

19 March 2020

UP Global Sourcing Holdings PLC
"Ultimate Products" or "the Company"
COVID-19 update
Production resilient but outlook uncertain

Ultimate Products, the owner, manager, designer and developer of an extensive range of value-focused consumer goods brands, today provides an update in light of recent developments regarding COVID-19.

On the supply side of the business, the Company is pleased to report that its manufacturing operations in China have now broadly normalised, with over 90% of its factories back up to full production. The Board currently estimates that the delays experienced in China earlier in the year will result in an impact of around £0.8m on FY20 revenue.

However, on the demand side of the business, in the last 24 hours the Company has started to receive indications from a small but growing number of its customers in both the UK and Europe that they intend to review, defer or put on hold orders that have already been placed. In addition, some customers are delaying intake into their warehouses as they reallocate storage space for food and household essentials.

As a result, the Board is anticipating a significant drop in revenue in H2 FY20 compared to expectations, which will inevitably impact profitability for FY20. However, it is too early to predict the exact quantum of the impact.

The Board is confident that the business has sufficient financial strength to trade its way through the current disruption, which is expected to be temporary. The Group has a strong balance sheet and maintains substantial levels of headroom, having recently extended its banking facilities with HSBC to 2024.

Further to the details given in our trading update on 10 February, underlying EBITDA for the six months ended 31 January 2020 ("H1 FY20") is expected to be £7.2m on an IFRS16 basis (H1 F19 - £7.0m), and £6.9m on a pre-IFRS16 basis (H1 FY19 - £6.6m). Underlying PBT for the same period is expected to be £6.2m (both on a pre and post IFRS16 basis) (H1 FY19 - £5.9m).

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

"The health and well-being of our employees is of paramount importance to Ultimate Products, and we are doing everything that we can to ensure that they are being given all the support and assistance that they require.

The near-term challenges for Ultimate Products and the wider general merchandise sector are clear. However, we take confidence from the fact that Ultimate Products has proved itself time and time again to be a highly adaptable and resilient business, with extensive experience of navigating its way through challenging trading environments. As an example, the fact that over 90% of our production in

China is now back up and running having been closed during the outbreak there is a great endorsement of our ability to manage significant supply chain disruption.

I would like to thank everyone at Ultimate Products for their tireless professionalism, dedication and loyalty.”

The Group intends to announce its interim financial results on 30 April 2020.

For more information please contact:

Ultimate Products	+44 (0) 161 627 1400 Simon Showman, CEO Andrew Gossage, Managing Director Graham Screawn, Chief Financial Officer
Shore Capital	+44 (0) 20 7408 4090 Mark Percy Edward Mansfield Sarah Mather
Powerscourt	+44 (0) 207 250 1446 Rob Greening 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. Its best-selling products include frying pans, mugs and speakers, selling approximately one million of each every year.

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 in Cologne, Germany.

Ultimate Products' graduate development scheme was launched in 2012 and in 2018 it welcomed its one-hundredth graduate. In total, Ultimate Products now employs over 290 staff.

Please note that Ultimate Products is not the owner of Russell Hobbs or Salter. The company currently has licence agreements in place granting it an exclusive licence to use the "Russell Hobbs" trademark for cookware (NB this does not include Russell Hobbs electrical appliances) and the "Salter" trademark for electrical and cookware (NB this does not include Salter scales).

For further information, please visit www.upgs.com