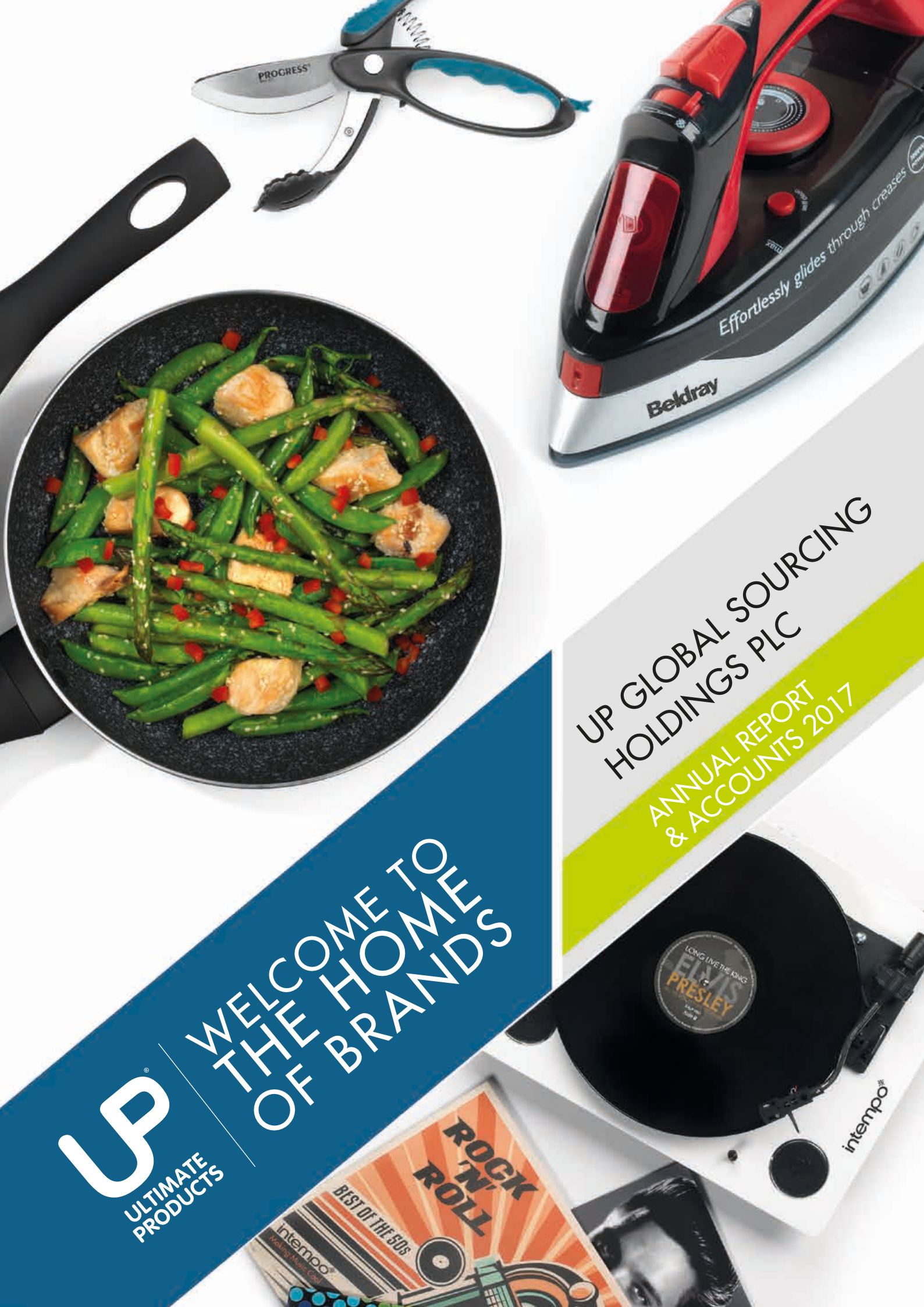
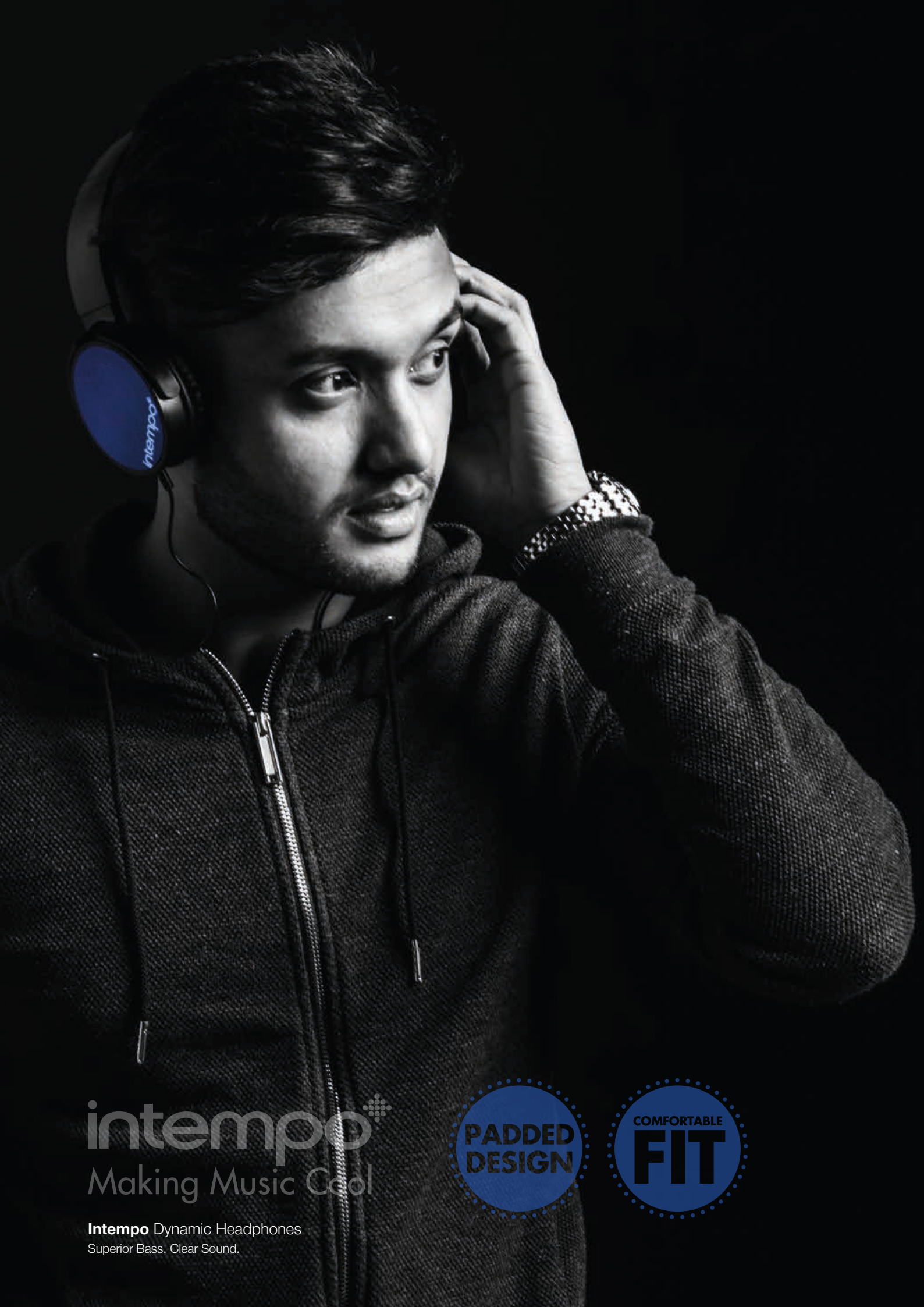


UP
ULTIMATE
PRODUCTS

WELCOME TO
THE HOMES
OF BRANDS



UP GLOBAL SOURCING
HOLDINGS PLC
ANNUAL REPORT
& ACCOUNTS 2017



intempo 
Making Music Cool

Intempo Dynamic Headphones
Superior Bass. Clear Sound.



Report Contents

Financial Highlights	4
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Strategic Report

Chairman's Introduction	6
Chief Executive's Review	8
Business Model & Strategy	11
Financial Review	14
Principal Risks & Uncertainties	19
Viability Statement	24
Corporate Social Responsibility	25

Corporate Governance

Board of Directors	32
Corporate Governance	36
Audit & Risk Committee Report	43
Remuneration Committee Report	50
Directors' Report & Other	
Statutory Disclosures	82
Directors' Statement	90

Financial Statements

Independent Auditor's Report	94
Consolidated Income Statement	102
Consolidated Statement of Comprehensive Income	103
Consolidated Statement of Financial Position	104
Company Statement of Financial Position	106
Consolidated Statement of Changes in Equity	108
Company Statement of Changes in Equity	110
Consolidated Statement of Cash Flows	112
Company Statement of Cash Flows	114
Notes to the Financial Statements	116

Shareholder Information

Four-Year Summary	172
Company Information	174
Glossary	175



Beldray AIRGO
Lightweight. Cordless Cleaning.

Financial Highlights

REVENUE

£110 m
+39.1 %

UNDERLYING PROFIT BEFORE TAX*

£10.7 m
+42.0 %

NET DEBT/UNDERLYING EBITDA RATIO*

0.5 x

Highlights

- Revenue: £110 m
(FY 16: £79.0 m, +39.1 %)
- Underlying EBITDA*: £11.5 m
(FY 16: £8.2 m, +39.9 %)
- Underlying EBITDA Margin*: 10.5 %
(FY 16: 10.4 %, +10 bps)
- Underlying Profit Before Tax*: £10.7 m
(FY 16: £7.5 m, +42.0 %)
- Profit Before Tax: £7.4 m
(FY 16: £6.3 m, +18.7 %)
- Net Debt: £6.0 m (FY 16: £10.0 m)
- Net Debt/Underlying EBITDA Ratio*: 0.5 x
- Underlying Earnings Per Share*: 10.9 p
- Full year Dividend Per Share: 5.115 p

*Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the 'Glossary' section.

Underlying measures are calculated after adding back exceptional items and share based payment charges as referred to in note 7 to the Financial Statements.

Strategic Report

Financial Highlights	4
Strategic Report	
Chairman's Introduction	6
Chief Executive's Review	8
Business Model & Strategy	11
Financial Review	14
Principal Risks & Uncertainties	19
Viability Statement	24
Corporate Social Responsibility	25



Strategic Report

Corporate Governance

Financial Statements

Shareholder Information

Strategic Report

Chairman's Introduction

DELIVERING TOMORROW'S PRODUCTS TODAY

A Year of Substantial Progress

I am very pleased to introduce the first annual report for the Group as a listed business. The year has been one of substantial progress and significant change, with a number of exciting developments taking place across the business, some of which are mentioned in the Chief Executive's Review.

Performance & Strategy

The Group delivered a strong financial performance during the year. This was achieved despite a backdrop of continuing economic turbulence. The business, along with many others, faced a number of challenges including significant cost inflation, the devaluation of Sterling against major currencies and the well documented uncertainty around Brexit negotiations following the General Election.

Ultimate Products' performance is attributable to a number of factors: a superb range of great value core products, new and innovative products, an excellent supply chain, a strong and extensive customer base of leading retailers and, not least, the committed and talented colleagues that we employ who deliver our company values every day. We believe that we offer all of our customers the best possible products with an overall service level that is second to none. This powerful combination is important to customer focused businesses that require certainty in value, quality and critically, supply.

Over recent years, the Group's strategy has been to develop a portfolio of brands focused on the growing market of value-led consumer goods for the home. The success of this strategy is demonstrated by the growth of the business since FY 14 and in particular the financial metrics for the last financial year.

Our strategy has four key pillars:

1. growing our business with discount retailers;
2. increasing our penetration in UK supermarkets;
3. expansion via online channels; and
4. international growth.

The Board is confident that our relentless focus on these objectives will drive long term growth for the business and its stakeholders.

Initial Public Offering

On 6 March 2017, the Group was admitted to the premium segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc. This was a significant step forward for the development of the business and a substantial achievement for the management team and staff. We believe that our listed company status provides the right platform for the future growth of the business and further enhances our reputation with customers and supplier partners. We

I am very pleased to introduce the first annual report for the Group as a listed business. The year has been one of substantial progress and significant change, with a number of exciting developments taking place across the business, some of which are mentioned in the Chief Executive's Review.

recognise that the future prospects of the business are reliant on both retaining our very best talent and recruiting new colleagues to the business that have the same potential and attitude as our very best. Accordingly, we are creating development programmes for rising stars and have already put in place various incentive schemes that reward outperformance.

believe that in time we will see a return to more traditional trading patterns our view is that, in the short term, many UK retailers will continue to be cautious on ordering non-food inventory.

On behalf of all of our stakeholders, I would like to thank all of our colleagues for their commitment and hard work over the past year.

Dividend

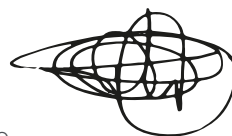
The Board is committed to a progressive dividend policy, with an intention to distribute 50 % of the Group's adjusted profit after tax. A final dividend is recommended of 3.495 p per share to give a total dividend of 5.115 p per share for the full year.

The final dividend is payable on 30 January 2018 to shareholders on the register on 5 January 2018.

