7 November 2017

UP Global Sourcing Holdings plc

"Ultimate Products" or the "Group"

FULL YEAR RESULTS FOR THE YEAR ENDED 31 JULY 2017

A strong performance in a challenging market

Ultimate Products, the owner, manager, designer and developer of an extensive range of value-focused consumer goods brands, announces its full year results for the year ended 31 July 2017.

Financial Highlights

- Total revenue increased 39.1 % to £110.0 m (FY 16: £79.0 m);
- International revenue grew by 48.2 % to £30.4 m, representing 27.7 % of total revenue;
- Underlying EBITDA* increased 39.9 % to £11.5 m (FY 16: £8.2m);
- Underlying profit before tax* increased 42.0 % to £10.7 m (FY 16: £7.5 m);
- Profit before tax increased 18.7 % to £7.4m (FY16: £6.3m);
- Net debt amounted to £6.0 m (FY 16: £10.0 m), with a net debt / underlying EBITDA ratio* of 0.5 x;
- Underlying Earnings Per Share* of 10.9 p; and
- Full year dividend of 5.115 p per share (FY 16: 3.32 p).

  **Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the "Glossary".*

  Underlying measures are calculated after adding back exceptional items and share based payment charges as referred to in note 7 of the consolidated financial information below.

Operational Highlights

- A Premium Listing of the Company on the Main Market of the London Stock Exchange in March;
- Board substantially strengthened, including the appointment as Chairman of James McCarthy, the former CEO of Poundland Group plc, and two further independent Non-Executive Directors;
- Refurbishment of new 240,000 sq ft warehouse at Heron Mill in Oldham completed to plan and is now the Group's main distribution facility, creating improved operational efficiencies and significant additional capacity;
- Significant progress made in Germany, with a number of major retail accounts now open in the country and plans to open a showroom there in CY 18;
- Highlights of the product portfolio have included the performance of Progress, the cookware and kitchen electrical brand, which is now listed with several retailers including, as of January 2018, a major UK supermarket; and
- Recruited the 100th graduate to the Group's graduate development scheme.

Commenting on the results, Simon Showman, Chief Executive of Ultimate Products, said:

"I am very proud of what Ultimate Products and its staff have achieved over this reporting period. To deliver this performance whilst at the same time adding a new distribution centre, executing an IPO and maintaining an excellent service to our retailers shows what a high-quality, flexible and resilient business Ultimate Products is.

In the short-term, this flexibility and resilience will be needed as UK retailers and consumers alike adapt to a new and more challenging environment. However, it should also be noted that in a market where people have less money to spend on general merchandise, Ultimate Products provides a compelling proposition to consumers and retailers alike. We therefore continue to see substantial opportunities for the long-term growth and success of Ultimate Products."

For more information, please contact:

Ultimate Products	+44 (0) 161 627 1400 Simon Showman, CEO Andrew Gossage, Managing Director Graham Screawn, Finance Director
Powerscourt	+44 (0) 207 250 1446 Rob Greening Isabelle Saber Sam Austrums

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 sqft 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

BUSINESS REVIEW

Performance

Ultimate Products has delivered a strong financial performance this year, amid a period of significant change for the Group and against a backdrop of continuing economic turbulence. The business, along with many others, faced a number of challenges including significant cost inflation, the devaluation of Sterling against major currencies and the well documented uncertainty around Brexit negotiations following the General Election.

Group revenue rose 39.1 % to £110.0 m (FY 16: £79.0 m), and continued to be driven by three main factors:

1. growth in sales to discounters in the UK and in Europe (up 64.6 % to £63.8 m);
2. increased sales to the main UK supermarkets (up 95.0 % to £10.3 m); and
3. the emergence of online platforms as a new revenue for the business (up 63.6 % to £4.6 m).

Underlying Profit Before Tax* was up 42.0 % to £10.7 m. Gross Margin was down by 1.6 % at 22.3 % as a result of a higher mix of Free on Board ('FOB') business in the year and, for our Landed business, as a result of imported price inflation arising from a weakened Sterling. Despite this, our Underlying EBITDA Margin* held firm at 10.5 % (up 0.1 %). This reflects:

1. the economies of scale from higher revenues;
2. an increased proportion of FOB sales (which is less overhead intensive), partially offset by increased sales via online platforms (which is more overhead intensive); and
3. a more efficient operating model as the focus on the Group's brand portfolio, which has led to an increase in repeat sales and extended product life cycles.

Operational Overview

We have made solid operational progress across the business. The Group has continued to develop and expand the relationships with its core customer base of UK and European discounters. We have also made significant progress in Germany, with a number of major retail accounts opened and plans are well advanced to open a showroom there in CY 18.

Other international developments include a new landed supply arrangement with a major European customer. This allows the Group to expand beyond its current limited product offering with the customer into other product categories, representing an exciting opportunity to continue to grow alongside one of the fastest expanding retailers in Europe, further cementing the Group's position as a key supplier to it.

A particular highlight of the Group's branded product portfolio during the period has been the performance of Progress, the cookware and kitchen electrical brand, which is now listed with several retailers including, as of January 2018, a major UK supermarket.

As noted above, revenue from online channels grew in the year by 63.6 % to £4.6 m and, while still a relatively small proportion of overall revenue at the moment, it is increasing in importance. Online is an exciting and fast growing part of the business and we are optimistic about its future prospects.

We are seeing some cost pressures coming through from China, where the bulk of our product is sourced. This has been caused by the strengthening of the Chinese currency and local regulatory changes. However, we are confident in our ability to effectively manage this because of our experience over many years in that territory and strong local presence through our office in Guangzhou.

