17 November 2021

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 2 November 2021, it has today published its Annual Report and Accounts ("the Annual Report") for the year ended 31 July 2021.

The Company also announces that it will hold its Annual General Meeting at 2.00pm on Friday 10 December 2021 at the Company's registered office at Manor Mill, Victoria Street, Chadderton, Oldham, OL9 0DD. The ongoing situation in relation to COVID-19 and potential related governmental restrictions may significantly impact the ability of shareholders to attend the Annual General Meeting. Shareholders are strongly encouraged to very carefully consider public health and government advice at the time of the Annual General Meeting and to exercise their right to cast their votes in respect of the business of the Annual General Meeting by voting via proxy. Shareholders are strongly encouraged to appoint the Chairman of the Annual General Meeting as their proxy.

It is currently expected that the Annual General Meeting will be held as a physical meeting at the venue specified above, but this may be subject to change. Shareholders should regularly check the Company's website for updates in relation to the Annual General Meeting and such updates will also be announced via Regulation Information Service. Shareholders planning to attend the meeting are requested to register with 2021gm@upgs.com by 12.00 pm on 8 December 2021 so that the Company knows who will be attending the meeting in person and can plan to take measures to ensure safety and to apply any social distancing guidelines. Registered attendees will also be issued with the Company's COVID-19 safety protocol for attending the meeting following registration. Shareholders who do not register in advance by 12.00 pm on 8 December 2021 may not be permitted to attend the meeting in person to ensure the safety of other attendees and social distancing compliance.

Copies of the Annual Report and the Notice of the 2021 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 2021 Annual General Meeting, have been posted or made available to the Company's shareholders.

The final results statement and presentation of 2 November 2021 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 2021, 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 (page 89):

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 Financial Statements have been prepared in accordance with the applicable set of accounting standards 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; and

- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and 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 21 to 24):

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 by the Audit and Risk Committee with periodic review and discussion by the Board as a whole.

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 reducing non-food spending (including, but not limited to, inflationary pressures, higher taxation, rising energy prices and potential higher interest rates) could affect retail demand. Furthermore, an increase in food prices could similarly reduce non-food spending with consumers prioritising food expenditure.	The Group's international business provides economic diversity and some protection against a downturn in the UK economy. Despite the challenging market conditions, the Group sees the opportunity to increase its market share by developing new customer relationships, particularly internationally via its German showroom and international sales team, and by continued domestic and export growth in online channels. The Group's products, being mass-market and value-led, are well placed in the event of an economic downturn.	↔

COVID-19	Whilst many of the Government measures imposed at the height of the pandemic have now been lifted, allowing normal life to progressively return, uncertainty remains around how effectively the virus can be controlled in the future. A resurgence in the virus could lead to the closure of factories, restricting the supply of goods available. A return to stricter COVID measures could also exacerbate or prolong the current shipping issues experienced globally (discussed below). Demand could suffer disruption if non-essential retail stores are forced to close in a future lockdown scenario. Operations could be impacted by employee absenteeism and travel restrictions as a result of the virus. In the long term, the pandemic may have a significant and prolonged impact on consumer attitudes and behaviour and lead to a more considered approach to spending.	The health and well-being of our colleagues continues to be the Group's first priority. The Group continues to implement strict safety protocols at its sites to safeguard colleagues. "COVID-19 Safety" is referred to further in the ESG report on page 40. Established practices are in place for our colleagues in China to follow, in order to manage supply chain disruption and mitigate the impact on revenue. Demand for the Group's products is partially protected by its range of customers including supermarkets, who typically remain open during a lockdown, along with its online platforms which, similarly, continue to operate throughout a lockdown. The Group's UK buying team remain in close contact with the team in China, who can continue factory visits and maintain a focus on innovation. The Group's brands, which are largely focused on the home, make it well placed to take advantage of the changes in consumer attitudes that have developed over the course of the pandemic, including more home working and home cooking and a greater emphasis on hygiene and cleanliness. Our products, being mass-market, value-led and innovative are well placed in the event of an economic downturn.	↓

Area	Risk	Mitigation	Movement
		The Board meets regularly to monitor developments in each of the countries in which it operates, in order that it can respond to changing dynamics and guidance and adapt protective financial and operational measures as appropriate.	
Margin pressure	A tough retail environment, increased shipping and road haulage costs (discussed below) and the impact of weakened Sterling could put pressure on gross margin.	The Group's strategy of international growth, expansion of online channels and increased penetration of 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. Furthermore, the Group seeks to constantly develop and implement productivity improvements.	↑