Summary

The Board fully believes that our strategy of developing and building a portfolio of brands that are focused on mass-market and value-led consumer goods for the home will create further value for all our stakeholders, and we are excited by the Group's long-term growth prospects.

Since the year end, trading conditions have become more challenging with retailers taking longer to commit to orders or delaying purchasing decisions for the current year. This reflects uncertainty in the market place and in particular the effect of wage deflation and food inflation on consumers. Whilst we



James McCarthy

Chairman

6 November 2017



Strategic Report

Chief Executive's Review



We have made solid operational progress across the business. The Group has continued to develop and expand the relationships with its core customer base of UK and European discounters.



An Excellent Performance in a Changing Market

Ultimate Products has delivered a strong financial performance this year, amid a period of significant change for the Group. Over the last five years, we have been building a market-leading position in branded, value-focused and mass-market consumer goods for the UK consumer. 2017 has seen the results of this effort start to come to fruition. Following the IPO, we now have a strong platform from which to drive the next stage of Ultimate Products' growth.

Performance

Group revenue rose 39.1 % to £110.0 m (FY 16: £79.0 m), and continued to be driven by three main factors:

1. growth in sales to discounters in the UK and in Europe (up 64.6 % to £63.8 m);
2. increased sales to the main UK supermarkets (up 95.0 % to £10.3 m); and
3. the emergence of online platforms as a new revenue for the business (up 63.6 % to £4.6 m).

Underlying Profit Before Tax* was up 42.0 % to £10.7 m. Gross Margin was down by 1.6 % at 22.3 % as a result of a higher mix of Free on Board ('FOB') business in the year and, for our Landed business, as a result of imported price inflation arising from a weakened Sterling. Despite this, our Underlying EBITDA Margin* held firm at 10.5 % (up 0.1 %). This reflects:

1. the economies of scale from higher revenues;
2. an increased proportion of FOB sales (which is less overhead intensive), partially

offset by increased sales via online platforms (which is more overhead intensive); and

3. a more efficient operating model as the focus on the Group's brand portfolio, which has led to an increase in repeat sales and extended product life cycles.

Operational Overview

We have made solid operational progress across the business. The Group has continued to develop and expand the relationships with its core customer base of UK and European discounters. We have also made significant progress in Germany, with a number of major retail accounts opened and plans are well advanced to open a showroom there in CY 18.

Other international developments include a new landed supply arrangement with a major European customer. This allows the Group to expand beyond its current limited product offering with the customer into other product categories, representing an exciting opportunity to continue to grow alongside one of the fastest expanding retailers in Europe, further cementing the Group's position as a key supplier to it.

A particular highlight of the Group's branded product portfolio during the period has been the performance of Progress, the cookware and kitchen electrical brand, which is now listed with several retailers including, as of January 2018, a major UK supermarket.

As noted above, revenue from online channels

BUILDING FOR A STRONGER FUTURE

grew in the year by 63.6 % to £4.6 m and, while still a relatively small proportion of overall revenue at the moment, it is increasing in importance. Online is an exciting and fast growing part of the business and we are optimistic about its future prospects.

"Over the last five years, we have been building a market-leading position in branded, value-focused and mass-market consumer goods for the UK consumer. 2017 has seen the results of this effort start to come to fruition."

We are seeing some cost pressures coming through from China, where the bulk of our product is sourced. This has been caused by the strengthening of the Chinese currency and local regulatory changes. However, we are confident in our ability to effectively manage this because of our experience over many years in that territory and our strong local presence through our office in Guangzhou.

Finally, the refurbishment of Ultimate Products' new 240,000 sq ft warehouse at Heron Mill in Oldham has been completed to plan and is now the Group's main distribution facility. The Board anticipates that this will create improved operational efficiencies and significant additional capacity to manage the future growth of the business.

Board Appointments

The Group's Board has been substantially strengthened through the appointments

of James McCarthy as Chairman, Alan Rigby as Senior Independent Non-Executive Director and Robbie Bell as Non-Executive Director.

James McCarthy has over 40 years' experience in the fast-moving retail industry, having previously held the position of Chief Executive Officer of Poundland. He stepped down in September 2016 after a decade-long tenure during which the company's sales grew from £300 m to £1.3 bn per annum, whilst the number of stores increased from 150 to over 900. Prior to joining Poundland, James was Managing Director of Convenience at J Sainsbury plc and was a member of the company's operating, retail and investment boards.



Strategic Report

Chief Executive's Review continued

Alan Rigby has spent the majority of his working career at HSBC plc, joining in 1975 and gaining broad experience through a range of management positions, including credit and risk, retail, commercial, large corporate and global banking markets.

Robbie Bell is the Chief Financial Officer of Welcome Break. Prior to that, he was the Chief Financial Officer of Screwfix, a subsidiary of Kingfisher plc. He was previously the UK Finance Director of Travelodge between 2006 and 2008, having started his career at Whitbread plc before moving to Tesco plc.

Outlook & Market Environment

The Group operates primarily in the branded, value-focused consumer goods sector in the UK. Due to ongoing macroeconomic uncertainty and tougher trading conditions, retailers are generally exercising caution with regard to their non-food buying as we head towards the end of the calendar year. As a result, we are seeing retailers' reluctance to order too far forward and many are placing orders later or buying from stock. The lower volumes available to non-food suppliers and retailers' desire to minimise increases in retail prices is creating an even more competitive environment than normal. The Board therefore anticipates that revenue growth for FY 18 is unlikely. In addition, approximately £4–5 m of FY 18's revenue will now be recognised in FY 19 as a result of the move from FOB to landed arrangements with a key European customer. However, Ultimate Products is used to managing such challenging dynamics. Current trading is in

line with expectations and the Board remains confident that the business will continue to deliver sustainable, long term growth.

Summary

As one of the founders of the business, I am very proud of what Ultimate Products and its staff have achieved over this reporting period. To deliver such strong growth whilst at the same time adding a new and larger distribution centre, executing an IPO and maintaining an excellent service to our retailers shows what a high-quality, flexible and resilient business Ultimate Products is.

In the short-term, this flexibility and resilience will be needed as UK retailers and consumers alike adapt to a new and more challenging environment. However, it should also be noted that in a market where people have less money to spend on general merchandise, we provide a compelling proposition to consumers and retailers alike – and we therefore continue to see substantial opportunities for the ongoing success of Ultimate Products.



Simon Showman

Chief Executive Officer

6 November 2017

BEAUTIFUL PRODUCTS FOR EVERY HOME

Business Model & Strategy

Business Model & Operations

Ultimate Products is the owner, manager, designer and developer of an extensive range of value-focused consumer goods brands, focused on the home. Our branded products create the opportunity for retailers to price our products competitively compared to the own-label equivalent.

- **We develop:** Spotting trends early, being innovative and developing products at pace is key.
- **We source:** Our products derive from 12 countries with almost 90 % coming from China.
- **We are branded:** Beldray, Salter (under licence until 2024), Intempo, Russell Hobbs (under licence until 2020), Progress.
- **We market:** Using social media builds awareness of our products and brands.
- **We sell:** Wholesale selling to 300 + retailers with a small but growing online offer.
- **We invest in quality:** Both our UK and China offices have in-house teams of QA professionals. We are a member of SEDEX and audit our key suppliers to the ETI Code of Conduct.
- **We invest in our people:** Our Graduate Development Scheme was established in 2012 and we now employ 78 people who are either on the scheme or have completed it.
- **We invest in our systems:** We have developed systems and applications that can manage the complexity of supplying retail and online in a cost-effective and scalable manner.
- **We are low cost:** Keeping our costs down allows us to retail our products at competitive prices.
- **Operations:**
 - We were established in 1997.
 - We have offices in Oldham, Greater Manchester and Guangzhou, China.
 - We employ over 230 people across the business.
 - We have 388,000 sq. ft of warehousing in Oldham, Greater Manchester.



Salter AEROCOOK Pro

Perfect crispy food with little or no oil

Strategic Report

Business Model & Strategy continued

Business Strategy

The Four Pillars to Growth

1. International: We are a global business, already selling into 36 countries worldwide and with 28 % of our revenues coming from international customers. We believe that our product offer of branded general merchandise at mass-market prices is compelling for consumers in other territories, just as much as it is in the UK. We are targeting large international retailers, normally on an FOB basis, with a current focus on Europe and Germany in particular.



International

2. Discounters: Branded products at mass-market prices are attractive to discount shoppers and a compelling proposition to discount retailers, where own-label products may not be an option. Discount is a fast growing segment of the UK and European retail market for general merchandise, led by operators such as B&M and Action. Our strategy is to increase listings with existing discount customers, benefit from their store expansion plans and open new European accounts in this sector.



Discounters

3. UK supermarkets: We have long-standing trade relationships with all of the major UK supermarkets but our penetration to date has been relatively low. However, we believe that our branded products, competitively priced compared to the own-label equivalents, are very appealing to supermarket customers. We provide supermarket retailers with the same retail margin as their own-label equivalent, in addition to a more attractive proposition for their customers and plan to increase our penetration of the UK supermarkets by demonstrating the effectiveness of our product offer in-store through increased LFL sales.



UK supermarkets

4. Online channels: Online now accounts for over 20 % of non-food retail sales in the UK. In FY 17, online channels only accounted for 4.2 % of our sales. We believe that there is significant opportunity for further growth through platforms such as Amazon and our objective is to grow this business to 20 % of revenue over the medium to long term. In addition, we believe that there may be further scope for growth via a roll out across Amazon's other international platforms.



Online channels

Key Performance Indicators

The Board monitors the development of the measures below as high-level indicators of performance.

Measure	Description	Performance
Revenue Growth	The increase in revenue in the period relative to the prior period.	£110.0 m (+39.1 %)
Sales per Head	Revenue for the period divided by the average number of permanent employees in the period.	£495.3 k (+13.4 %)
Gross Margin Percentage	Gross profit for the period divided by revenue for the period.	22.3 % (-1.6 bps)
Underlying EBITDA*	Profit before interest, tax, depreciation and amortisation, excluding exceptional items and charges for share based payments.	£11.5 m (+39.9 %)
Underlying EBITDA Margin*	Underlying EBITDA for the period divided by revenue for the period.	10.5 % (+10 bps)
Underlying Profit Before Tax*	Profit before tax excluding exceptional items and charges for share based payments.	£10.7 m (+42.0 %)
Net Debt/Underlying EBITDA* Ratio	Net debt at the end of the period divided by underlying EBITDA for the period.	0.5 x (FY 16: 1.2 x)
On Time Delivery Percentage	Number of orders from retailers delivered on time in the period divided by the total number of orders delivered to retailers in the period.	98.9 % (FY 16: 98.8 %)

* Items marked with an asterisk are non-GAAP measures. Definitions and relevant reconciliations are provided in the 'Glossary' section.

Strategic Report

Financial Review

REVENUE

£110 m
+39.1 %

UNDERLYING PROFIT BEFORE TAX*

£10.7 m
+42.0 %

NET DEBT/UNDERLYING EBITDA RATIO*

0.5 x

Strong Growth and Continued Efficiency

The year ended 31 July 2017 was another strong year for the Group with pleasing financial results achieved in a year of substantial change.

Overview

	FY17	FY16	
Change			
Revenue (£'m)	110.0	79.0	+39.1 %
Gross margin	22.3 %	23.9 %	-160 bps
Underlying EBITDA (£'m)*	11.5	8.2	+39.9 %
Underlying EBITDA margin*	10.5 %	10.4 %	+10 bps
Underlying profit for the year (£'m)*	8.4	5.9	+42.6 %
Net cash from operations (£'m)	9.4	3.7	+157.4 %
Free cash flow (£'m)*	7.8	0.7	+1,030.9 %
Net debt (£'m)*	6.0	10.0	-£4.0 m
Net debt/Underlying EBITDA ratio*	0.5 x	1.2 x	-58.3 %
Underlying earnings per share (p)*	10.9	8.0	+36.3 %

Underlying performance measures exclude the exceptional items and share based payment charges referred to in note 7 to the Financial Statements which are commented on below.

Revenue

The Group experienced strong revenue growth in FY 17, increasing by 39.1 % to £110.0 m with above double-digit growth in all key product groups and brands. The revenue performance was driven by three main factors: growth in sales to discounters in the UK and in Europe (up 64.6 % to £63.8 m); increased sales from the main UK supermarkets (up 95.0 % to £10.3 m); and the emergence of online platforms as a new revenue for the business (up 63.6 % to £4.6 m).



Focus on international expansion commenced during the second half of FY 17 and has therefore not had a significant impact on the FY 17 results. However, international sales grew by 48.2 % to £30.4 m and now represent 27.7 % of total sales (FY 16: 26.0 %), with UK sales growing by 35.9 % to £79.5 m (FY 16: £58.5 m).

Brands

The Group introduced its strategy to concentrate on offering branded, mass-market and value-led consumer goods in late 2013. Since then, the Group has seen its brands take an increasingly significant share of sales and this pattern continued in FY 17. A summary of the Premier Brands, representing 60.0 % of total revenue (FY 16: 55.4 %) is set out below:

	FY17 £'m	FY16 £'m	Growth %
Beldray	30.8	19.1	+61.1
Salter	16.0	12.1	+32.8
Intempo	10.0	5.9	+72.1
Russell Hobbs	8.5	6.7	+26.2
Progress	0.6	0.0	N/A
	65.9	43.8	+50.6

Of particular note in the Premier Brands segment is the addition of Progress, a brand of Lancastrian heritage. Since its acquisition in 2015, the initial focus has been on developing the product range and packaging primarily across the housewares and small domestic appliance product categories. The Directors are excited about the potential for the brand, which now has listings in a number of retailers including a major supermarket from January 2018.