Finally, the refurbishment of Ultimate Products' new 240,000 sq ft warehouse at Heron Mill in Oldham has been completed to plan and is now the Group's main distribution facility. The Board anticipates that this will create improved operational efficiencies and significant additional capacity to manage the future growth of the business.

Initial Public Offering

On 6 March 2017, the Group was admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc. This was a significant step forward for the development of the business and a substantial achievement for the management team and staff. We believe that our listed company status provides the right platform for the future growth of the business and further enhances our reputation with customers and supplier partners.

We recognise that the future prospects of the business are reliant on both retaining our very best talent and recruiting new colleagues to the business that have the same potential and attitude as our very best. Accordingly, we are creating development programmes for rising stars and have already put in place various incentive schemes that reward outperformance.

Dividend

The Board is committed to a progressive dividend policy, with an intention to distribute 50 % of the Group's adjusted profit after tax. A final dividend is recommended of 3.495 p per share to give a total dividend of 5.115 p per share for the full year.

The final dividend is payable on 30 January 2018 to shareholders on the register on 5 January 2018.

Board Appointments

The Group's Board has been substantially strengthened through the appointments of James McCarthy as Chairman, Alan Rigby as Senior Independent Non-Executive Director and Robbie Bell as Non-Executive Director.

James McCarthy has over 40 years' experience in the fast-moving retail industry, having previously held the position of Chief Executive Officer of Poundland. He stepped down in September 2016 after a decade-long tenure during which the company's sales grew from £300 m to £1.3 bn per annum, whilst the number of stores increased from 150 to over 900. Prior to joining Poundland, James was Managing Director of Convenience at J Sainsbury plc and was a member of the company's operating, retail and investment boards.

Alan Rigby has spent the majority of his working career at HSBC plc, joining in 1975 and gaining broad experience through a range of management positions, including credit and risk, retail, commercial, large corporate and global banking markets.

Robbie Bell is the Chief Financial Officer of Welcome Break. Prior to that, he was the Chief Financial Officer of Screwfix, a subsidiary of Kingfisher plc. He was previously the UK Finance Director of Travelodge between 2006 and 2008, having started his career at Whitbread plc before moving to Tesco plc.

Graduate & Apprenticeship Schemes

The Group's Graduate Development Scheme continues to be highly successful in recruiting and developing talented graduates, through entry-level positions, across all of our key departments within the UK head office. This year it recruited its 100th graduate and the scheme continues to be the main driver for our recruitment strategies. Over 50 % of the current UK office workers have now come through the scheme.

This year also saw the introduction of an apprenticeship scheme, which provides further opportunities for young, talented individuals to join our dynamic working environment whilst meeting compliance with the government's apprenticeship levy. So far, we have piloted the scheme with two apprentices and links are being formed with local educational establishments in order to develop the scheme further

Outlook & Market Environment

The Group operates primarily in the branded, value-focused consumer goods sector in the UK. Due to ongoing macroeconomic uncertainty and tougher trading conditions, retailers are generally exercising caution with regard to their non-food buying as we head towards the end of the calendar year.

As a result, we are seeing retailers' reluctance to order too far forward and many are placing orders later or buying from stock. The lower volumes available to non-food suppliers and retailers' desire to minimise increases in retail prices is creating an even more competitive environment than normal.

As previously announced, the Board therefore anticipates that revenue growth for FY 18 is unlikely. In addition, approximately £4–5 m of FY 18's revenue will now be recognised in FY 19 as a result of the move from FOB to landed arrangements with a key European customer.

However, Ultimate Products is used to managing such challenging dynamics. Current trading is in line with expectations and the Board remains confident that the business will continue to deliver sustainable, long-term growth.

FINANCIAL REVIEW

Overview

	FY 17	**FY 16**	**Change**
Revenue (£'m)	110.0	79.0	+39.1 %
Gross margin	22.3 %	23.9 %	-160bps
Underlying EBITDA (£'m)*	11.5	8.2	+39.9 %
Underlying EBITDA margin*	10.5 %	10.4 %	+ 10bps
Underlying profit for the year (£'m)*	8.4	5.9	+42.6 %
Net cash from operations (£'m)	9.4	3.7	+157.4 %
Free cash flow (£'m)*	7.8	0.7	+1,030.9 %
Net debt (£'m)*	6.0	10.0	- £4.0m
Net debt/Underlying EBITDA ratio*	0.5 x	1.2 x	-58.3 %
Underlying earnings per share (p)*	10.9	8.0	+36.3 %

Underlying performance measures exclude the exceptional items and share based payment charges referred to in note 7 to the consolidated financial information and are commented on below.

Revenue

The Group experienced strong revenue growth in FY 17, increasing by 39.1 % to £110.0 m with above double-digit growth in all key product groups and brands. The revenue performance was driven by three main factors: growth in sales to discounters in the UK and in Europe (up 64.6 % to £63.8 m); increased sales from the main UK supermarkets (up 95.0 % to £10.3 m); and the emergence of online platforms as a new revenue for the business (up 63.6 % to £4.6 m).

Focus on international expansion commenced during the second half of FY 17 and has therefore not had a significant impact on the FY 17 results. However, international sales grew by 48.2 % to £30.4 m and now represent 27.7 % of total sales (FY 16: 26.0 %), with UK sales growing by 35.9 % to £79.5 m (FY 16: £58.5 m).

Brands

The Group introduced its strategy to concentrate on offering branded, mass-market and value–led consumer goods in late 2013. Since then, the Group has seen its brands take an increasingly significant share of sales and this pattern continued in FY 17. A summary of the Premier Brands, representing 60.0 % of total revenue (FY 16: 55.4 %) is set out below:

	FY 17	**FY 16**	**Growth**
	£'m	**£'m**	**%**
Beldray	30.8	19.1	+61.1
Salter	16.0	12.1	+32.8
Intempo	10.0	5.9	+72.1
Russell Hobbs	8.5	6.7	+26.2
Progress	0.6	0.0	N/A
	65.9	43.8	+50.6

Of particular note in the Premier Brands segment is the addition of Progress, a brand of Lancastrian heritage. Since its acquisition in 2015, the initial focus has been on developing the product range and packaging primarily across the housewares and small domestic appliance product categories. The Directors are excited about the potential for the brand, which now has listings in a number of retailers including a major supermarket from January 2018.