Area	Risk	Mitigation	Movement
Customer concentration	A significant 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, a trend accelerated by the pandemic, could impact the Group's sales and operating profits.	The Group continues to develop relationships with other existing customers and target new customers, particularly internationally, 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. The Group continues to focus on its online channels and efficient development of the systems and processes thereof in order to benefit from further diversification from traditional bricks and mortar retailers.	↓
Loss of continuity of supply of goods for resale	A major loss of continuity in the supply of goods for resale could adversely affect the Group's revenue and operating profit. Heavy reliance on China as a source of products. Any deterioration in, or changes to political, economic or social conditions in China could disrupt the supply of goods or result in higher product cost prices. A protraction of the current shipping capacity and road haulage (HGV drivers) issues could continue to reduce the availability of shipping slots and increase the cost of shipping, adversely affecting revenue and leading to downward pressure on margins.	The Group maintains close relationships with its suppliers through regular factory visits and interaction with its local teams. Wherever possible, multiple sources of supply are sourced for major products. The Group closely monitors developments in China and continues to consider and use alternative sources when practicable and viable. COVID-19's potential impact on the supply of goods for resale is referred to above. The Group has taken various steps to mitigate the impact of increased shipping costs and the reduction in shipping capacity, including prioritising, rationalising and dynamically managing the volume of imported product.	↑

Area	Risk	Mitigation	Movement
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. UK and Chinese buying teams and senior management 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 arising from the non-renewal of licences has reduced significantly as a result of the Group's acquisition of the Salter brand. FY 21 sales under other licences amounted to 12.7 %. The risk in relation to these other licences 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 monitors opportunities to acquire new brands.	↓
Integration risk	The Group may experience difficulties in integrating the acquired Salter business and may not realise, or it might take longer than expected to realise, certain or all of the anticipated benefits of the acquisition.	A thorough and detailed integration plan was developed during the due diligence process and is being executed by the Group under the control of Executive Directors and Senior Management. The Board are receiving and discussing regular updates on the progress of the acquired business and will continue to monitor its performance.	NR

Area	Risk	Mitigation	Movement
Stock management	As the share of landed sales increases due to online growth and increased sales from stock, the Group may experience upward pressure on stock levels. Inefficient stock management could result in overstocking, which may adversely affect working capital. Conversely, understocking, particularly in light of the current challenges posed by the reduction in global shipping capacity (discussed above), 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. The Group's 'Critical Path' system facilitates close management of the completion and timing of purchase orders 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 legal and regulatory requirements, including environmental and climate change developments, both in the UK and in other countries in which the Group operates, could result in fines or adverse impact on the Group's reputation.	The Board monitors the changing landscape of laws and regulations. New legal and regulatory requirements are discussed by the Audit and Risk Committee whose members contribute insight and experience of such matters. External technical and consulting expertise is sought when required. The Group has procedures for ensuring ongoing compliance with legal obligations, including external annual audits, and runs a programme of new-starter/ refresher annual training. The Group has established a Board level ESG Committee whose purpose will be to provide strategic direction to our ESG efforts. See ESG report on pages 26 to 40.	↔

Area	Risk	Mitigation	Movement
Human resources	Failure to attract and retain high-quality individuals, both in the UK and internationally, could impact on the delivery of the Group's strategy.	The Group's Graduate Development Scheme, along with links to local universities, provides a steady inflow of high-quality staff to support the future growth of the Group, whilst the Group's Senior Management Development Programme and its Introduction to Leadership course aim to create a succession of employees into senior roles. A number of steps are taken to encourage the retention of the employees, including the SAYE and PSP share ownership schemes to incentivise its workforce and to further improve retention.	↔
Cyber security	Risk of cyber crime with the potential to cause operational disruption, loss or theft of information, inability to operate effectively, loss of online sales or reputational damage.	The Group continues to review and invest, where appropriate, in the development and maintenance of our IT infrastructure, systems and security. An external IT security audit is carried out on an annual basis to ensure that any weaknesses in our systems are identified and can be rectified. New employees receive IT training to increase awareness of cyber risk. Disaster recovery, business continuity and crisis communication plans are maintained.	↔
Financial risks	The Group's operations expose it to a variety of financial risks that include the following:		↔

Area	Risk	Mitigation	Movement
	• 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. The Group maintains a high level of credit insurance on its trade receivables, averaging in excess of 98 % insured over FY 21 with the uninsured accounts closely monitored. Trade receivable balances are vigilantly managed and prompt action taken on overdue accounts.	
	• 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
	• interest rate cash flow 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 38 countries. It has five product categories: Audio; Heating and Cooling; Housewares; Laundry; and Small Domestic Appliances. Its brands include Beldray (laundry, floor care, heating and cooling), Intempo (audio), Salter (kitchen and bathroomware), Progress (cookware and bakeware), Kleeneze (laundry and floorcare) and Petra (small domestic appliances).

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 2020 it welcomed its 300th graduate. In total, Ultimate Products now employs over 300 staff.

Please note that Ultimate Products is not the owner of Russell Hobbs. 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).

For further information, please visit www.upgs.com