Margins

Gross margin was 160 bps lower than 2016, influenced by two key factors: firstly FOB sales, which typically generate lower gross margin but require lower overheads to serve, increased from 60.2 % of sales to 67.6 % and secondly, gross margin on landed sales, whilst partially protected by existing hedging contracts, were impacted by cost pressures from the fall in the US\$ exchange rate with GBP after the Brexit referendum. However, continued operating efficiency benefits and lower overhead growth, supported by the aforementioned lower overhead requirement for FOB, resulted in the Group increasing its underlying EBITDA margin by 10 bps to 10.5 %.

Strategic Report

Financial Review continued

Overheads

Administration expenses excluding exceptional items and share based payment charges, substantially comprising wages and salary costs, increased by £2.5 m (22.6 %) to £13.4 m in FY 17 compared to the 39.1 % increase in revenue. As experienced with the revenue growth in recent years, in FY 17 the Group continued to leverage its overhead resource to absorb growth with less than proportionate cost growth. This was achieved whilst absorbing the incremental impact of a full year's property cost of the new Heron Mill distribution facility (FY 16: 3.5 months) and the addition of plc related costs since the Group's IPO in March.

Over the course of FY 17, the average number of employees increased by 41 (or 22.7 %) of which 17 related to structural changes both in the UK warehouse and in the Far East, where new positions were created to replace third-party costs. Other headcount increases were in the core UK operations and the Group is particularly proud of its Graduate Development Scheme. This is the first port of call for most incremental positions and we are delighted with the progress we have made in developing and promoting staff from within the business, many of whom are recruited from the local Oldham area.

The Group is very proud of its Graduate Development Scheme, being the first port of call for most incremental positions, aiming to develop and promote staff from within the business.

Exceptional Items and Share Based Payment Charges

Such costs include the non-recurring costs relating to the IPO of £1.1 m (FY 16: £nil), the legacy shareholder bonuses that ceased to accrue after 31 July 2017, being £2.0 m (FY 16: £1.2m), and the non-cash, share based payment expense relating to the Management Incentive Plan introduced immediately prior to the IPO, being £0.1 m (FY 16: £nil). They have been shown separately in the Income Statement to better reflect the performance of the underlying business.

Interest

At £0.5 m, finance costs were at similar levels to FY 16, although interest paid was significantly lower as FY 16 cash flows included the payment of £2.0 m of accrued interest relating to loan notes that were fully repaid in FY 16.

Taxation

The effective underlying tax rate has reduced from 21.5 % to 21.1 % for FY 17 and this is in line with expectations, given the reduction in the rate of UK corporation tax to 19 % with effect from 1 April 2017.

As explained in note 25 to the Financial Statements, the 2014 EMI Scheme share options were exercised immediately prior to the IPO. A statutory corporation tax deduction is created by the exercise of the EMI options, reducing the current and prior year tax liability by a total of £2.1 m. In accordance with IFRS 2, Accounting for Share based Payments, the £2.1 m tax credit has been credited directly to the Statement of Changes in Equity, rather than through the Income Statement. The impact of the deduction has been to reduce the £1.6 m UK corporation tax liability for the year to nil, with a further £0.5 m recoverable against the FY 16 liability previously paid.

Balance Sheet & Cash Flow

The Group's balance sheet strengthened significantly over the year with net assets increasing by £5.6 m to £6.8 m. The key points to note regarding the balance sheet can be summarised as:

- The increase in non-current assets of £0.7 m was driven by capital expenditure on the refurbishment of Heron Mill (£0.8 m in FY 17), which has now become the Group's main distribution facility.
- Having over-proportionately increased inventories by 36.4 % in FY 16, the increase in FY 17 was substantially lower than revenue growth at 4.9 %. This also reflects the higher mix of FOB sales, where revenue is recognised as the goods are handed over to the customer in the country of origin without being held in inventories prior to sale.
- Trade and other receivables reduced by £4.5 m (27.6 %) compared to FY 16 (£4.2 m relating to trade receivables, driven by an exceptionally low level of debtor days at 31 July 2017 of 36, with the comparative 31 July 2016 and 31 July 2015 levels being 52 days and 50 days respectively. The reduction was driven by a favourable customer mix of invoicing at the end of FY 17. This is an exceptional movement that would be expected to reverse in FY 18.
- Trade and other payables are £3.9 m lower than last year, which included £2.25 m for the interim FY 16 dividend declared but not paid at the end of FY 16. Additionally, trade payables are £1.6 m lower than FY 16, as last year saw a significantly higher increase in inventories just prior to the year end, with a corresponding increase to trade payables.
- Current tax is a £0.5 m debtor in FY 17 due to the EMI scheme corporation tax credit referred to in the 'taxation' comments above.

The £4.2 m lower trade receivables, commented on earlier, provides a flattering, although exceptional impact on the net cash from operations that would be expected to reverse in FY 18. This favourable reduction, along with lower UK corporation tax payments (due to the EMI Scheme tax credit, creating a cash flow benefit of £0.8m in FY 17) and a £1.3 m increase in EBITDA, are reflected in the net cash from operations of £9.4 m, which is £5.7 m higher than last year.

Strategic Report

Financial Review continued

	2017 £'m	2016 £'m
Net cash from operations	9.4	3.7
Net capital expenditure	(1.1)	(0.7)
Interest paid	(0.5)	(2.3)
Free cash flow*	7.8	0.7

After deducting capital expenditure and returning to a normal level of interest payments, with the repayment of the loan notes made in FY 16, free cash flow* amounted to £7.8 m for FY 17. The payment of dividends and minor other items then resulted in a £4.0 m reduction in net debt* to £6.0 m (FY16: £10.0 m), with the net debt/underlying EBITDA ratio reducing 58.3 % to 0.5 x (FY 16: 1.2 x).

Financing & Going Concern

The Group is financed by a suite of trade and revolving credit facilities provided by HSBC Bank plc, further information on which is provided in note 22 to the Financial Statements. Over the course of the year, the Group has operated well within the covenants to the banking facilities and has maintained comfortable levels of funding headroom, with headroom at 31 July 2017 in excess of £6 m. The Group's projections show that the Group will be able to operate within its existing banking facilities and covenants. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, as such, has applied the going concern principle in preparing the Annual Report and Financial Statements.



Graham Screawn
Chief Financial Officer
6 November 2017



Principal Risks & Uncertainties

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 principal risks as determined by the Board are listed in the table below, together with corresponding mitigating actions. This is not intended to be an exhaustive list of all risk and uncertainties that may arise.

Area	Risk	Mitigation
Macroeconomic factors	Macroeconomic trends affecting consumer confidence and depressing consumer non-food spending, in particular uncertainty regarding Brexit, could affect retail demand.	<p>The Group sees the opportunity to increase market share by developing new customer relationships, particularly internationally, and from growth in online channels, mitigating the risk from macroeconomic factors affecting the overall market.</p> <p>The Group's products, being mass-market and value-led, are well-placed in the event of an economic downturn.</p>
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.	<p>The Group mitigates this risk by 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.</p> <p>The Group's strategy of growing international and online sales is expected to provide greater diversity and a balanced-margin portfolio.</p>



Strategic Report

Principal Risks & Uncertainties continued

Area	Risk	Mitigation
Loss of continuity of supply of goods for resale	The Group is heavily reliant 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.
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.	<p>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.</p> <p>In addition, in-store penetration of the Group's brands and products offer some commercial protection against customer loss.</p>
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.

Area	Risk	Mitigation
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.	<p>The risk of non-renewal is mitigated by maintaining strong revenues to and good working relationships with licensors.</p> <p>Licences are negotiated for as long as possible and as early as possible, in order to provide greater certainty around future revenues.</p> <p>The Group continues to develop a 'second tier' of brands and to look for potential new brands to acquire.</p>
Stock management	Inability to efficiently manage stocks could adversely affect the business. Understocking could hold back online growth or customer call-off, whilst overstocking could adversely affect working capital.	<p>Stock levels and purchasing are closely managed, with all purchase orders being reviewed by senior management before being placed.</p> <p>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.</p>
Legal and regulatory	The Group may fail to comply with additional regulations arising as a result of its public status. The Group may have inadequate resources to manage the additional workload.	<p>The appointment of Non-Executive Directors in March 2017 has strengthened the Group's knowledge of regulatory and compliance issues, along with training provided to the Directors in preparation for the Group's listing.</p> <p>Issues are raised and discussed by the Audit and Risk Committee and external consulting resources are employed when necessary.</p>
Human resources	The success of the Group is dependent upon the retention of key individuals and the recruitment of high-quality staff to develop and implement its strategies.	<p>The Group takes a number of steps to encourage the retention of its senior management, as set out in the Remuneration Report.</p> <p>The Group's Graduate Development Scheme provides a steady inflow of high-quality staff to support the future development of the Group.</p>

Strategic Report

Principal Risks & Uncertainties continued

Area	Risk	Mitigation
Cyber attacks	Cyber attacks are becoming increasingly common and have potential to cause business interruption, loss of key systems, loss of online sales or theft of data.	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.
Financial risks	<p>The Group's operations expose it to a variety of financial risks that include the following:</p> <ul style="list-style-type: none"> ● price risk; ● foreign currency risk; ● credit risk; 	<p>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.</p> <p>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.</p> <p>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.</p>

Area	Risk	Mitigation
Financial risks continued	<ul style="list-style-type: none"> liquidity risk; 	Cash flow requirements are monitored by short and long-term forecasts, with headroom against facility limits and banking covenants assessed regularly.
	<ul style="list-style-type: none"> 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.



Intempo WDS19 Slimline Headphones
Modern Design. Clear Sound.

Strategic Report

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Directors have assessed the viability of the Company over a three year period to July 2020, taking account of the Group's current position and the Group's principal risks, as detailed in the Strategic Report. Based upon this assessment, and the assumption of the banking facilities continuing as referred to below, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to July 2020.

In making this statement, the Directors have considered the resilience of the Group in severe but plausible scenarios, taking account of its current position and prospects, the principal risks facing the business, how these are managed and the impact that they would have on the forecast financial position. In assessing whether the Group could withstand such negative impacts, the Board has considered cash flow, impact on debt covenants and headroom against its current borrowing facilities over the three year period. In such a scenario, any return to shareholders would be reduced.

The Group is financed by bank facilities with HSBC which comprise a £6.2 m revolving credit facility (due for renewal

on 22 July 2020), a £17 m invoice discounting facility (due for renewal on 24 June 2020) and ancillary to the revolving credit facility is a £6.5 m import loan facility which is repayable on demand and subject to annual renewal. The Directors believe that appropriate banking facilities will be renewed sufficiently in advance of the 2020 renewal dates and also that, in the ordinary course of business, the import loan facility will continue throughout the period of the revolving credit facility. In assessing the position and prospects of the Group over the period to 31 July 2020, the Directors have assumed that the banking facilities will continue to be available and will be renewed in advance of their expiry.

The following three principal risks were selected for enhanced stress testing: macroeconomic factors, margin dilution and customer concentration, with the adverse impacts reflected as reductions in revenue and gross margin. In the situations reviewed, the business remained robust, with sufficient funding and headroom and compliance with key covenants to remain in operation over the period reviewed. The Board considers that the long-term relationships it has with many of its customers and suppliers, together with its value-led branded consumer goods strategy, helps to protect the Group and gives it the resilience to withstand such scenarios materialising.

The Board selected the period of three years to 31 July 2020 as an appropriate period for the Company's viability statement, as management currently use three-year forecasts as part of the business planning process and the current banking facilities run substantially until the end of the review period.

Strategic Report

Corporate Social Responsibility

Ultimate Products is committed to the highest standards of corporate behaviour and we recognise the importance of operating in a socially, ethically and environmentally responsible manner across every aspect of our operations.

We are committed to progressing our policies, procedures and systems across the Group, ensuring that we monitor and maintain all aspects of CSR that are relevant to the business. These include concern for employee health and safety, caring for the environment, ethical behaviour and ongoing community involvement.

We endeavour to maintain a productive and open line of communication with those affected by our business and who have an interest in our ongoing activities. This includes our customers, suppliers, employees and other key partners within our supply chain. Furthermore, we monitor supplier performance, audit our customer service systems and processes (through the ISO 9001/2008 accreditation) and encourage open feedback from all employees across the Group.

The Board of Directors takes ultimate responsibility for CSR and is committed to developing and implementing effective and measurable policies. The Board believes that, to date, the activities of the Group have not presented any significant environmental risks.

Employees

The Group aims to attract, develop, retain and motivate highly-talented employees who can contribute within a dynamic business culture that promotes contribution and provides its people with the opportunity to succeed.

We are committed to creating an environment that fosters innovation and supports a culture of teamwork and partnership, all of which are crucial to Ultimate Products' success. A variety of career paths, development schemes and staff recognition programmes are being developed to improve staff retention and maintain the growing talent pool.

Graduate & Apprenticeship Schemes

The Group's Graduate Development Scheme continues to be highly successful in recruiting and developing talented graduates, through entry-level positions, across all of our key departments within the UK head office. This year it recruited its 100th graduate and the scheme continues to be the main driver for our recruitment strategies. Over 50 % of the current UK office workers have now come through the scheme.