Margins

Gross margin was 160 bps lower than 2016, influenced by two key factors: firstly FOB sales, which typically generate lower gross margin but require lower overheads to serve, increased from 60.2 % of sales to 67.6 % and secondly, gross margin on landed sales, whilst partially protected by existing hedging contracts, were impacted by cost pressures from the fall in the US$ exchange rate with GBP after the Brexit referendum. However, continued operating efficiency benefits and lower overhead growth, supported by the aforementioned lower overhead requirement for FOB, resulted in the Group increasing its underlying EBITDA margin by 10 bps to 10.5 %.

Overheads

Administration expenses excluding exceptional items and share based payment charges, substantially comprising wages and salary costs, increased by £2.5 m (22.6 %) to £13.4 m in FY 17 compared to the 39.1 % increase in revenue. As experienced with the revenue growth in recent years, in FY 17 the Group continued to leverage its overhead resource to absorb growth with less than proportionate cost growth. This was achieved whilst absorbing the incremental impact of a full year's property cost of the new Heron Mill distribution facility (FY 16: 3.5 months) and the addition of plc related costs since the Group's IPO in March.

Over the course of FY 17, the average number of employees increased by 41 (or 22.7 %) of which 17 related to structural changes both in the UK warehouse and in the Far East, where new positions were created to replace third-party costs. Other headcount increases were in the core UK operations and the Group is particularly proud of its Graduate Development Scheme. This is the first port of call for most incremental positions and we are delighted with the progress we have made in developing and promoting staff from within the business, many of whom are recruited from the local Oldham area.

Exceptional Items and share based payment charges

Such costs include the non-recurring costs relating to the IPO of £1.1 m (FY 16: £nil), the legacy shareholder bonuses that ceased to accrue after 31 July 2017, being £2.0 m (FY 16: £1.2m), and the non-cash, share based payment expense relating to the Management Incentive Plan introduced immediately prior to the IPO, being £0.1 m (FY 16: £nil). They have been shown separately in the Income Statement to better reflect the performance of the underlying business.

Interest

At £0.5 m, finance costs were at similar levels to FY 16, although interest paid was significantly lower as FY 16 cash flows included the payment of £2.0 m of accrued interest relating to loan notes that were fully repaid in FY 16.

Taxation

The effective underlying tax rate has reduced from 21.5 % to 21.1 % for FY 17 and this is in line with expectations, given the reduction in the rate of UK corporation tax to 19 % with effect from 1 April 2017.

As explained in note 17 to the consolidated financial information below, the 2014 EMI Scheme share options were exercised immediately prior to the IPO. A statutory corporation tax deduction is created by the exercise of the EMI options, reducing the current and prior year tax liability by a total of £2.1 m. In accordance with IFRS 2, Accounting for Share based Payments, the £2.1 m tax credit has been credited directly to the Statement of Changes in Equity, rather than through the Income Statement. The impact of the deduction has been to reduce the £1.6 m UK corporation tax liability for the year to nil, with a further £0.5 m recoverable against the FY 16 liability previously paid.

Balance Sheet and Cash Flow

The Group's balance sheet strengthened significantly over the year with net assets increasing by £5.6 m to £6.8 m. The key points to note regarding the balance sheet can be summarised as:

- The increase in non-current assets of £0.7 m was driven by capital expenditure on the refurbishment of Heron Mill (£0.8 m in FY 17), which has now become the Group's main distribution facility.

- Having over-proportionately increased inventories by 36.4 % in FY 16, the increase in FY 17 was substantially lower than revenue growth at 4.9 %. This also reflects the higher mix of FOB sales, where revenue is recognised as the goods are handed over to the customer in the country of origin without being held in inventories prior to sale.

- Trade and other receivables reduced by £4.5 m (27.6 %) compared to FY 16, (£4.2 m relating to trade receivables), driven by an exceptionally low level of debtor days at 31 July 2017 of 36, with the comparative 31 July 2016 and 31 July 2015 levels being 52 days and 50 days respectively. The reduction was driven by a favourable customer mix of invoicing at the end of FY 17. This is an exceptional movement that would be expected to reverse in FY 18.

- Trade and other payables are £3.9 m lower than last year, which included £2.25 m for the interim FY 16 dividend declared but not paid at the end of FY 16. Additionally, trade payables are £1.6 m lower than FY 16, as last year saw a significantly higher increase in inventories just prior to the year end, with a corresponding increase to trade payables.

- Current tax is a £0.5 m debtor in FY 17 due to the EMI scheme corporation tax credit referred to in the 'taxation' comments above.

The £4.2 m lower trade receivables, commented on earlier, provides a flattering, although exceptional impact on the net cash from operations that would be expected to reverse in FY 18. This favourable reduction, along with lower UK corporation tax payments (due to the EMI Scheme tax credit, creating a cash flow benefit of £0.8 m in FY 17) and a £1.3 m increase in EBITDA, are reflected in the net cash from operations of £9.4 m, which is £5.7 m higher than last year.

