ensure that products continue to have resonance with consumers, or lack of awareness of trends and changes in consumer behaviour, could result in loss of our competitive advantage, which could impact on the Group's turnover and margins.</p>	<p>A high level of new product development focus is maintained with and monitored by the Board. Buying teams and senior management regularly attend trade shows and carry out store and factory visits to ensure they are in touch with the latest consumer demands and trends.</p>
<p>Brands</p>	<p>Failure to renew or delays in renewing licences for key brands could impact turnover. Failure to develop or acquire new brands could restrict growth, given the Group's brand-led strategy.</p>	<p>The risk of non-renewal is mitigated by maintaining strong revenues to and good working relationships with licensors.</p> <p>Licences are negotiated for as long as possible and as early as possible, in order to provide greater certainty around future revenues.</p> <p>The Group continues to develop a 'second tier' of brands and to look for potential new brands to acquire.</p>

Stock management	Inability to efficiently manage stocks could adversely affect the business. Understocking could hold back online growth or customer call-off, whilst overstocking could adversely affect working capital.	<p>Stock levels and purchasing are closely managed, with all purchase orders being reviewed by senior management before being placed.</p> <p>Stock is categorised between 'free' and (pre)'sold' to ensure management focus on higher risk items. 'Free' stock is reviewed at Director level and prompt actions are taken where necessary.</p>
Legal and regulatory	The Group may fail to comply with additional regulations arising as a result of its public status. The Group may have inadequate resources to manage the additional workload.	<p>The appointment of Non-Executive Directors in March 2017 has strengthened the Group's knowledge of regulatory and compliance issues, along with training provided to the Directors in preparation for the Group's listing.</p> <p>Issues are raised and discussed by the Audit Committee and external consulting resources are employed when necessary.</p>
Human Resources	The success of the Group is dependent upon the retention of key individuals and the recruitment of high-quality staff to develop and implement its strategies.	<p>The Group takes a number of steps to encourage the retention of its senior management, as set out in the Remuneration Report.</p> <p>The Group's Graduate Development Scheme provides a steady inflow of high-quality staff to support the future development of the Group.</p>
Cyber Attacks	Cyber attacks are becoming increasingly common and have the potential to cause business interruption, loss of key systems, loss of online sales or theft of data.	The Group continues to review and invest where appropriate in the development and maintenance of our IT infrastructure, systems and security. We have in place disaster recovery and business continuity plans.

Financial risks	<p>The Group's operations expose it to a variety of financial risks that include the following:</p> <ul style="list-style-type: none"> - price risk - foreign currency risk - credit risk - liquidity risk - interest rate cash flow risk 	<p>The Group continually monitors the price and availability of materials and labour but the costs of managing the exposure to price risk exceed any potential benefits given the extensive range of products and suppliers.</p> <p>The Group's exposure to foreign currency risk is partially hedged by virtue of invoicing a proportion of its turnover in US Dollars. In addition, the Group maintains a hedging policy and uses foreign exchange forward contracts to reduce the risk of volatility in revenue and cost of goods.</p> <p>The Group's sales are primarily made with credit terms, exposing it to the risk of non-payment by customers. The Group has implemented policies that require credit checks on potential customers and the maintenance of appropriate credit limits. Trade receivable balances are vigilantly managed and prompt action taken on overdue accounts. In addition, the Group maintains a suitable level of credit insurance against its trade receivables book.</p> <p>Cash flow requirements are monitored by short and long-term forecasts, with headroom against facility limits and banking covenants assessed regularly.</p> <p>The Group's interest bearing liabilities expose it to the financial risks of changes in interest rates. The Group has a policy of maintaining a portion of its banking facilities under the protection of interest rate swaps and caps to ensure the certainty of future interest cash flows.</p>
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Notes to Editors

Ultimate Products is an owner, manager, designer and developer of a series of well-known brands focused on the home, selling to over 300 retailers across 38 countries. It has six product categories: Audio; Heating and Cooling; Housewares; Laundry; Luggage; and Small Domestic Appliances. Its brands include Beldray (laundry, floor care, heating and cooling), Intempo (audio), Salter (kitchenware), Constellation (luggage), and Progress (cookware and bakeware).

The Group's products are sold to a broad cross-section of both large national and international multi-channel retailers as well as smaller national retail chains, incorporating discount retailers, supermarkets, general retailers and online retailers. Major customers include Action, Aldi, Amazon, Argos, Asda, B&M, Matalan, Morrisons, tofs (The Original Factory Shop), Robert Dyas, Sainsbury's, Tesco and The Range.

Founded in 1997, Ultimate Products is headquartered in Oldham, Greater Manchester, where it has design, sales, marketing, buying, quality assurance, support functions and warehouse facilities across two sites. Manor Mill, the Group's head office, includes a spectacular 20,000 sq. ft. showroom that showcases each of its brands. In addition, the Group has an office and showroom in Guangzhou, China. In total, Ultimate Products now employs over 200 staff.

For further information, please visit www.upgs.com