20 November 2018

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

Ultimate Products (LSE: UPGS), the owner, manager, designer and developer of an extensive range of value-focused consumer goods brands, announces that, following the release of its final results statement on 6 November 2018, it has today published its Annual Report and Accounts ("the Annual Report") for the year ended 31 July 2018.

The Company also announces that it will hold its Annual General Meeting at 2.00pm on Friday 14 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 2018 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 2018 Annual General Meeting, have been posted or made available to the Company's shareholders.

The final results statement and presentation of 6 November 2018 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 2018, 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 85 to 86):

The Directors are responsible for ensuring that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide 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 table below sets out the Group's principal risks as determined by the Board, the gross risk movement from the prior year and the corresponding mitigating actions. This represents the Group's current risk profile and is not intended to be an exhaustive list of all risk and uncertainties that may arise.

Key to Risk Movement

↔	↑	↓	NR
No change	Increased	Decreased	New Risk

Area	Risk	Mitigation	Movement
Macroeconomic factors	Macroeconomic trends affecting consumer confidence and depressing consumer non-food spending could affect retail demand. Additionally, an increase in food prices could similarly reduce non-food spending with consumers prioritising food expenditure.	The Group sees the opportunity to increase its market share by developing new customer relationships, particularly internationally via its new German showroom which opened in April 2018, and from growth in online channels, mitigating the risk from macroeconomic factors affecting the overall market. The Group's products, being mass-market and value-led, are well-placed in the event of an economic downturn.	↔

Area	Risk	Mitigation	Movement
Brexit	The UK's decision to leave the EU has led to a period of economic and political uncertainty, likely to continue until exit negotiations have been concluded and beyond. This situation may further adversely impact consumer demand and trading performance. In addition, the application of import tariffs on EU sourced food would lead to higher food prices and the risk of a 'no deal' Brexit in March 2019 could result in a further weakening of Sterling.	The Group is closely following developments in this area and will adapt its strategy as the impact of Brexit becomes clearer. The Group maintains a foreign exchange hedging policy to mitigate the impact of short-term currency fluctuations.	NR
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.	The Group's strategy of international growth, expansion of online channels and increased penetration of UK supermarkets continues to provide greater diversity and a balanced-margin portfolio. The Group also employs 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.	↓
Loss of continuity of supply of goods for resale	Heavy reliance 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.	The Group closely monitors developments in China and continues to consider and use alternative sources when practicable and viable.	↔

Area	Risk	Mitigation	Movement
Customer concentration	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. A decline in traditional high-street shopping in favour of online shopping could impact the Group's sales and operating profits.	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. In addition, in-store penetration of the Group's brands and products offers some commercial protection against customer loss.	↓
Retention of competitive advantage through innovation	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.	A high level of new product development focus is maintained and monitored by the Board. Buying teams and senior management regularly attend trade shows and carry out store and factory visits to ensure that they are in touch with the latest consumer demands and trends.	↔
Brands	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.	The risk of non-renewal is mitigated by maintaining strong revenues to and good working relationships with licensors. Licences are negotiated for as long as possible and as early as possible, in order to provide greater certainty around future revenues. The Group continues to develop a 'second tier' of brands and to acquire potential new brands, such as Kleeneze during the current year.	↔

Area	**Risk**	**Mitigation**	**Movement**
Stock management	As the share of landed sales increases due to online growth and increased sales from stock, the Group is likely to experience continued upward pressure on stock levels. Inefficient stock management could result in overstocking, which may adversely affect working capital. Conversely, understocking could limit the Group's ability to take advantage of these opportunities.	Stock levels and purchasing are closely managed, with all purchase orders being reviewed by senior management before being placed. Stock is categorised between 'free' and (pre) 'sold' to ensure that management focus on higher risk items. 'Free' stock is reviewed at Director level and prompt actions are taken where necessary.	↔
Legal and regulatory	Failure to comply with new legal and regulatory requirements could result in fines or adverse impact on the Group's reputation.	Non-Executive Directors bring additional knowledge and experience of regulatory and compliance matters. Issues are raised and discussed by the Audit and Risk Committee and external technical and consulting resources are employed when necessary. Resource and training requirements are reviewed on an ongoing basis.	↓
Human resources	Failure to attract and retain high-quality individuals could impact on the delivery of the Group's strategies.	The Group takes a number of steps to encourage the retention of its senior management, as set out in the Remuneration Report. The Group's Graduate Development Scheme provides a steady inflow of high-quality staff to support the future development of the Group, and at the senior level, the Group is in the process of introducing a Senior Management Team Development Programme.	↔
Cyber attacks	A heightening risk of cybercrime with the potential to cause business interruption, loss of key systems, loss of online sales, theft of data or damage to reputation.	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.	↑

Area	Risk	Mitigation	Movement
Financial risks	The Group's operations expose it to a variety of financial risks that include the following: • price risk	 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.	↔
	• foreign currency risk	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.	
	• credit risk	The Group's sales are primarily made with credit terms, exposing it to the risk of non-payment from 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.	
	• liquidity risk	Cash flow requirements are monitored by short and long-term forecasts, with headroom against facility limits and banking covenants assessed regularly.	

Area	Risk	Mitigation	Movement
Financial risks (continued)	• Interest rate cashflow risk	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.	

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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 36 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 sq. ft. showroom that showcases each of its brands. In addition, the Group has an office and showroom in Guangzhou, China and a newly established showroom in Cologne, Germany. In total, Ultimate Products now employs over 240 staff.

For further information, please visit www.upgs.com