	2017	**2016**
	£'m	**£'m**
Net cash from operations	9.4	3.7
Net capital expenditure	(1.1)	(0.7)
Interest paid	(0.5)	(2.3)
Free cash flow*	7.8	0.7

After deducting capital expenditure and returning to a normal level of interest payments, with the repayment of the loan notes made in FY 16, free cash flow* amounted to £7.8 m for FY 17. The payment of dividends and minor other items then resulted in a £4.0 m reduction in net debt* to £6.0 m (FY16: £10.0 m), with the net debt/underlying EBITDA ratio reducing 58.3 % to 0.5 x (FY 16: 1.2 x).

Financing and Going Concern

The Group is financed by a suite of trade and revolving credit facilities provided by HSBC Bank plc, further information on which is provided in note 15 to the consolidated financial information below. Over the course of the year, the Group has operated well within the covenants to the banking facilities and has maintained comfortable levels of funding headroom, with headroom at 31 July 2017 in excess of £6 m. The Group's projections show that the Group will be able to operate within its existing banking facilities and covenants. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, as such, has applied the going concern principle in preparing the Annual Report and Financial Statements.

James McCarthy	**Simon Showman**
Chairman	Chief Executive

Consolidated Income Statement

	Note	Year ended 31 July 2017 £'000	Year ended 31 July 2016 (Restated) £'000
Continuing Operations			
Revenue	6	109,953	79,028
Cost of sales		(85,386)	(60,114)
Gross profit		24,567	18,914
Administration expenses before exceptional items and share based payment charges		(13,444)	(10,968)
Profit from operations before exceptional items and share based payment charges		11,123	7,946
Exceptional administration expenses	7	(3,152)	(1,246)
Share based payment charges	7	(80)	-
Administration expenses		(16,676)	(12,214)
Profit from operations	8	7,891	6,700
Finance costs		(464)	(441)
Profit before taxation		7,427	6,259
Income tax	9	(1,852)	(1,361)
Profit for the period		5,575	4,898
		Pence	Pence
Earnings per share – basic	10	7.2	6.6
Earnings per share – diluted	10	7.1	6.6

Consolidated Statement of Comprehensive Income

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Profit for the period	5,575	4,898
Other comprehensive (expense)/income		
Items that may subsequently be reclassified to income statement:		
Fair value movements on cash flow hedging instruments	(193)	441
Hedging instruments recycled through the income statement at the end of hedging relationships	(441)	-
Foreign currency retranslation	1	19
Other comprehensive (expense)/income for the period	(633)	460
Total comprehensive income for period attributable to the equity holders of the company	4,942	5,358

Consolidated Statement of Financial Position

	Note	As at 31 July 2017 £'000	As at 31 July 2016 £'000
Assets			
Property, plant and equipment	12	1,715	970
Deferred tax		162	209
Total non-current assets		1,877	1,179
Inventories		11,064	10,545
Trade and other receivables	13	11,745	16,231
Current tax		481	-
Cash and cash equivalents		91	136
Total current assets		23,381	26,912
Total assets		25,258	28,091
Liabilities			
Trade and other payables	14	(12,516)	(16,403)
Current tax		-	(478)
Borrowings	15	(1,518)	(7,132)
Total current liabilities		(14,034)	(24,013)
Net current assets		9,347	2,899
Borrowings	15	(4,431)	(2,884)
Total non-current liabilities		(4,431)	(2,884)
Total liabilities		(18,465)	(26,897)
Net assets		6,793	1,194
Equity			
Share capital	17	205	184
Share premium		2	2
Hedging reserve		(193)	441
Retained earnings		6,779	567
Equity attributable to owners of the company		6,793	1,194

Consolidated Statement of Changes in Equity

	Share Capital £'000	Share Premium £'000	Capital reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total Equity £'000
As at 1 August 2015	**185**	**12,322**	**4,909**	**-**	**(14,422)**	**2,994**
Profit for the year	-	-	-	-	4,898	4,898
Foreign currency retranslation	-	-	-	-	19	19
Cash flow hedging movement	-	-	-	441	-	441
Total comprehensive income for the year	-	-	-	441	4,917	5,358
Transactions with shareholders:						
Dividends payable	-	-	-	-	(2,250)	(2,250)
Capital reduction	(1)	(12,320)	-	-	12,322	1
Repayment of loan notes	-	-	(4,909)	-	-	(4,909)
As at 31 July 2016	**184**	**2**	**-**	**441**	**567**	**1,194**

	Share Capital £'000	Share Premium £'000	Capital reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total Equity £'000
As at 1 August 2016	**184**	**2**	**-**	**441**	**567**	**1,194**
Profit for the year	-	-	-	-	5,575	5,575
Foreign currency retranslation	-	-	-	-	1	1
Cash flow hedging movement	-	-	-	(634)	-	(634)
Total comprehensive income for the year	-	-	-	(634)	5,576	4,942
Transactions with shareholders:						
Dividends payable	-	-	-	-	(1,530)	(1,530)
Issue of shares – exercise of share options	21	-	-	-	-	21
Share based payments	-	-	-	-	80	80
Current tax on share schemes	-	-	-	-	2,086	2,086
As at 31 July 2017	**205**	**2**	**-**	**(193)**	**6,779**	**6,793**

Consolidated Statement of Cash Flows

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Net cash flow from operating activities		
Profit for the period	5,575	4,898
Adjustments for:		
Finance costs	464	441
Gain on disposal of non-current assets	(5)	-
Income tax expense	1,852	1,361
Depreciation and impairment	394	280
Share based payments	80	-
Income taxes paid	(678)	(1,309)
Working capital adjustments		
Increase in inventories	(519)	(2,815)
Decrease/(increase) in trade and other receivables	4,049	(4,740)
(Decrease)/increase in trade and other payables	(1,790)	5,545
Net cash from operations	9,422	3,661
Cash flows used in investing activities		
Purchase of property, plant and equipment	(1,162)	(652)
Proceeds from disposal of property, plant and equipment	28	-
Net cash used in investing activities	(1,134)	(652)
Cash flows used in financing activities		
Purchase of own shares	-	(18)
Issue of share capital	21	-
Proceeds from borrowings	-	8,891
Repayment of borrowings	(4,085)	(3,294)
Repayment of loan notes	-	(6,059)
Debt issue costs paid	(38)	(142)
Dividends paid	(3,780)	-
Interest paid	(451)	(2,316)
Net cash used in finance activities	(8,333)	(2,938)
Net (decrease)/increase in cash and cash equivalents	(45)	71
Cash and cash equivalents brought forward	136	58
Exchange gains on cash and cash equivalents	-	7
Cash and cash equivalents carried forward	91	136