This year also saw the introduction of an apprenticeship scheme, which provides further opportunities for young, talented individuals to join our dynamic working environment whilst meeting compliance with the government's apprenticeship levy. So far, we have piloted the scheme with two apprentices and links are being formed with local educational establishments in order to develop the scheme further.

Strategic Report

Corporate Social Responsibility continued

Other Initiatives & Policies

Our initiative to recruit employees from the local Oldham area continues to see positive progression. Over thirty of the employees recruited in the past year are from an 'OL' postcode, which is within close proximity to our UK head office site. This initiative continues to assist in building our employer brand locally, integrating ourselves within the local community and improving staff retention.

The development of future leaders is a key element of our succession planning, and leadership development is crucial to the future success of the business. These plans are regularly monitored, discussed and updated to align with the evolving leadership needs of the business and allow the business to grow. This year saw the introduction of a 'Women in Leadership' initiative, whereby female members of our senior management team mentor our future female leaders. Formal performance reviews are conducted, aligned with the key pillars of the business strategy and linked to the values of the business.

The Group is committed to providing equal opportunities to all existing and prospective employees, without unlawful or unfair discrimination. Our equality and recruitment policies ensure that we attract and recruit people from all backgrounds.

Breakdown of Directors & Employees (Across the Group)

Full time equivalent employees as at 31 July 2017:

	Male	Female
The Board ¹	4	0
Heads of Departments, Senior Managers, Other Directors (Excluding the Board)	16	9
Employees	105	100
Total	125	109

¹The Board comprises seven male and no female employees.

Ethics

Ethical trading is a critical aspect to the way in which our business is conducted and compliance to high ethical standards across the Group, our suppliers and supply chain partners is essential. We apply these standards to all dealings with employees, customers, suppliers and our suppliers' employees, as well as other stakeholders. Our ethical and social compliance team regularly monitors the performance of our suppliers to ensure that they are meeting local laws, as well as our own high standards and those of our customers.

CHARITY WITHIN THE COMMUNITY

The Group's modern slavery, anti-bribery and whistle-blowing policies have been developed to ensure that the Group's business adheres to high ethical and legal practices, as well as to maintain standards of professionalism and integrity for all employees worldwide. The introduction of a new whistle-blowing hotline, which is monitored by the HR team, provides further opportunity for employees, customers, suppliers or other stakeholders to confidentially raise any concerns so that they can be thoroughly investigated.

Community

The Group seeks to make a positive difference by being an active contributor to the local communities within which it operates. The Group's HR department, alongside the Charity Committee, continue to drive new initiatives that support local charities, local educational establishments and community groups located within a few miles of the Group's office in Oldham, Greater Manchester.

Employees are very active with participating in fundraising and seeking out local good causes that the Group can help, support and make a difference to those that require it.

Over the course of the year, the Group has been involved in a variety of important local events and initiatives with the aim to support the local community. These include:



Charity: Members of the Charity Committee presenting the cheque of funds raised for Dr Kershaw's Hospice to their representative.

- Being a lead sponsor for the Oldham Education Awards, which recognises students who have performed well academically within local educational establishments at GCSE, A level and degree level.
- Holding a locally organised event at Manor Mill that celebrated the heritage of the Oldham area and the importance of the mills within the locality.
- Holding seminars and lectures at local colleges on careers advice and effective recruitment methods to assist students with their careers.
- Attending the local community zone, 'Mahdlo', to provide support and advice for local young people, including job opportunities via our apprenticeship scheme.

This year the Group raised £8,640 for Dr Kershaw's Hospice, a local Oldham charity that provides care for terminally ill cancer patients. The Group's Charity Committee raised the funds through numerous and varied activities that involved participation from the employees and engaging with local community events. The Group also separately raised funds that were donated to the victims of the 2017 Manchester bombing. There were no donations made to political parties.

Strategic Report

Corporate Social Responsibility continued

Health & Safety

The Managing Director is the Director appointed by the Board to have responsibility for the health, safety and environmental performance of the Group. The Group health and safety policy places responsibility for the management of health and safety on the Group Human Resources ('HR') Director and HR department, who are supported by local external advisers, where necessary.

The Group HR Director works with the respective Heads of Departments and business units to ensure compliance with local statutory health and safety regulations, as well as Group policy. The HR department provides all employees with a written health and safety policy and the policy is also widely communicated through staff communal areas.

Independent external reviews and audits of the Group's health and safety performance and policies are conducted annually, with the findings presented to the Board. Any recommendations arising from these reviews are implemented by members of the Senior Management Team and followed through at each relevant location. Regular health and safety inspections are carried out and necessary training provided, with a particular focus on our warehousing operations. Ongoing health and safety concerns and risk exposures are documented within monthly board packs and escalated to the Audit and Risk Committee, where relevant. This year there have been no incidents that have required reporting

under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1993 (RIDDOR), which further proves the Group's commitment to maintaining employee safety.

Environmental

The Group is committed to reducing energy consumption and waste to support environmental and financial performance. The following initiatives have been implemented to support this aim:

- The installation of sensored LED lighting throughout the newly opened Heron Mill 240,000 sq ft warehousing facility.
- The installation of energy-efficient external lighting to both Manor Mill and Heron Mill sites.
- The installation of UPVC windows throughout the Heron Mill site, improving heat loss and reducing requirements for heat management.
- The recycling via two of our suppliers of waste paper, cardboard, pallet wrap from our warehousing operations and all redundant electrical appliances via WEEE regulations.
- The 'QA grading' initiative that recycles returned and unwanted products into spare parts that are then reused both internally and externally to save costs and speed up service time.

The Group continues to improve procedures around the recycling of commercial waste and strives to further improve on this next year.

Carbon Emissions Reporting

The greenhouse gas (GHG) statement below provides a summary of Ultimate Products' greenhouse gas (carbon) emissions each year from 1 August 2015 to 31 July 2017. It gives a summary of emissions from fuel combustion and the operation of our facilities, which include our offices, Fleet & Grey Fleet (Scope 1) and from our purchased electricity used during the year (Scope 2).

We have adopted the operational control approach, as defined in The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition), 2004. Therefore, emissions associated with our rented sites are not included in this statement as they are considered to be outside of our operational control. As this will be the first year we have submitted a GHG statement, the carbon data for 2016 has been utilised to create a baseline year for submissions going forward.

- Scope 1 covers activities owned or controlled by Ultimate Products that release emissions straight into the atmosphere – gas boilers, vehicle operation, air conditioning etc.
- Scope 2 covers activities that are not owned or controlled by Ultimate Products but that create emissions as a result of our activities – electricity consumption.

Years	2017		2016	
	tCO ₂ e	tCO ₂ e/FTEE	tCO ₂ e	tCO ₂ e/FTEE
Scope 1				
Fuel combustion (natural gas, diesel and fleet vehicles)	249.21	1.08	186.47	0.91
Operation of facilities (refrigerants)	0.00	0.00	0.00	0.00
Scope 2				
Purchased electricity	288.88	1.26	210.17	1.03
Statutory total (Scope 1 & 2)*	538.09	2.34	396.64	1.93
Group Metrics	2017		2016	
Full time equivalent employee (FTEE)	234		206	

Strategic Report

Corporate Social Responsibility continued

Assessment Parameters

Offices

Baseline year

2016

Consolidation approach	Operational control.
Boundary summary	All facilities under operational control were included.
Consistency with the Financial Statements	The use of the operational control approach causes a variation to those assets listed in our financial statements. The rented properties listed on our balance sheet were not under our operational control and are therefore not included in our emissions table. However, approximately 4 (2016: 3) Fleet vehicles and 18 Grey Fleet, which were under our operational control, appear in our emissions table but not in our consolidated Financial Statements.
Emission factor data source	DEFRA (October 2016).
Assessment methodology	The Greenhouse Gas Protocol and ISO 14064-1(2006).
Materiality threshold	Materiality was set at group level at 5 %, with all facilities estimated to contribute >1 % of total emissions included.
Intensity ratio	Emissions per full time equivalent employee (FTEE).

Corporate Governance



Corporate Governance	
Board of Directors	32
Corporate Governance	36
Audit & Risk Committee Report	43
Remuneration Committee Report	50
Directors' Report & Other	
Statutory Disclosures	82
Directors' Statement	90

Strategic Report

Corporate Governance

Financial Statements

Shareholder Information

Corporate Governance

Board of Directors

OVERSEEING THE ACTIVITIES OF THE ORGANISATION



Independent Non-Executive Chairman

James has over 40 years' experience in the fast-moving retail industry, having previously held the position of Chief Executive Officer of Poundland Group plc ('Poundland'), a single price retailer. He stepped down in September 2016, after 10 years service having joined in August 2006. During his tenure, Poundland's sales grew from £300 m to £1.3 bn per annum. The business was floated on the London Stock Exchange in March 2014 and was acquired by Steinhoff International in September 2016.

Prior to joining Poundland, James was Managing Director of Convenience at J Sainsbury plc and was a member of the operating, retail and investment boards. His experience includes 10 years as Chief Executive Officer of T&S Stores plc, operating over 1200 stores and sold to Tesco plc in 2003, as well as holding the positions of Managing Director of Neighbourhood Retailing (part of Next plc) and Managing Director of Birmingham Post & Mail Limited's retail estate.

Term of Office

Joined the Company on 1 March 2017 when he was appointed Non-Executive Chairman.

External Appointments

Non-Executive Chairman at Wynnstay Group plc and Non-Executive Director and Chairman Elect of Crawshaw Group plc.

Committee Membership

Nomination Committee (Chair)
Remuneration Committee
Audit and Risk Committee



Chief Executive Officer

Simon began his career working for an auctioneer before founding Ultimate Products in 1997. Initially a clearance business buying discontinued and excess stock, with investment from Barry Franks who became the majority shareholder, Simon was able to grow the business into the full service sourcing and importing operation we see today. During the early 2000s, Simon began to source regular products from countries around the globe such as Portugal, Vietnam and, in time, from China. This led to investment by Lloyds Development Capital (LDC), enabling Simon to become

the Chief Executive Officer and largest management shareholder in 2005. As the company grew, Simon was able to use his increasing knowledge to change the focus of the business in 2014, moving away from own label and unbranded products to fine-tuning key brands. This led to the buyout of LDC's shareholding using personal money and support from HSBC. Simon is now directly responsible for the key trading functions of sales and buying, continuing to be the driving force behind the ongoing development of the Group, always striving for progression and innovation.

Term of Office

Appointed as Chief Executive Officer of the Company on its formation in 2005 at the time of the investment by LDC, having been a director of Ultimate Products since 1997.



Managing Director

Andrew is a chartered accountant and started his career with Arthur Andersen where he held positions in audit and transaction support. In 1998, he transferred into industry, taking on the role of Finance Director & General Manager of Mersey Television, an independent television producer of continuing drama including Hollyoaks, Brookside and Grange Hill. He was a key member of their management team, which was backed by private equity investment from LDC in 2002, leading the sale of the business to All3Media in 2005. Andrew joined Ultimate Products in 2005, initially as Finance Director, and was an integral part of the management buyout team that year. In 2014, together with Simon Showman,

he led the buyout of LDC using personal money and support from HSBC. At this point, Andrew was promoted to Managing Director. Andrew is currently responsible for the strategic direction of the Group and non-trading functions including finance, supply chain, human resources, IT and legal.

Term of Office

Joined the company initially as Finance Director in 2005 before being promoted to Chief Operating Officer in 2007 and Managing Director in 2014.



Chief Financial Officer

Graham is a chartered accountant and member of the Chartered Institute of Taxation. He started his career with KPMG where he began working

Corporate Governance

Board of Directors continued

in audit and latterly moved to tax advisory roles. In 1995, he made his first move into industry with Hilti, a specialist power tools company. Here, he held various finance and business analysis roles before being promoted to Finance Director in 2006. He was also trustee of the Hilti defined benefit pension scheme. Graham joined Ultimate Products in 2010 as Finance Director, responsible for the finance function and all external finance relationships. In 2013 and 2016, Graham led the successful renewal of the Group's banking facilities with HSBC.

Term of Office

Joined the company in 2010 and was appointed as Chief Financial Officer later that year.



ALAN RIGBY (61)

Senior Independent Non-Executive Director

Alan has spent the majority of his working career at HSBC plc, joining in 1975 and gaining broad experience through a range of management positions including credit and risk, retail, commercial, large corporate and global banking markets. Prior to his retirement from HSBC, he was Head of Corporate Banking in Manchester between 2004 and 2014. Since 2014, Alan has provided independent consultancy services to private companies on strategy, corporate transactions and refinancing.

Term of Office

Joined the Company on 1 March 2017 when he was appointed Senior Non-Executive Director.

Committee Membership

Remuneration

Committee (Chair)

Audit and Risk Committee

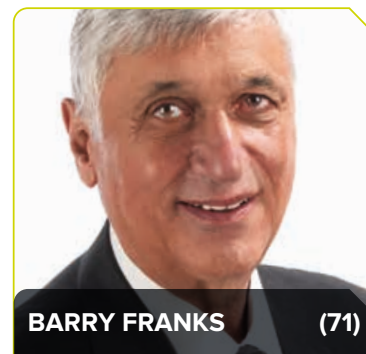
Nomination Committee



ROBBIE BELL (44)

Independent Non-Executive Director

Robbie was recently appointed as Chief Finance Officer at Welcome Break Group. Prior to that, and since 2009, he had been the Chief Financial Officer of Screwfix Direct Limited. Here he oversaw strong business growth, of more than £0.5 bn to over £1 bn, driven



by impressive like-for-like growth and a strong development programme opening more than one store per week. As well as expansion into Germany, the multi-channel business now has over 500 sites in the UK. Screwfix is a subsidiary of Kingfisher plc, an FTSE 100 constituent.

