

7 September 2020

UP Global Sourcing Holdings plc
“Ultimate Products” or “the Group”

PRE-CLOSE 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 its trading update for the financial year ended 31 July 2020 (“FY20”).

Overview

- Unaudited Group revenues down 6.1% to £115.7m (FY19: £123.3m), reflecting order cancellations and deferrals due to the COVID-19 pandemic – albeit offset by strong growth in sales to supermarkets and online channels
- UK and international online revenue up 47.2% to £16.7m (FY19: £11.4m) accounting for 14.5% of total Group revenue (FY19: 9.2%)
- The Group’s top two customers accounted for 26.0% of the Group’s revenue (FY19: 34.8%)
- Unaudited underlying EBITDA* excluding the credit from the COVID-19 Job Retention Scheme (“the furlough credit”) down 3.3% to £10.4m (FY19: £10.7m), and unaudited underlying PBT* excluding the furlough credit down 2.7% to £8.2m (FY19: £8.4m)
- Net bank debt down 73.7% to £3.8m (FY19: £14.4m) with a net bank debt/underlying EBITDA ratio at 31 July 2020 of 0.4x (FY19: 1.3x). Improvement in net bank debt driven by the Group’s profitable and cash generative performance, strong management of working capital, accelerated stock turn, and the temporary suspension of the interim dividend
- The Group maintains comfortable levels of headroom within its bank facilities, with headroom at 31 July 2020 of £21.3m (31 July 2019: £10.1m). The Group continues to operate well within its banking covenants
- The Group is reinstating the suspended interim dividend, with 1.16p per share (FY19: 1.16p) payable on 9 October 2020 to shareholders on the register on 18 September 2020 and is recommencing the previously stated dividend policy of distributing 50% of the Group’s adjusted profit after tax

Current trading and outlook

- The FY21 order book is ahead of this time last year
- As announced on 24 August 2020, the Group has decided to repay the £465,237 that it has received under the Coronavirus Job Retention Scheme (“furlough scheme”) and does not intend to make any further claims under the furlough scheme or for the associated Job

Retention Bonus. In addition, the Group is no longer utilising the Government Time to Pay and VAT deferral schemes. All VAT and PAYE payments are up to date as at 31 July 2020. These payments are possible because the Group's profitability and cash generation have been stronger than expected during this crisis.

- In light of the resilience, adaptability and versatility that the Group has shown during FY20, the Board remains confident in the long-term prospects for Ultimate Products despite the continuing short-term uncertainty

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

“Given the significant challenges that COVID-19 initially caused for our business, I am delighted with the resilience of the performance that we have delivered in FY20. It is a clear testament to the strength and flexibility of our business model, as well as the ability of our people to improvise, adapt and overcome when faced with any challenge. It has been humbling to see the way that our teams have worked tirelessly to ensure that it has remained business as normal for Ultimate Products, despite a trading environment that has been anything but normal.

The consumer response to our brands has continued to strengthen, particularly via supermarket, online and international channels. Despite the challenges of COVID-19, we have continued to provide a high quality service to our customers and to develop our product range.

Notwithstanding the ongoing economic uncertainty, we remain confident in the long-term prospects for Ultimate Products.”

Notice of results

The Group intends to announce its full year financial results on 3 November 2020.

* Underlying EBITDA and underlying PBT are *non-GAAP measures*. Both underlying EBITDA and underlying PBT exclude the credit from the COVID-19 Job Retention Scheme and are 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 major 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), Kleeneze (laundry), 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 (<https://www.youtube.com/watch?v=IJoGxb04CbU>). 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 there are now over 100 employees who have been through the scheme. In total, Ultimate Products employs over 250 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