Notes to the Consolidated Financial Information

1. General Information

UP Global Sourcing Holdings plc ('the Company') and its subsidiaries (together 'the Group') is a supplier of branded, value-for-money household products to global markets.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is UP Global Sourcing Holdings plc, Manor Mill, Victoria Street, Chadderton, Oldham OL9 0DD UK.

This consolidated financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. On 6 March 2017, the Company was admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the main market of the London Stock Exchange. The Prospectus for the Initial Public Offering contains the audited Historical Financial Information of the Company on pages 84 to 124 (the "Historical Financial Information") presented under International Financial Reporting Standards ("IFRS"). Other than the reclassification referred to in note 8 below, the comparative figures for the financial year ended 31 July 2016 are an extract of the Company's Historical Financial Information for that year. Statutory accounts for the year ended 31 July 2016, prepared under Financial Reporting Standard 102, were approved by the Board of Directors on 31 October 2016 and delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006. Note 31 of the Historical Financial Information refers to the transition to IFRS from 1 August 2013 and sets out the main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date.

The statutory accounts for the year ended 31 July 2017 will be delivered to the Registrar of Companies following the Company's Annual General Meeting. The Auditors have reported on those accounts; their report was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

2. Basis of Preparation

The consolidated financial information is derived from the Group's consolidated financial statements for the year ended 31 July 2017, have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on the historical cost basis, except for certain financial instruments and share based payments that have been measured at fair value.

Going Concern Basis

The Group meets its day-to-day working capital requirements through its bank facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group's forecasts and projections, taking account of reasonable sensitivities, show that the Group should be able to operate within available facilities. The Group therefore continues to adopt the going concern basis in preparing its consolidated and company Financial Statements.

3. Accounting Policies

The accounting policies applied are consistent with those of the Historical Financial Information for the year ended 31 July 2016.

4. Operating Segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board. The Board is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns that are different to those of the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance, is based wholly upon the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8.

The results and assets for this segment can be determined by reference to the Statement of Comprehensive Income and Statement of Financial Position.

5. Financial Instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The consolidated financial information should be read in conjunction with the Group's Historical Financial Information as they do not include all financial risk management information and disclosures contained within the Historical Financial Information. There have been no changes in the risk management policies since the year end.

6. Revenue

Geographical Split by Location:

	Year Ended 31 July 2017 £'000	**Year Ended 31 July 2016 £'000**
United Kingdom	79,534	58,504
Europe	27,285	17,259
USA	806	628
Rest of the World	2,328	2,637
Total	109,953	79,028

Analysis of Revenue by Brand:

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Beldray	30,762	19,100
Salter	16,055	12,086
Intempo	10,053	5,843
Russell Hobbs	8,480	6,720
Progress	588	38
Premier brands	65,938	43,787
Other key brands	9,874	9,000
Key brands total	75,812	52,787
Other brands and own label	34,141	26,241
Total	109,953	79,028

Analysis of Revenue by Major Products:

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Small domestic appliances	24,632	20,820
Audio	23,710	13,048
Housewares	22,219	15,633
Laundry	15,760	7,974
Heating and cooling	7,430	4,454
Luggage	5,160	4,561
Others	11,042	12,538
Total	109,953	79,028

Analysis of Revenue by Strategic Pillar:

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Discount retailers	63,781	38,742
UK supermarkets	10,339	5,301
Online channels	4,568	2,793
	78,688	46,836
Other	31,265	32,192
Total	109,953	79,028

7. Exceptional items & share based payment charges

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Shareholder bonuses	2,003	1,246
Initial public offering costs	1,149	-
Share based payment expense	80	-
Total	3,232	1,246

Shareholder bonus costs consist of bonus payments based upon certain Group EBITDA performance targets and the cost ceased to accrue after the year ended 31 July 2017.

Initial public offering costs relate entirely to the Group's IPO in the year and therefore are not considered to relate to the Group's underlying performance. The costs incurred comprise principally legal and advisory fees and listing costs.

The share based payment expense relates to the non-cash charge arising on a share option management incentive plan adopted immediately prior to the IPO. The options have been valued using the Monte Carlo option pricing model and are granted with a three-year vesting period and can be exercised up to seven years following the vesting date.

The above items have been shown separately in the Income Statement to better reflect the performance of the underlying business.

8. Operating Expenses

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 (Restated) £'000
The profit is stated after charging/(crediting) expenses as follows:		
Exceptional items and share based payment charges – note 7	3,232	1,246
Depreciation of owned property, plant and equipment	394	280
Gain on disposal of property, plant and equipment	(5)	-

In the year ended 31 July 2017, the Directors have taken the decision to reclassify to cost of sales, certain costs that had previously been reported as part of both distribution costs and administrative expenses. The Directors believe that the reclassification will better reflect the actual gross margin realised on items sold. The impact on the 2016 year end is the reclassification of £1,194,000 from distribution costs and the reclassification of £556,000 from administrative expenses. The result has been an increase in cost of sales of £1,750,000. This restatement has had no impact upon previously reported profit or equity.