Robbie was also previously the UK Finance Director of Travelodge between 2006 and 2008, with involvement in a number of Private Equity transactions. Having started his career at Whitbread plc, Robbie gained a broad range of retail exposure, with experience working with a number of their formats/brands, before moving to Tesco plc where he completed the acquisition and integration of a London based convenience retailer.

Term of Office

Joined the Company on 1 March 2017 when he was appointed Non-Executive Director.

Committee Membership

Audit and Risk Committee (Chair)
Remuneration Committee
Nomination Committee

Non-Executive Director

Barry Franks has 50 years' experience in the retail and wholesale trade. In the 1970s and 1980s, he was Managing Director of Parker & Franks, a North West based retailer and wholesaler with 35 stores and 500 employees at its peak. In 1990, Barry left Parker & Franks and founded Barimar, a clothing importer and supplier to UK and European retail. During this period, Barry built up substantial experience in discount retailing and sourcing from China and South Asia. In 1997, Barry invested in Ultimate Products alongside Simon Showman, becoming the majority shareholder. This subsequently led to an investment into the business by LDC in 2005 and, at this point, Barry became a Non-Executive Director. In 2014, Barry invested alongside Simon Showman and Andrew Gossage in the buyout of LDC's shareholding.

Term of Office

Appointed as Non-Executive Director of the Company on its formation in 2005 at the time of the investment by LDC, having been a director of Ultimate products since 1997.

Committee Membership

Nomination Committee

Corporate Governance

Corporate Governance

Chairman's Introduction

I am pleased to present the Company's first Corporate Governance Report. Since the Company's IPO as a premium listing on the London Stock Exchange on 6 March 2017, it has been required to comply with the 2014 UK Corporate Governance Code (the 'Code'), the Listing Rules, the Disclosure Guidance and Transparency Rules and the Companies Act 2006. As the Company is below the FTSE 350, some provisions of the Code do not apply. However, the Company intends to apply best practice to maintain strong governance wherever possible.

As the Company pursues its strategy, corporate governance provides the framework for the Board to maintain an effective, controlled environment whilst monitoring and mitigating the risks faced along the journey.

This report sets out how the Company has adhered to the principles of the Code and how the provisions have been applied since 6 March 2017 to 31 July 2017.



James McCarthy

Chairman

6 November 2017

Compliance with the Code

Prior to the IPO in March 2017, the Company was not required to comply with the Code, however, the Company's history included a significant period of private equity ownership during which time, and continuing thereafter, governance has always been considered important to the control and management of the business.

Since the IPO, to the date of this report, the Board of Directors, (the 'Board') has complied with all provisions of the Code apart from the following:

B.6.1 requires an annual performance evaluation to be completed of the Board, its committees and its individual Directors and B.6.3 requires an annual performance evaluation of the Chairman. The Company has not undertaken such evaluations in the period from the IPO on 6 March 2017 to the date of this report, as it is considered that it will be more appropriate to do this closer to the anniversary of the IPO. The evaluation of the Chairman will be carried out by the Non-Executive Directors, led by the Senior Independent Non-Executive Director, taking into account the views of the Executive Directors.

A copy of the Code is available at www.frc.org.uk.

“As the company pursues its strategy, corporate governance provides the framework for the Board to maintain an effective, controlled environment whilst monitoring and mitigating the risks faced along the journey.”

The Board

In preparation for the IPO, appointments were made to the Board to provide an appropriate balance of skills, experience, independence, knowledge and constructive challenge, to bring together a leadership team with the responsibility for delivering the long-term success of the Company. The Board currently has 7 members, comprising of three Executive Directors, a Non-Executive Chairman, two independent Non-Executive Directors and one non-independent Non-Executive Director. Biographical details of the Directors are provided on pages 32 to 35.

The Executive Directors work solely for the Company and the Board considers that any other directorships held do not interfere with their responsibilities to the Company. Simon Showman, Andrew Gossage and Barry Franks are directors of Heron Mill Limited, with whom on 14 April 2016, the Group entered into a seven-year lease of the Group's principal distribution facility at Heron Mill. After an initial rent-free year, the current annual rent is £285,000 per annum. In addition, on 11 November 2016, the Group entered into a lease of the Group's offices, showroom and secondary distribution facility at Manor Mill with Ultimate Apartments Pension Scheme, of which Barry Franks is a Trustee. How the Board deals with conflicts of interests is commented on below. Other than the leases of Heron Mill and Manor Mill noted above, there are no conflicts of interest with the other directorships of the Executive Directors.

The Chairman's other significant interests have been disclosed to the Board along with changes arising since his appointment, being his appointment as a Non-Executive Director and Chairman Elect of Crawshaw Group plc on 26 April 2017. The Board are satisfied that other commitments of the Chairman, including the most recent appointment referred to above, and the other commitments of the Non-Executive Directors do not prevent them from devoting sufficient time to the Company.

The Board consider Alan Rigby and Robbie Bell to be independent for the purposes of the Code and are free to exercise independent judgement. The Board considers that, at the time of his appointment, the Chairman was independent for the purposes of the Code.

The roles of Chairman and Chief Executive Officer are separate and there is a clear division of responsibilities between those roles. The Chairman is responsible for the leadership and governance of the Board and ensures the effective engagement and contribution of all Non-Executive and Executive Directors. The Chairman also ensures that Board meetings are conducted with openness

Corporate Governance

Corporate Governance continued

and challenge. The Chief Executive Officer has responsibility for all commercial activities of the Company including product development, sourcing and customer relationships, whilst the Managing Director has responsibility for the operational elements including supply chain, quality assurance, ethical and social compliance, human resources and IT.

The Chairman maintains regular contact with the independent Non-Executive Directors to discuss and address any issues or concerns outside of formal Board meetings. The Chairman also provides support to the Executive Directors where required.

The senior independent Non-Executive Director, Alan Rigby, is available to shareholders if they have concerns that have not been resolved via the normal channels of Chairman, Chief Executive Officer or the other Executive Directors, or where communication through such channels would be inappropriate.

Role of the Board

The Board is collectively responsible for the long-term success of the Group, determines the strategic direction of the Group and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the Board, including approval of the Group's annual business plan, the Group's strategy, acquisitions, capital expenditure projects above certain thresholds, the Financial Statements,

the Company's dividend policy, changes to the capital and structure, borrowing powers, appointments to the Board, legal actions brought by or against the Group above certain thresholds, and the scope of delegations to Board committees, subsidiary boards and the management committee. Responsibility for the development of strategy and operational management is delegated to the Executive Directors with the support of the Group's Operating Board, which as at the date of this report includes the Executive Directors and seven senior managers.

Evaluation of Board Performance

As noted above, the Board has not yet completed its first evaluation of Board Performance but this will be carried out in advance of the first anniversary of the IPO and the evaluation will include the Board, the individual Directors and its committees.

Training and Development

Newly appointed Directors receive a tailored induction to introduce them to the Company's business, operations and governance arrangements. This has included tours to the Group's offices, showroom and distribution facilities, corporate governance training, provision of strategic, financial, product and market information and meetings with members of the senior management team.

The Company will provide any further training deemed necessary at the direction of the Board member, along with participation in strategic and other reviews to ensure that the Directors continually update their skills, knowledge and familiarity with the Group's businesses.

The Chairman maintains regular contact with the independent Non-Executive Directors to discuss and address any issues or concerns outside of formal Board meetings. The Chairman also provides support to the Executive Directors where required.

The Directors are also able to take independent professional advice as deemed necessary to discharge their responsibilities effectively. All Directors have access to the advice and the services of the Company Secretary. The Non-Executive Directors have access to senior management of the business.

Conflicts of Interest

The Articles allow the Board to authorise potential conflicts of interest that may arise from time to time, subject to certain conditions. The Company has appropriate conflict authorisation procedures, whereby actual or potential conflicts are considered and authorisations sought as appropriate.

On 11 November 2016, UP Global Sourcing UK Limited entered into a new seven-year lease for

its offices, showroom and distribution facilities at Manor Mill at a current rent of £180,000 per annum. Barry Franks had disclosed an interest in the transaction and, therefore, excluded himself from the discussions and decision thereon. Having considered a third-party surveyor's report and internal benchmarking information carried out on unconnected comparable locations, the Directors approved that UP Global Sourcing UK Limited enter into the lease.

The Board has formally delegated specific responsibilities for audit, risk management and financial control, Board composition and remuneration to various committees, namely the Audit and Risk Committee, Nomination Committee and Remuneration Committee. These Committees are all chaired by the Chairman or an independent Non Executive Director, enabling them to take an active role in influencing and challenging the work of the Executive Directors and senior management team. Details of the composition, responsibilities and activities of these Committees, are set out below.

The Terms of Reference of the committees of the Board were approved by the Board in preparation for the IPO and are available on the Company's website, www.upgs.com. The Terms of Reference of each of the committees will be reviewed at least annually.

Corporate Governance

Corporate Governance continued

Audit & Risk Committee

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to reviewing and monitoring: the integrity of the financial information provided to shareholders, the Company's system of internal controls and risk management, the internal and external audit process and auditors, and the processes for compliance with laws, regulations and ethical codes of practice. The Audit and Risk Committee is chaired by Robbie Bell and its other members are James McCarthy and Alan Rigby.

The report of the Audit and Risk Committee is included on pages 43 to 49.

Nomination Committee

The Nomination Committee leads the process to enable the Board to satisfy its responsibilities relating to the composition and make up of the Board and its Committees so that it is effective and able to operate in the best interest of shareholders. It is also responsible for identifying potential candidates to be appointed as a Director or Committee member and makes appropriate recommendations to the Board. The Nomination Committee is chaired by James McCarthy and its other members are Alan Rigby, Robbie Bell and Barry Franks.

As at the date of this report, there have been no changes to the Board in the period since the Company's IPO.

The Nomination Committee believes diversity is important when considering the composition of the Board. It is the Company's aim to have the appropriate level of diversity on the Board to reflect the diverse nature of the Company's operations and provide a wider perspective to decision making. We remain committed to ensuring recruitment and promotion of individuals throughout the Group, including those at Board and senior management level, always considering relevant skills, experience, knowledge, ability, gender and ethnicity. More information on the Company's gender profile is included in Corporate and Social Responsibility on page 26.

The Nomination Committee is required, in accordance with its terms of reference, to meet at least once per year. The Nomination Committee did not meet in the period since the IPO to the year end, however, it held its first meeting after the year end and determined that the initial priority will be to assist the Chairman to conduct and review the results of the annual evaluation of Board performance.

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibility to ensure that the remuneration policy and practices of the Company are fair, responsible, linked to performance and have regard to statutory and regulatory requirements. The Remuneration Committee is chaired by Alan Rigby and its other members are James McCarthy and Robbie Bell.

The Nomination Committee believes diversity is important when considering the composition of the Board. It is the Company's aim to have the appropriate level of diversity on the Board to reflect the diverse nature of the Company's operations and provide a wider perspective to decision making.

The Remuneration Committee Report is included on pages 50 to 81.

Meetings & Attendance

Board meetings are scheduled to be held monthly although, on occasions due to scheduling constraints, the meeting may be held at the beginning of the following month. As required, additional Board meetings (and/or Board committee meetings) may be held to progress the Company's business.

The minimum number of meetings of Committees of the Board to be held each full year are: Audit and Risk Committee, four; Remuneration Committee, two; and the Nomination Committee, one.

In the period from the IPO on 6 March 2017 to 31 July 2017, the number of scheduled meetings of the Board and of the Committees of the Board, along with the attendance of individual Directors, are set out in the table below:

	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
James McCarthy	4	3	1	-
Simon Showman	4	-	-	-
Andrew Gossage*	4	3	-	-
Graham Screawn*	4	3	-	-
Alan Rigby	4	3	1	-
Robbie Bell	4	3	1	-
Barry Franks	4	-	-	-

* Andrew Gossage and Graham Screawn attended Board Committee meetings during the year by invitation.

In advance of their meetings, the Board is provided with an agenda and all relevant documentation, reports and financial information in a timely manner to assist them in the discharge of their duties and to ensure that decisions are well informed and made in the best interests of the Group. No one Board member has the power to make a decision without the sanction of the other members. If any member is unable to attend a Board meeting, they have the opportunity to discuss any agenda items with the Chairman before the meeting.

The Board is supported by a dedicated and experienced Operating Board and senior management team in the delivery and execution of their objectives.

Corporate Governance

Corporate Governance continued

Shareholder Engagement

The Board is fully committed to engaging with its shareholders. In the 12 months leading up to the Company's IPO, the Executive Directors conducted a considerable number of meetings and presentations with institutional investors and it is anticipated that this interaction with existing and potential shareholders will continue. The Company is considerate of the views of its major shareholders and commits to providing an accessible professional approach and provision of timely and accurate data in its interactions with its shareholders.

To ensure that the whole Board develop an understanding of the views of major shareholders about the Company, feedback is provided to the Board following shareholder contact and this understanding will continue to be developed going forward.

