

12 February 2018

UP Global Sourcing Holdings plc
"Ultimate Products" or "the Group"

TRADING UPDATE AND NOTICE OF RESULTS

Ultimate Products, the owner, manager, designer and developer of an extensive range of value-focused consumer goods brands, announces the following trading update for the six months ended 31 January 2018 ("the period").

Financial overview

- Unaudited Group revenues of £48.4m (H1 2017: £68.1m)
- As anticipated, revenue decline during the period was driven by:
 - ongoing challenges in the general merchandise retail market and the resulting continued caution from customers on placing orders; and
 - the one-off impact of approximately £4.0m - £5.0m of revenue as a result of the move from free on board to landed arrangements with a key European customer.
- In addition, it should be noted that H1 2017 was an unusually strong period for the Group due to highly positive retailer sentiment (62% of FY revenue was delivered in H1 2017, as opposed to 53% and 54% in FY 2016 and FY 2015, respectively)
- The Group maintains comfortable levels of funding headroom, with headroom at 31 January 2018 of £8.0m (31 July 2017: £6.2m)

Outlook & market environment

The Board's previous expectation was for revenue growth in H2 2018, as it anticipated that order placing by retailers would normalise post-Christmas in response to cleaner inventory positions, and that the Group would start converting its pipeline of new business opportunities with a number of UK supermarkets and other major UK retailers.

However, while the Group is pleased with the strength of its pipeline of new business opportunities, many of the resulting orders are now falling in FY 2019, rather than H2 2018. This is due to specific circumstances that are particular to each customer, rather than any one underlying trend.

In addition, retailer sentiment with regard to placing general merchandise orders in the short-term has not improved to the extent that the Board previously expected. Furthermore, the continuing lower volumes available to non-food suppliers, along with retailers' desire to minimise increases in retail prices, has created an even more competitive environment than normal.

As a result, the Board now anticipates that the Group will report a full year underlying EBITDA* performance within a range of £6.0m to £7.0m, which is below current market expectations for FY 2018.

Notwithstanding these challenges, the Group remains well invested and retains a strong balance sheet underpinning the Board's commitment to its dividend policy.

Simon Showman, CEO of Ultimate Products, said:

"These are tough market conditions for the general merchandise sector and we, like many others, are having to adapt to a more uncertain environment for both retailers and consumers.

However, we are encouraged with the progress that we are making in many areas of our business. Of particular note is our expanding German operation, which is progressing ahead of expectations with a number of major retail accounts open and our new showroom due to open in April.

While the short-term outlook for the second half of this financial year is undoubtedly challenging, we are pleased with the pipeline of new business opportunities that is already in place for FY 2019, and in particular the strong order conversion that we are seeing with UK supermarkets for Autumn Winter 2018.

This, combined with both the strength of our balance sheet as well as our continued belief that Ultimate Products provides a fundamentally compelling proposition to both consumers and retailers alike, means that we continue to feel well placed to deliver growth and success in the longer-term."

Notice of Results

The Group intends to announce its interim financial results on 30 April 2018.

* Underlying EBITDA is a non-GAAP measure. Underlying EBITDA is calculated after adding back share based payment charges

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014.

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.

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