9. Taxation

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Current tax		
Current period – UK corporation tax	1,629	1,167
Adjustments in respect of prior periods	5	40
Foreign current tax expense	171	111
Total current tax	1,805	1,318
Deferred tax		
Origination and reversal of temporary differences	40	28
Adjustments in respect of prior periods	(7)	-
Impact of change in tax rate	14	15
Total deferred tax	47	43
Total tax charge	1,852	1,361

Factors Affecting the Tax Charge

Tax is assessed for the period at a rate different to the UK corporation tax rate for the reasons below:

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
Profit before tax	7,427	6,259
Tax charge at 19.67% (2016 – 20%)	1,461	1,252
Recurring:		
Adjustment to tax charge in respect of prior periods	(2)	(9)
Effects of expenses not deductible for tax purposes	63	52
Impact of overseas tax rates	87	58
Effect of difference in corporation tax and deferred tax rates	9	11
Deferred tax not recognised	-	(3)
Non-recurring:		
Effects of expenses not deductible for tax purposes	234	-
Total tax expense	1,852	1,361

Included in the tax charge above is a tax credit relating to the exceptional items of £401,000 (2016 – £249,000).

A tax credit of £2,086,000 has been credited direct to reserves in relation to the EMI scheme.

Factors That May Affect Future Tax Charges

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These included reductions to the main rate to reduce the rate to 19 % from 1 April 2017 and to 18 % from 1 April 2020. Further reductions were announced in the Chancellor’s Budget on 16 March 2016, including a reduction in the main rate of corporation tax to 17 % from 1 April 2020.

10. Earnings per Share

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period, and uses the number of shares as if they had always been subdivided from £1 shares to 0.25p shares.

Diluted earnings/(losses) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group, including performance-based options which the Group considers to have been earned.

The calculations of earnings per share are based upon the following:

	Year Ended 31 July 2017 £’000	**Year Ended 31 July 2016 £’000**
Profit for the period	5,575	4,898

	Number	**Number**
Weighted average number of shares – basic	77,254,220	73,863,084
Share options	946,812	-
Weighted average number of shares – diluted	78,201,032	73,863,084
	Pence	**Pence**
Profit per share – basic	7.2	6.6
Profit per share – diluted	7.1	6.6

11. Dividends

	Year Ended 31 July 2017 £’000	**Year Ended 31 July 2016 £’000**
Interim declared	-	2,250
Final dividend paid in respect of the year ended 31 July 2016	199	-
Interim declared and paid	1,331	-
	1,530	2,250

Per share – (adjusted to reflect the subdivision in note 17)	**Pence**	**Pence**
Interim dividend declared	-	3.05
Final dividend paid in respect of the year ended 31 July 2016	0.27	-
Interim declared and paid	1.62	-
	1.89	3.05

The interim dividend declared in the year ended 31 July 2016 was paid in the year ended 31 July 2017. An interim dividend of 1.62 p per share was approved by the board on 27 April 2017 and was paid on 28 July 2017 to shareholders on record as at 7 July 2017.

The Directors have proposed a final dividend of 3.495 p per share in respect of the year ended 31 July 2017. The dividend is due to be payable on 30 January 2018 to shareholders on record at 5 January 2018.

12. Property, Plant & Equipment

	£'000
Opening net book value	970
Additions	1,162
Disposals	(23)
Depreciation	(394)
As at 31 July 2017	1,715

Additions to property, plant and equipment in the year ended 31 July 2017 substantially relate to the refurbishment of Heron Mill, the Group's new warehousing facility.

13. Trade & Other receivables

	31 July 2017 £'000	**31 July 2016 £'000**
Trade receivables	10,474	14,686
Other receivables and prepayments	1,271	1,545
	11,745	16,231

The Directors believe that the carrying value of trade and other receivables represents their fair value. Trade and other receivables are denominated in Sterling, US Dollars, Euros and Canadian Dollars. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the receivable from the date credit was granted up to the reporting date.

14. Trade & Other payables

	31 July 2017 £'000	**31 July 2016 £'000**
Trade payables	5,803	7,420
Accruals and deferred income	6,207	5,670
Employee tax and social security	506	1,063
Other payables	-	2,250
	12,516	16,403

The Directors consider that the carrying value of trade and other payables approximates their fair value. Trade and other payables are denominated in both Sterling and US Dollars. UP Global Sourcing Holdings plc has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

15. Borrowings

	31 July 2017 £'000	31 July 2016 £'000
Current		
Bank overdraft and invoice discounting	1,016	3,198
Import loans	534	3,976
	1,550	**7,174**
Less: Unamortised debt issue costs	**(32)**	**(42)**
	1,518	**7,132**
Non-current		
Revolving credit facility	**4,499**	**2,959**
	4,499	**2,959**
Less: Unamortised debt issue costs	**(68)**	**(75)**
	4,431	**2,884**
Total borrowings	**5,949**	**10,016**

The earliest that the lenders of the above borrowings require repayment is as follows:		
In less than one year	**1,550**	**7,174**
Between two and five years	**4,499**	**2,959**
Less: Unamortised debt issue costs	**(100)**	**(117)**
	5,949	**10,016**

The Group is funded by external banking facilities provided by HSBC. On 22 July 2016, the Group refinanced and entered into new banking facilities with HSBC. The new facilities run to June 2020, providing the ongoing funding of the Group and comprise a revolving credit facility of £6.2 m, an invoice discounting facility, the limit of which was increased by £2 m on 27 January 2017 to £17 m and an import loan facility, which was increased by £1.75 m to £6.5 m on 22 June 2017. The import loan facility is ancillary to the revolving credit facility, is repayable on demand and subject to annual review.