All shareholders are entitled to attend the AGM and can lodge their votes by way of proxy and/or to attend such meetings in person. They will also have the opportunity to ask questions of the Board, including the Chairs of the Board Committees and to meet informally with the Directors to discuss any issues they may wish to raise.



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MANAGING FINANCIAL REPORTING & DISCLOSURE

Audit & Risk Committee Report

Introduction

The Audit and Risk Committee assists the Board in discharging its responsibilities with regard to financial reporting, internal controls and risk management and the external and internal audits including reviewing and monitoring the integrity of the Group's annual and half-yearly Financial Statements. The Company has maintained its positive approach to governance, which was established during its period of private equity ownership. In the period since the IPO, the Audit and Risk Committee has been assisting the Board with transitioning from a private company financial reporting and control environment to a premium listed company environment.

Governance

The Audit and Risk Committee and its Terms of Reference were established just prior to the IPO. The Audit and Risk Committee comprises the two Non-Executive Directors, Robbie Bell and Alan Rigby along with the Company's chairman, James McCarthy, who was considered independent on his appointment. The Board is satisfied that Robbie Bell has recent and relevant financial experience as required by provision C.3.1 of the Code. The Board has determined that the current composition of the Audit and Risk Committee as a whole

has competence relevant to the sector in which the Company operates. Biographical details relating to each of the Audit and Risk Committee members are shown on pages 32 to 35.

The Audit and Risk Committee has met three times in the period from the IPO to 31 July 2017 and further meetings have been held since the year end. The meetings are attended by all of the Audit and Risk Committee members and, by invitation, the Chief Financial Officer, the Managing Director and other senior employees of the Group, along with representatives from the external auditors. In addition, the Audit and Risk Committee has also met with the external auditor without the Executive Directors present.



Corporate Governance

Audit & Risk Committee Report continued

Role & Responsibilities

The primary role of the Audit and Risk Committee is to assist the Board in fulfilling its oversight responsibilities. This includes:

- monitoring the integrity of the annual and interim Financial Statements and formal announcements relating to the Group's financial performance and reviewing any significant financial reporting judgements and disclosures that they contain;
- if requested by the Board, providing advice on whether the Annual Report and Accounts are fair, balanced and understandable;
- reporting to the Board on the appropriateness of the Group's accounting policies and practices;
- if requested by the Board, ensure that a robust assessment of the principal risks facing the Company is undertaken and provide advice on the management and mitigation of those risks;
- reviewing and monitoring the effectiveness of the Group's internal control and risk management systems;
- whilst the Company has no internal audit function, to consider at least annually the need for an internal audit function reporting its recommendation and reasons thereof to the Board;
- making recommendations to the Board in relation to the appointment and removal of the external auditor and approving its remuneration and terms of engagement;
- reviewing and monitoring the external auditor's independence and objectivity and

the effectiveness of the audit process;

- reviewing the policy on the engagement of the external auditor to supply non-audit services;
- reviewing and monitoring the appropriateness of the Group's whistle-blowing and anti-bribery procedures; and
- reporting to the Board on how it has discharged its responsibilities.

Activities of the Audit & Risk Committee

During the period since the IPO to 31 July 2017, the Audit and Risk Committee has:

- reviewed and discussed with the external auditor the key accounting considerations and judgements reflected in the Group's results for the six month period ended 31 January 2017;
- reviewed and agreed the external auditor's audit strategy memorandum in advance of its audit for the year ended 31 July 2017, including a statement on its independence and objectivity;
- discussed the report received from the external auditor regarding its audit in respect of the year ended 31 July 2017;
- received and reviewed reports from management regarding their approach to key accounting considerations and judgements in the Financial Statements for the year ended 31 July 2017;
- reviewed the half year and full year Financial Statements;

The Company has maintained its positive approach to governance, which was established during its period of private equity ownership. In the period since the IPO, the Audit and Risk Committee has been assisting the Board with transitioning from a private company financial reporting and control environment to a premium listed company environment.

- commenced a robust assessment of the principal risks facing the Group, and the formation of a process to review the appropriate risk mitigation approach;
- considered the Group's procedures regarding the Modern Slavery Act and whistle-blowing, providing recommendations to management;
- considered management's recommendation to reclassify to cost of sales, certain costs that had previously been reported as part of both distribution costs and administrative expenses; and
- commenced a review and assessment of the effectiveness of the Group's internal control systems.

At the request of the Board, the Audit and Risk Committee also considered whether the Annual Report and Accounts for the year ended 31 July 2017, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Following enquiry into, and discussion of management's processes in this regard along with consideration of the draft Annual Report and Accounts, the Audit and Risk Committee recommended to the Board that it could make the required disclosure as set out in the Directors' Responsibilities Statement on pages 90 and 91.

Significant Issues

The significant matters and key accounting judgements considered by the Audit and Risk Committee during the year were:

Significant issues	How the issue was addressed
Revenue recognition As revenue recognition is a key accounting topic and given this was the first year as a listed business, the Audit and Risk Committee required comfort that the Group's revenue recognition policy was appropriate.	Management provided the Audit and Risk Committee with the revenue recognition policy of the Group for each material revenue stream. The Audit and Risk Committee were satisfied upon detailed discussion that the policy was both appropriate and contained the relevant internal controls.

Corporate Governance

Audit & Risk Committee Report continued

Significant issues	How the issue was addressed
<p>Customer rebates and discounts ('Rebates')</p> <p>Accounting for Rebates requires judgement to be applied in determining the level of provision at the year end to be deducted from revenue. Judgement is required as there are not always formal agreements in place and customer agreements are often not coterminous with the Group's year end, such that estimation of the Rebate due is required.</p>	<p>The Audit and Risk Committee has reviewed and challenged management on the approach taken to determining the level of provision required for Rebates. Having also liaised with the external auditors, the Audit and Risk Committee is satisfied with the approach taken and the level of provision included within the Financial Statements.</p>
<p>Inventory valuation</p> <p>Inventory is a significant asset on the balance sheet and contains a significant element of 'free stock' (i.e. not held specifically against customer orders or call-off demand forecasts). The stock provision is complex and requires a substantial level of judgement.</p>	<p>Management have confirmed that the approach taken to the inventory provision is both consistently applied and based upon system data and management's best estimates given their knowledge of the business. Management have agreed to document the inventory provisioning policy and to provide summary information to the Audit and Risk Committee at the end of each external reporting period.</p>

Review of Risk Management & Internal Financial Controls

The Audit and Risk Committee has commenced a robust assessment of the principal risks faced by the business and the mitigating factors in force, along with an in-depth review of the internal financial controls.

At the time of writing the report, the assessment of the principal risks and mitigating factors had been substantially completed. The assessment process included meetings with Executive and Non-Executive Directors alongside members of the senior management team to consider the risks faced by the business, along with the existing mitigating factors in place.

MANAGING PRINCIPAL RISKS & UNCERTAINTIES

The impact and likelihood of the risks were assessed by the Audit and Risk Committee to arrive at the principal risks. The Audit and Risk Committee are now in the process of finalising the next steps and recommendations for further actions to be taken by the Group. At the time of writing, a number of actions have been identified including carrying out a strategic review to

The Group's financial reporting process is underpinned by the established system of internal financial controls and review procedures that form part of the monthly Group reporting process.

consider how mitigation of the principal risks can be managed through development of the Group's strategy. As part of the risk management framework, the report on principal risks will be maintained and reviewed regularly. The principal risks and uncertainties of the Group and their mitigation are included on pages 19 to 23 and the crystallisation of these risks has been considered in the Viability Statement on page 24 and the

Going Concern assessment on page 87. As part of the overall review of internal financial controls, the Audit and Risk Committee has identified nine key cycles and processes and has planned and prioritised their review and assessment. Additionally, the Audit and Risk Committee has reviewed the Board Memorandum on Financial Position and Prospects Procedures (the 'FPPP Memorandum'). The FPPP Memorandum was prepared in preparation for the IPO to enable the Directors to confirm that procedures were established for them to make proper judgments on an ongoing basis as to the financial position and prospects of the Company and its Group (the 'FPP').



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Corporate Governance

Audit & Risk Committee Report continued

The FPPP Memorandum identified risks to the FPP, mitigating factors and ensured that processes for reporting matters to the Board were established and included specific consideration of the reporting process and environment.

The Group's financial reporting process is underpinned by the established system of internal financial controls and review procedures that form part of the monthly Group reporting process. The procedures are well established and incorporate a thorough review of performance supported by appropriate segregation of duties and defined approval processes to minimise the risk of misappropriation.

The Group's risk management and internal control systems have been in place throughout the financial year and up to the date of approval of the Annual Report and Financial Statements. The Audit and Risk Committee is satisfied that, at least since the Group's IPO and the requirement to comply with the Code, the internal financial controls have operated effectively for the period under review and to the date of the Annual Report and Financial Statements.

Internal Audit

The Group does not have an internal audit function. In the period to the date of this report, the Audit and Risk Committee reviewed the first results of the internal control review and is comfortable that the control environment is

sufficient for the size of the Company. In the coming year, the Audit and Risk Committee expects to complete the review on internal controls and will form a view as to whether the Group's size and activities are such that an internal audit function should be established and, if so, determine its remit and make a recommendation to the Board.

External Audit

BDO LLP has been the Group's auditor since 2016 and the senior statutory auditor is Gary Harding, who has been in place since November 2016. The Audit and Risk Committee considers that the auditor's knowledge of the Group's business and systems gained through experience has contributed to the effectiveness of the audit process.

The Audit and Risk Committee intends to comply fully with the FRC Audit and Risk Committee Guidance regarding the frequency of audit tender and there is currently no plan to tender the audit for the year ending 31 July 2018.

The independence and objectivity of the auditor is regularly considered by the Audit and Risk Committee taking into consideration relevant UK professional and regulatory requirements. The Audit and Risk Committee reviews an annual statement from the auditor detailing their independence policies and safeguards and confirming their independence, taking into account relevant ethical guidance regarding the

provision of non audit services by the external auditor. The Audit and Risk Committee has considered and approved the terms of engagement and fees of the external auditor for the year ended 31 July 2017. Audit fees payable by the Group to BDO LLP and its international network in the year ended 31 July 2017 totalled £59,000 (2016: £29,000). The increase in fees is due to additional work involved in auditing a premium listed company. There were no contingent fee arrangements.

The Audit and Risk Committee reviewed the level of non audit services and fees provided by BDO LLP. For the year ended 31 July 2017, these totalled £185,000 of which £175,000 was in respect of the work associated with the IPO and £10,000 for audit related assurance services in respect of the interim report. There have been no significant non audit services provided by BDO LLP since the IPO. The ratio of audit fees to non audit fees for the year ended 31 July 2017 is 1:3.1. If the fees associated with the IPO were excluded, this ratio becomes 5.9:1. The Audit and Risk Committee is required to consider and review the effectiveness of the external audit on an annual basis and report its findings and recommendations to the Board. This review will be performed during the coming year. The Audit and Risk Committee recommends that a resolution for the re-appointment of BDO LLP as the Company's auditor should be proposed at the forthcoming AGM.



Robbie Bell

Chairman of the Audit and Risk Committee

6 November 2017



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Corporate Governance

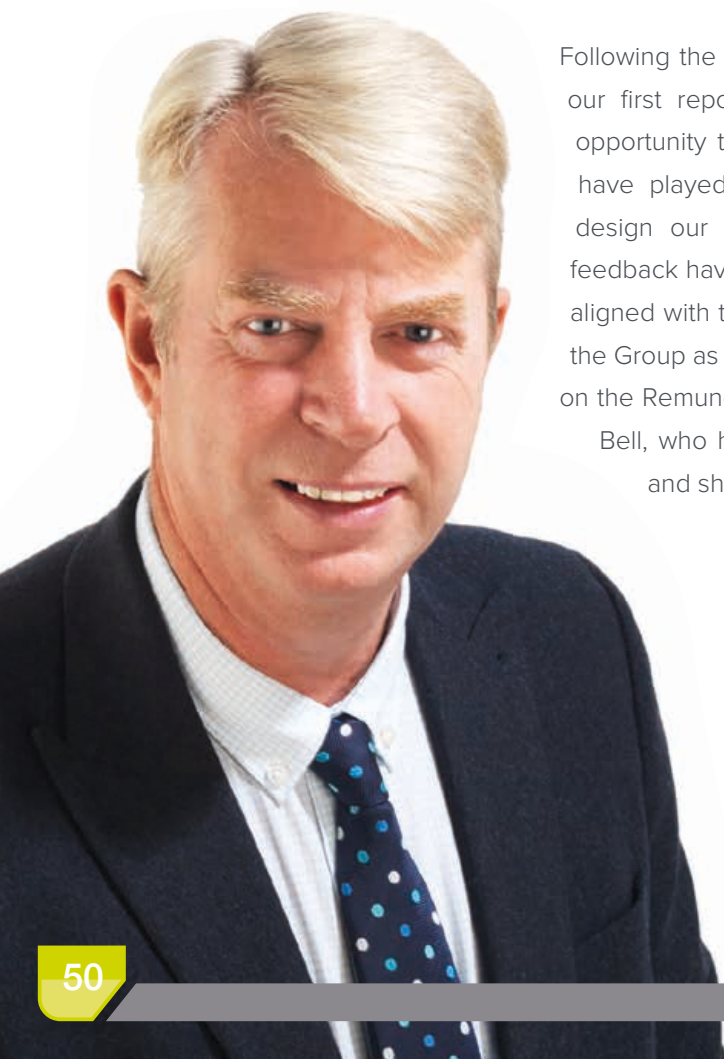
Remuneration Committee Report

Letter from the Chair of the Remuneration Committee

Introduction

As Chair of the Remuneration Committee and on behalf of the Board of Directors, I am delighted to present our report on remuneration for FY 17.

The first part of this report contains our proposed Remuneration Policy which, if approved by shareholders, will take effect from the date of the 2017 AGM. The second part describes the remuneration of Directors in 2017. The report complies with the relevant provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008 (as amended). The report has also been prepared in line with the recommendations of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing Rules, as well as with due consideration to guidance provided by investors including the Investment Association's Principles of Remuneration.



Following the Group's listing on 6 March 2017, this represents our first report on remuneration. I would like to take the opportunity to thank our shareholders for the role that they have played in helping the Remuneration Committee to design our Remuneration Policy, as their comments and feedback have proved invaluable in ensuring that the Policy is aligned with the interests of shareholders and the interests of the Group as a whole. I would also like to thank my colleagues on the Remuneration Committee, James McCarthy and Robbie Bell, who have each devoted a significant amount of time and shown dedication in their role.

I would like to take the opportunity to thank our shareholders for the role that they have played in helping the Remuneration Committee to design our Remuneration Policy, as their comments and feedback have proved invaluable in ensuring that the Policy is aligned with the interests of shareholders and the interests of the Group as a whole.

Our Approach to Remuneration

As set out more in depth in the proposed Remuneration Policy, the Remuneration Committee's approach to remuneration is based upon offering a competitive, but not excessive, reward package for Executive Directors that aligns their pay with the strategy of the Group.

We seek to encourage, incentivise and motivate those behaviours that we believe will deliver long-term success for the Group and strong returns for its shareholders. Our remuneration framework seeks to adopt best practice and comply with all laws and corporate governance regulations, putting the Group on a firm footing for long-term growth and progression.

Context & Key Remuneration Committee Decisions on Remuneration

The Remuneration Committee believes that the Executive Directors have shown considerable skill and sound judgement in the decisions that they have made whilst Ultimate Products has transitioned to life as a listed company. The Remuneration Committee notes the determination shown by the Executive Directors in running the Group in the best interests of all shareholders and other stakeholders, and in prioritising long-term, sustainable, profitable growth by execution of the Group's strategy. The period since the IPO has seen robust progress from the Group, in a number of key

areas, in what remains a challenging environment.

In the context of the above, the Remuneration Committee has sought to implement a Remuneration Policy that equips the Group to retain and, where necessary, recruit the calibre of Executive Directors necessary to support its ambitious long-term strategy.

In particular, the Remuneration Committee proposes to implement:

- an annual bonus plan ('ABP') with stretching targets based primarily upon EBITDA and with additional targets based upon individual and strategic goals (subject to an EBITDA underpin which, if not achieved, permits no payment under the ABP); and
- a performance share plan ('PSP') with performance targets based upon EPS growth (50 %), other financial targets (25 %) and strategic or individual objectives (25 %).

In line with comparable companies, the Remuneration Committee proposes that under the Remuneration Policy:

- the maximum bonus payable in the ABP will be 125 % of base salary in the case of the Chief Executive Officer and Managing Director and 100 % of base salary in the case of any other Executive Director; and
- the maximum award opportunity under the PSP will be over shares with a market value at grant of 100 % of base salary.

Corporate Governance

Remuneration Committee Report continued

As, in connection with the Initial Public Offering, awards were made to Executive Directors under the Management Incentive Plan in March 2017, no awards will be made under the PSP prior to 1 August 2018.

The Remuneration Committee recognises the considerable depth of talent within the Group beneath the Executive Directors and, working with the HR Director, intends to actively consider extending participation in the PSP to this wider group of senior leaders within the business, in time for the first round of awards in August 2018.

The Remuneration Committee reviewed the base salaries of all Executive Directors during the period following listing and determined that no increases were required.

The Remuneration Committee remains fully committed to an open and honest dialogue with our shareholders and we welcome your views on any aspects of remuneration at any time.



Alan Rigby

Chair of the Remuneration Committee

6 November 2017



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Remuneration Policy

1. Introduction

UP Global Sourcing Holdings plc's Remuneration Policy is intended to enable the Group to attract, retain and motivate the Executive Directors and other senior executives necessary to achieve the Group's annual goals and long-term strategy and deliver sustainable shareholder value. The Remuneration Committee believes that:

- individuals should be properly rewarded where justified by the Group's financial performance and their personal contribution;
- the Group should pay no more than is necessary on remuneration;
- remuneration packages should be constructed so as to include stretching performance objectives linked to the long-term success and strategy of the Group; and
- remuneration structures should discourage the taking of excessive risk that is not aligned with the long-term interests of shareholders.

The Remuneration Policy has been designed to comply with the Companies Act 2006, Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and the UK Listing Authority's Listing Rules. Due consideration has also been given to the recommendations of the UK Corporate Governance Code and to guidance provided by investors including the Investment Association's Principles of Remuneration.

Subject to shareholder approval, this Remuneration Policy will take effect from the 2017 Annual General Meeting and is intended to remain in place for three years. Once the Remuneration Policy is approved, the Group will only make remuneration payments to current or prospective Directors, or payments for loss of office if the payment is in line with the Remuneration Policy. If the Remuneration Committee wishes to change the Policy within this period, or is required to do so, it will submit a revised Remuneration Policy to shareholders for approval.

Corporate Governance

Remuneration Committee Report continued

2. Summary of Components of Executive Directors' Remuneration

Fixed Remuneration: Salary

Element, purpose and link to strategy	To provide an appropriate amount of basic fixed income to enable the recruitment and retention of individuals who can facilitate the achievement of the Group's strategy.
Operation	<p>The Remuneration Committee reviews base salaries on an annual basis, taking into account:</p> <ul style="list-style-type: none"> ● absolute and relative Group profitability; ● any changes to the scope of each role and its responsibilities; ● any changes to the size and complexity of the Group; ● salaries in comparable organisations; ● pay increases elsewhere in the Group; and ● the impact of any increases to base salary on the total remuneration package.
Maximum opportunity	<p>The Remuneration Committee has set no overall maximum on salary increases, as it believes that this creates an anchoring effect for Executive Directors and other employees.</p> <p>In most circumstances, salary increases for Executive Directors will not exceed the average increase awarded to other employees in the Group. Increases above this level will only be granted in exceptional circumstances including (without limitation):</p> <ul style="list-style-type: none"> ● a material increase to the responsibilities attaching to a role; ● a material increase in the scope of a role; ● a promotion to a different role; ● where a salary has fallen out of step with market norms; or ● where an Executive Director has been recruited on a below-market salary and the Remuneration Committee is gradually transitioning that person to a market rate.
Performance measures	None, although the Remuneration Committee takes into account individual performance, skills and experience when setting and reviewing salaries.

2. Summary of Components of Executive Directors' Remuneration continued

Fixed Remuneration: Benefits

Element, purpose and link to strategy	To provide market-competitive and cost-effective benefits to attract and retain suitable Executive Directors and where appropriate, assist an Executive Director in the performance of his or her duties.
Operation	<p>The Group provides a range of benefits to its Executive Directors in line with market norms. These currently include the provision of a company car (or a car allowance), sick pay and private medical insurance for the Executive Director and his or her spouse and dependent children. Other than in respect of the Chief Executive Officer, for whom a life assurance policy is provided, the Group does not currently provide life assurance or permanent health insurance to Executive Directors. However, the Remuneration Committee notes that the provision of such benefits is common at comparable companies and if the Remuneration Committee in future determines that such provision is necessary to attract or retain suitable Executive Directors, then it may elect to provide these to one or more of the Executive Directors.</p> <p>The Group reimburses reasonable work-related expenses to Executive Directors, such as business travel and subsistence whilst on work trips.</p> <p>Any additional benefits provided to Executive Directors are reviewed by the Remuneration Committee and approved only if reasonable, in line with good market practice and obtainable at a proportionate cost.</p> <p>For Executive Directors based outside of the UK, the Remuneration Committee may consider providing additional allowances where this is in line with local market practice and expectations and is necessary in order to recruit or retain suitably skilled individuals.</p>
Maximum opportunity	<p>The maximum opportunity will depend upon the cost of providing the relevant benefits and individual's personal circumstances.</p> <p>The Remuneration Committee has full regard to the cost of providing any benefits and is committed to only providing benefits that are in line with market practice, cost-effective for the Group and appropriate to the requirements of a specific role or individual.</p>
Performance measures	None.

Corporate Governance

Remuneration Committee Report continued

2. Summary of Components of Executive Directors' Remuneration continued

Fixed Remuneration: Retirement Provision

Element, purpose and link to strategy	To provide an income for Executive Directors in their retirement and enable the Group to recruit and retain suitable individuals by aligning their overall package with those offered by competitors for talent.
Operation	The Group operates a defined contribution pension plan in which the Executive Directors are eligible to participate and may provide contributions to the Executive Directors' personal pension arrangements or a cash allowance in lieu of pension contributions.
Maximum opportunity	<p>The Executive Directors currently receive 12 % of salary as a contribution to their pension arrangements (or as an equivalent cash allowance).</p> <p>The Remuneration Committee notes market practice in this area and recognises that this level of contribution may at some stage become insufficient to recruit or retain the individuals required to implement its strategy and, although it has no current plans to increase the levels of contributions, the Remuneration Committee reserves the right to increase this to a level of no more than 20 % of salary under this Remuneration Policy should this be considered necessary and proportionate.</p>
Performance measures	None.

Variable Remuneration: Annual Bonus Plan

Element, purpose and link to strategy	To incentivise Executive Directors to deliver the Group's corporate strategy by focusing on annual goals that are consistent with longer-term strategic objectives and rewarding the delivery of exceptional performance.
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2. Summary of Components of Executive Directors' Remuneration continued

Operation

Annual bonus targets are reviewed and set on an annual basis to ensure that they:

- align with the Group's long-term strategy;
- are focused on the Group's immediate strategic priorities;
- are appropriate given broader market conditions; and
- remain stretching.

Pay-out levels are determined by the Remuneration Committee after the year-end, based upon a rigorous assessment of performance against the targets.

To further align the interests of Executive Directors with those of shareholders, bonuses will be paid 70 % in cash, with 30 % deferred into shares that vest in three equal tranches after one, two and three years.

To hedge against share price increases and avoid dilution, the deferred element of the bonus is used to purchase shares in the market; these are then held by an employee benefit trust until vesting. The value of any dividends during the deferral period will be payable to the Executive Directors upon vesting.

In exceptional circumstances, the Remuneration Committee may determine that the deferred element of the bonus is to be held as cash rather than shares, where the Remuneration Committee considers that such alternative arrangements would be in the best interests of the Group and its shareholders, for example, if the acquisition of further shares by an Executive Director would trigger a mandatory offer under Rule 9 of the City Code on Takeovers and Mergers.

Malus provisions apply for the duration of the performance period and to shares or cash held under the deferral arrangements, allowing the Remuneration Committee to reduce to zero any unvested or deferred awards.

Clawback provisions apply to cash amounts paid and shares or cash released for three years following payment or release (as the case may be), allowing the Remuneration Committee to claim back all or part of any amount paid or released.