16. Financial Instruments

Principal Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

	31 July 2017 £'000	31 July 2016 £'000
Trade and other receivables	10,491	15,159
Trade and other payables	12,010	15,340
Borrowings	5,949	10,016
Cash and cash equivalents	91	136

Financial Assets

The Group held the following financial assets at amortised cost:

	31 July 2017 £'000	31 July 2016 £'000
Cash and cash equivalents	91	136
Trade receivables	10,474	14,686
	10,565	14,822

Financial Liabilities

The Group held the following financial liabilities, classified as other financial liabilities at amortised cost:

	31 July 2017 £'000	31 July 2016 £'000
Trade payables	5,803	7,420
Loans	5,949	10,016
Other payables	6,207	7,870
	17,959	25,306

Financial Assets/(Liabilities)

The Group held the following financial assets/(liabilities), classified as fair value through profit and loss on initial recognition:

	31 July 2017 £'000	31 July 2016 £'000
Forward currency contracts	(200)	417
Interest rate swaps	4	(13)
Interest rate caps	13	19
	(183)	423

Derivative Financial Instruments – Forward Contracts

The Group mitigates the exchange rate risk for certain foreign currency trade debtors and creditors by entering into forward currency contracts. At 31 July 2017, the outstanding contracts all mature within 12 months of the period end (2016 – 10 months). At 31 July 2017, the Group was committed to buy $11,650,000, to sell $3,500,000, to sell €7,050,000 and to sell CA $nil, paying and receiving respectively a fixed Sterling amount (2016 – to buy $10,000,000, to sell $nil, to sell €850,000 and to sell CA$85,000). The forward currency contracts are measured at fair value using the relevant exchange rates for GBP:USD, GBP:EUR and GBP:CA$. The fair value of the contracts at 31 July 2017 is a liability of £200,000 (2016 – £417,000 asset).

Forward currency contracts are valued using level 2 inputs. The valuations are calculated using the period end forward rates for the relevant currencies, which are observable quoted values at the period end dates. Valuations are determined using the hypothetical derivative method, which values the contracts based upon the changes in the future cash flows, based upon the change in value of the underlying derivative.

All of the forward contracts to buy US Dollars and some of those to sell Euros meet the conditions for hedge accounting, in accordance with the Group's accounting policies.

The fair value of forward contracts that are effective in offsetting the exchange rate risk is a liability of £197,000, which has been recognised in other comprehensive income and will be released to profit or loss at the end of the term of the forward contracts that expire within 12 months. The cash flows in respect of the forward contracts will occur over the course of the 12 months to 31 July 2017.

Derivative Financial Instruments – Interest Rate Swaps

The Group has entered into an interest rate swap to hedge the exposure to interest rate movements on the Group's revolving credit facility. The swap is based upon a principal amount of £2,000,000 until 31 July 2018 and exchanges the exposure to a LIBOR interest rate to a fixed rate of 0.39 %. The fair value of the swap at 31 July 2017 is £nil, (2016 – £7,000 liability).

In addition, the Group has entered into an interest rate swap to hedge the Group's exposure to interest rate movements on the Group's invoice discounting facility. The swap is based upon a principal amount of £1,000,000 until 31 December 2019 and exchanges the exposure to Base Rate interest charges to a fixed rate of 0.31 %. The fair value of the swap at 31 July 2017 is an asset of £4,000 (2016 – £6,000 liability).

Interest rate swaps are valued using level 2 inputs. The valuations are based upon the notional value of the swaps, the current available market borrowing rate and the swapped interest rate. The valuation is based upon the current valuation of the present saving or cost of the future cash flow differences, based upon the difference between the swapped interest rate and the expected interest rate as per the lending agreement.

All interest rate swaps meet the conditions for hedge accounting, in accordance with the Group's accounting policies.

The fair value of variable to fixed interest rate swaps that are effective in offsetting the variable interest rate risk on variable rate debt is an asset of £4,000, which has been recognised in other comprehensive income and will be released to profit or loss over the term of the swap agreements. The agreements expire between 31 July 2018 and 31 July 2019. The cash flows in respect of the swaps occur monthly over the effective lifetime of the swaps.

Derivative Financial Instruments – Interest Rate Caps

Along with the interest rate swaps referred to above, the Group has entered into interest rate cap agreements to protect the exposure to interest rate movements on the Group's banking facilities. The interest rate caps are measured at fair value, being the market value of the cap at the balance sheet date. At 31 July 2017, the Company had entered into an agreement to cap LIBOR interest rates at 1 % until 31 December 2019 on a principal amount of £2,000,000. The fair value of the interest rate cap at 31 July 2017 was an asset of £3,000 (2016 – £6,000 asset).

In addition, at 31 July 2017, the Group has entered into further agreements to cap LIBOR interest rates at 1 % until 31 December 2019 on a principal amount of £2,000,000 and to cap LIBOR interest rates at 2 % on a principal amount of £5,095,000, reducing to £3,080,000 by 31 December 2019. The fair value of the interest rate caps at 31 July 2017 was an asset of £10,000 (2016 – £13,000 asset).

Interest rate caps are valued using level 2 inputs. The valuations are based upon the notional value of the caps, the current available market borrowing rate and the capped interest rate. The valuation is based upon the current valuation of the present saving or cost of the future cash flow differences, based upon the difference between the capped interest rate and the expected interest rate as per the lending agreement.

The following is a reconciliation of the financial instruments to the statement of financial position:

	31 July 2017 £'000	31 July 2016 £'000
Trade receivables	10,474	14,686
Forward currency contracts	-	454
Interest rate caps	13	19
Interest rate swaps	4	-
Prepayments and other receivables not classified as financial instruments	1,254	1,072
Trade and other receivables (note 13)	11,745	16,231

	31 July 2017 £'000	31 July 2016 £'000
Trade and other payables	11,810	15,290
Forward currency contracts	200	37
Interest rate swaps	-	13
Employee tax and social security not classified as financial instruments	506	1,063
Trade and other payables (note 14)	12,516	16,403

17. Share Capital

The following movements arose in the Company's share capital during the year ended 31 July 2017:

a) 21,157 options in the UP Global Sourcing Holdings EMI Share Option Plan were exercised and the Company allotted 21,157 B Ordinary shares of £1 each;

b) The Company converted its 184,267 A ordinary shares of £1 each and its 21,157 B ordinary shares of £1 each to 205,424 £1 Ordinary shares; and

c) The Company subdivided its 205,424 £1 Ordinary shares into 82,169,600 shares with a nominal value of 0.25 p.

On conclusion of the above, the Company's share capital now comprises 82,169,600 Ordinary shares of 0.25 p each.

18. Events occurring after the reporting period

Final Dividend Proposed

As disclosed in note 11 above, the Directors have proposed a final dividend of 3.495 p per share in respect of the year ended 31 July 2017. The dividend is due to be payable on 30 January 2018 to shareholders on record at 5 January 2018.

19. Related Party Transactions

Transactions and Balances with Related Companies and Businesses

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Transactions with related companies:		
Rent paid to Ultimate Apartments Pension Scheme	163	160
Rent paid to Heron Mill Limited	241	75
Rent paid to Berbar Properties Limited	17	-

There were no outstanding balances with the above related parties at either year end.

Annual General Meeting

The Company's Annual General Meeting will be held at 2.00pm on 15 December 2017 at the Company's registered office, Manor Mill, Victoria Street, Oldham OL9 0DD.

Glossary

The following definitions apply throughout this announcement unless the context requires otherwise:

'Board'	the board of Directors;
'Company' or **'Ultimate Products'**	UP Global Sourcing Holdings plc, a company incorporated in England and Wales with registered number 05432142;
'CY 18'	the calendar year 2018;
'Directors'	the Executive and Non-Executive Directors;
'EBITDA'	Earnings before interest, tax, depreciation and amortisation;
'EMI Scheme'	the Enterprise Management Incentive approved employee share scheme under which share options were granted in 2014;
'FCA' or **'Financial Conduct Authority'**	the UK Financial Conduct Authority;
'Free Cash Flow'	net cash from operations less net capital expenditure (after deducting disposal proceeds) and less interest paid in the year;
'Free on Board'or **'FOB'**	the free on board contractual arrangements pursuant to which goods are handed over to the Group's customers in the country of origin and are then imported into the UK and other territories by those same customers;
'FY 16'	the financial year for the Group for the 12 months ended 31 July 2016;
'FY 17'	the financial year for the Group for the 12 months ended 31 July 2017;

'FY 18'	the financial year for the Group for the 12 months ended 31 July 2018;
'FY 19''	the financial year for the Group for the 12 months ended 31 July 2019;
'Group'	the Company and its Subsidiaries from time to time;
'Independent Non-Executive Directors'	independent Non-Executive Directors of the Company, within the meaning of the UK Corporate Governance Code, being James McCarthy, Robbie Bell and Alan Rigby;
'IPO' or '**Initial Public Offering'**	the Group's admission to the premium segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc on 6 March 2017;
'Landed'	the Landed duty paid arrangements pursuant to which the Group imports goods into the UK;
'Net Debt'	total borrowings excluding unamortised debt issue costs and less cash balances at the end of the financial year;
'Net Debt/Underlying EBITDA Ratio'	Net Debt at the end of the financial year divided by Underlying EBITDA for the same period;
'Non-Executive Directors'	James McCarthy, Barry Franks, Robbie Bell and Alan Rigby;
'Official List'	the Official List of the UK Listing Authority;
'Shareholder Bonuses'	the bonus arrangements agreed by the Company on 11 June 2014 relating to Simon Showman and Andrew Gossage for the periods up to and including FY 17, ending thereafter;
'Sterling'or **'GBP'** or **'£'**	the lawful currency of the UK;
'Subsidiary'	has the meaning given to it in section 1159 of the Companies Act and includes group companies included in the consolidated Financial Statements of the Group from time to time;
'Underlying Earnings Per Share'	Earnings Per Share after adding back the effect after tax of the exceptional items and share based payment charges;
'Underlying EBITDA'	EBITDA after adding back the exceptional items and share based payment charges;
'Underlying EBITDA Margin'	Underlying EBITDA divided by revenue for the same period, expressed as a percentage;
'Underlying Profit Before Tax'	profit before taxation after adding back the exceptional items and share based payment charges;
'Underlying Profit for the Year'	profit for the year after adding back the after tax effect for the exceptional items and share based payment charges;
'United Kingdom' or '**UK'**	the United Kingdom of Great Britain and Northern Ireland;
'US$' or **'USD'** or **'US dollar'**	the lawful currency of the United States of America;

The Reconciliation of Underlying Performance Measures is set out in the table below.

Reconciliation of Underlying Performance Measures

	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Profit from operations	7,891	6,700
Depreciation	394	280
Gain on disposal	(5)	-
EBITDA	**8,280**	**6,980**
Exceptional items and share based payment charges	3,232	1,246
Underlying EBITDA	**11,512**	**8,226**
Profit before taxation	7,427	6,259
Exceptional items and share based payment charges	3,232	1,246
Underlying profit before tax	**10,659**	**7,505**
Profit for the year	5,575	4,898
Exceptional items and share based payment charges	3,232	1,246
Tax on exceptional items and share based payment charges	(401)	(249)
Underlying profit for the year	**8,406**	**5,895**
Underlying profit for the year	8,406	5,895
No of shares	77,254,220	73,863,084
Underlying earnings per share	**10.9 p**	**8.0 p**