Corporate Governance

Remuneration Committee Report continued

2. Summary of Components of Executive Directors' Remuneration continued

Maximum opportunity	<p>The maximum annual bonus opportunity that can be earned for any year is capped at 125 % of base salary in the case of the Chief Executive Officer and Managing Director and 100 % of base salary in the case of any other Executive Director.</p>
Performance measures	<p>An annual bonus opportunity of up to:</p> <ul style="list-style-type: none"> ● 100 % of base salary in the case of the Chief Executive Officer and Managing Director; and ● 75 % in the case of any other Executive Director, <p>may be granted by the Remuneration Committee, such bonus to be conditional upon the achievement of an EBITDA-based target and such other financial target (if any) as the Remuneration Committee considers appropriate (subject always to an EBITDA underpin).</p> <p>An annual bonus opportunity of up to a further 25 % of base salary may be granted by the Remuneration Committee, such bonus to be conditional upon the achievement of stretching, specific and measurable strategic and/or individual objectives.</p> <p>Irrespective of the achievement of the strategic and/or personal targets, no part of the bonus shall be payable unless a threshold level of the EBITDA-based target is achieved.</p> <p>Achievement of the maximum level of vesting will require significant financial out-performance above the budget set for the year, with full vesting requiring performance 30 % above target EBITDA levels.</p> <p>The Remuneration Committee is of the opinion that, given the commercial sensitivity of the detailed performance measures used for the annual bonus plan, disclosing precise targets in advance would not generally be in the interests of the Group or its shareholders. Actual targets, performance levels achieved and the resulting payments made will therefore be disclosed, in most circumstances, retrospectively at the end of the performance period.</p>

2. Summary of Components of Executive Directors' Remuneration continued

Performance measures continued	<p>Malus and/or clawback provisions may be triggered in the following scenarios:</p> <ul style="list-style-type: none"> ● if the assessment of any performance condition was based upon error or inaccurate or misleading information; ● if a material misstatement is discovered that results in the audited accounts of the Group being adjusted; or ● in the event of any action or conduct of a participant that amounts to fraud or gross misconduct.
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Variable Remuneration: Performance Share Plan (PSP)

Element, purpose and link to strategy	To incentivise Executive Directors to focus on the long-term strategic objectives of the Group and to deliver sustainable shareholder value, aligning their interests with the interests of shareholders.
Operation	<p>Awards may be granted annually under the PSP and will consist of rights over shares, calculated as a percentage of base salary.</p> <p>Vesting is subject to the Group's performance, measured over three years and is followed by a holding period in respect of 40 % of the vested shares, of which one half are released after a one-year holding period and one half after a two-year holding period.</p> <p>Any shares purchased to satisfy PSP awards will be held by an employee benefit trust until vesting.</p> <p>Dividend equivalents are payable in respect of the shares that vest.</p> <p>Malus provisions apply for the duration of the performance period and shares held under the deferral arrangements, allowing the Remuneration Committee to reduce to zero any unvested or deferred awards.</p> <p>Clawback provisions apply until two years after the date upon which any entitlement becomes unconditional, allowing the Remuneration Committee to claim back all or part of the value of any shares vested.</p>

Corporate Governance

Remuneration Committee Report continued

Variable Remuneration: Performance Share Plan (PSP) continued

Operation continued	<p>Awards may be structured as nil cost options, conditional awards of shares or may be delivered through a joint share ownership plan structure, as the Remuneration Committee considers being most appropriate in the circumstances.</p> <p>The principal terms of the PSP will be submitted for shareholder approval at the 2017 AGM.</p> <p>Senior employees who are not Executive Directors may be invited to participate in the PSP at the discretion of the Board.</p>
Maximum opportunity	<p>The maximum PSP award opportunity per Executive Director, in respect of any financial year, is limited to rights over shares with a market value at grant of 100 % of base salary.</p> <p>No Executive Director granted an award under the MIP (see below) may be granted an award under the PSP prior to 1 August 2018.</p>
Performance measures	<p>The vesting of all awards made under the PSP is dependent upon performance conditions based upon:</p> <ul style="list-style-type: none"> ● EPS growth (50 % weighting); ● gross profit margin (15 % weighting); ● leverage (net debt to underlying EBITDA ratio) (10 % weighting); and ● a maximum of two strategic or individual objectives (25 % weighting). <p>The Remuneration Committee believes the chosen metrics are suitably aligned with the Group's strategy and are focused on delivering long-term growth and shareholder return.</p> <p>25 % of an award vests for threshold performance. 100 % of an award vests for stretch performance. For performance between the threshold and maximum, an award vests on a straight-line basis.</p> <p>The Remuneration Committee is of the opinion that, given the commercial sensitivity of the detailed performance measures used for the PSP, disclosing precise targets for those conditions would often not be in the interests of the Group or its shareholders.</p>

2. Summary of Components of Executive Directors' Remuneration continued

Performance measures continued	<p>Actual targets, performance levels achieved and the resulting payments made will therefore generally be disclosed retrospectively at the end of the performance period, unless the Remuneration Committee considers that any particular targets are not commercially sensitive.</p> <p>Malus and/or clawback provisions may be triggered in the following scenarios:</p> <ul style="list-style-type: none"> ● if the assessment of any performance condition was based upon error or inaccurate or misleading information; ● if a material misstatement is discovered that results in the audited accounts of the Group being adjusted; or ● in the event of any action or conduct of a participant that amounts to fraud or gross misconduct.
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Variable Remuneration: Management Incentive Plan (MIP) – (Existing Awards)

Element, purpose and link to strategy	To reward and incentivise key employees through the IPO process and motivate them to deliver successful post-IPO performance for investors.
Operation	<p>Awards under the MIP were made to the Executive Directors and other senior executives immediately prior to the IPO, as disclosed in the IPO prospectus.</p> <p>The Remuneration Committee is of the opinion that the MIP awards were an appropriate arrangement for the Group at the time of the IPO but the MIP is not an optimal arrangement for ongoing use and as such, no further awards will be made under the MIP.</p> <p>The awards made under the MIP will vest in 2020, with the first round of awards made under the PSP then vesting in 2021 (with a proportion of the shares subject to a holding period until 2022 and 2023).</p> <p>The Remuneration Committee believes that this timetable of staged vesting ensures continued incentivisation of Executive Directors and will aid retention after the MIP awards vest.</p>

Corporate Governance

Remuneration Committee Report continued

Variable Remuneration: Management Incentive Plan (MIP) – (Existing Awards) continued

Maximum opportunity	Holders of awards granted under the MIP are entitled, collectively, to 15 % of the Group's growth in value above a hurdle set at 30 % above Ultimate Products' IPO share price. The total aggregate value of the awards is capped at a value of 6.25 % of Ultimate Products' issued share capital on the date of the IPO.
Performance measures	None, other than Ultimate Products' share price growth exceeding the hurdle, as disclosed under the 'maximum opportunity' section of this table.

Variable Remuneration: All-employee Share Plans

Element, purpose and link to strategy	To align the broader employee base with the interests of shareholders and aid recruitment and retention.
Operation	The Group does not currently operate any all-employee share plans such as SAYE or SIP. If in future the Group does operate such schemes, then Executive Directors would be entitled to participate on the same basis (and subject to the same maximums) as other Group employees.
Maximum opportunity	In line with HMRC limits in force from time to time.
Performance measures	None.

Other: Shareholding Guidelines

Element, purpose and link to strategy	To create alignment between the Executive Directors' interests and those of shareholders.
Operation	The Remuneration Committee expects all Executive Directors, within a period of five years from appointment, to build up a meaningful shareholding in Ultimate Products.

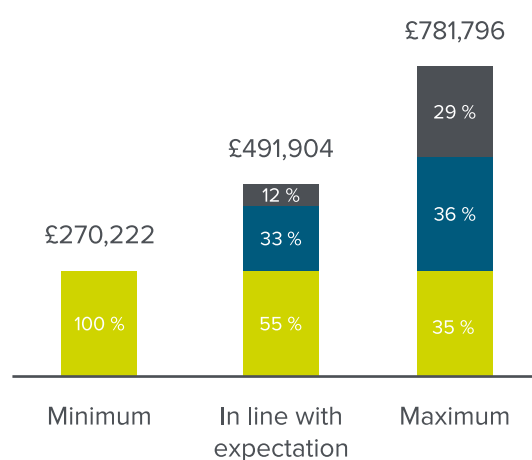
Other: Shareholding Guidelines continued

Maximum opportunity	The Chief Executive Officer and the Managing Director will be required to build up interests in the Group's shares worth 250 % of base salary. All other Executive Directors will be required to build up interests in shares worth 125 % of base salary.
Performance measures	None.

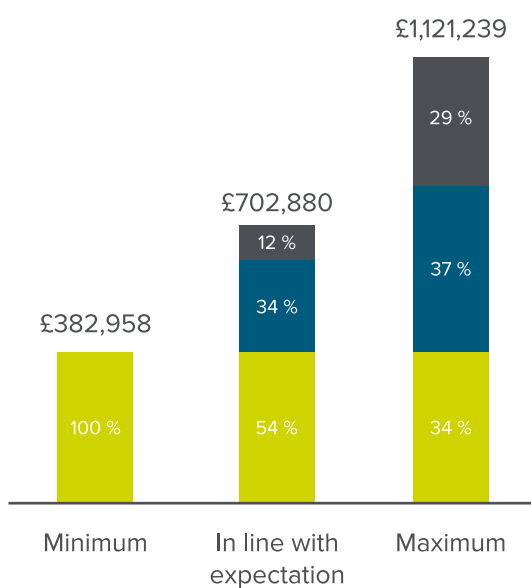
Illustrations of Application of Remuneration Policy

■ Fixed pay
 ■ Annual bonus
 ■ PSP

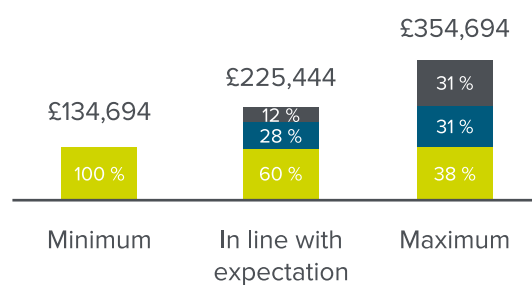
Andrew Gossage



Simon Showman



Graham Screawn



Corporate Governance

Remuneration Committee Report continued

3. *Statement of Consideration of Employment Conditions Elsewhere in the Group*

In designing the Remuneration Policy and in making decisions in relation to the remuneration of Executive Directors pursuant to the Remuneration Policy, the Remuneration Committee has and will continue to take into account the remuneration of employees across the Group.

The Remuneration Committee and Executive Directors believe that the success of the Group in meeting its strategic objectives is highly dependent upon the talents and performance of the Group's wider employee base. The Group regularly reviews the remuneration of Group employees in a process led by the HR Director. In line with the policy of the Remuneration Committee towards the Executive Directors, the Group's policy is to set competitive pay levels that allow the Group to attract and retain the talent necessary to thrive, without paying more than is necessary in the markets in which it operates.

Whilst the Remuneration Committee does not have a formal process for directly consulting employees on the remuneration of Executive Directors, it does take full account of the pay, benefits and employment conditions of the wider workforce when setting the remuneration of Executive Directors. In particular, the

Remuneration Committee has determined that in most circumstances, salary increases for Executive Directors should not exceed the average increase awarded to other employees in the Group. Increases above this level will only be granted in exceptional circumstances as set out in the policy table under Fixed Remuneration: Salary above.

4. *Statement of Consideration of Shareholders' Views*

The Remuneration Committee actively welcomes the input of shareholders in respect of its remuneration policies and decisions and is committed to engaging in an open and transparent dialogue with shareholders in relation to executive remuneration.

In developing the proposed Remuneration Policy, the Chairman of the Remuneration Committee sought the views and input of the Group's key shareholders and their representative bodies. The Remuneration Committee considered all views expressed by shareholders in refining and developing the Remuneration Policy and will continue to engage with shareholders in the year ahead.

During the consultation process, shareholders expressed a strong preference for the Remuneration Committee to demonstrate transparency in all aspects of the operation of the Remuneration Policy, including the determination and assessment of performance conditions. The Remuneration Committee agrees that such transparency is a legitimate interest of shareholders, and intends to provide

maximum disclosure in all circumstances except where such disclosure would materially prejudice the interests of the Group.

As a recently listed company, Ultimate Products wishes to build a long-term, two-way relationship with its investors and will consider their views in all areas of its business, including on the remuneration of its key employees.

5. *Recruitment Remuneration*

The Remuneration Committee will determine the remuneration of new Executive Directors in accordance with this Remuneration Policy, taking into account the individual's skills, experience and current remuneration package, together with the responsibilities attaching to the role concerned.

Where the Remuneration Committee considers appropriate to offer a below-market salary initially, for example where a recruit's current remuneration package is considerably below the market norm for the role that they are being recruited to perform, a series of planned above-inflation, annual increases to reach a market salary may be used. Such increases may be made subject to Group and individual performance.

In some circumstances, to recruit individuals of an appropriate calibre, it may be necessary to buyout their variable remuneration arrangements, which would be forfeited due to leaving their previous employment. Where this is done, the Remuneration Committee will take into account the form of any such award, any performance conditions attaching to it (including the likelihood of such performance conditions being achieved) and the period of vesting.

Any buyout payments made will generally seek to reflect the structure and level of the award it replaces, as far as reasonably practicable. The Remuneration Committee will pay no more than is necessary to compensate such individuals for the awards they will be losing, taking into account anticipated vesting levels. The Remuneration Committee would normally impose clawback provisions on such recruitment awards made to Executive Directors, activated should such individual resign or be summarily dismissed within two years of joining the Group. Shareholders will be informed of any such payments at the time of recruitment along with the reasons for making such payments.

Corporate Governance

Remuneration Committee Report continued

The maximum level of annual variable pay, which may be awarded to a new Executive Director, will be in line with the maximum amounts specified in the Annual Bonus Plan and PSP, as set out in the above, being a total of 225 % of salary. For the avoidance of doubt, this excludes the value of any buyout payments associated with forfeited awards.

The Remuneration Committee may approve the meeting of an Executive Director's reasonable and proportionate relocation expenses where this is considered appropriate in all the circumstances.

Where an Executive Director is recruited partway through a financial year, the individual may be invited to participate in the Annual Bonus Plan on a pro-rated basis in that first year and may be offered 'in-flight' PSP awards pro-rated on a suitable basis.

For the recruitment of an Executive Director in a non-UK jurisdiction, the Remuneration Committee may approve the payment of alternative or additional benefits and pension arrangement in line with local market practice. In some circumstances, the Remuneration Committee may agree to pay an expatriate allowance, reimbursement of advisers' fees and/or offer tax equalisation arrangements.

6. *Service Agreements and Termination Payments*

It is the Group's policy that Executive Directors' service agreements may be terminated by no more than one year's notice by the employer at any time and by payment of no more than one year's basic salary and other fixed benefits in lieu of notice by the employer.

Upon the termination of an Executive Director's employment, in addition to considering the terms of the individual's service agreement, the Remuneration Committee has the following policies:

- The Remuneration Committee shall be guided by the core principle of seeking an outcome that is in the best interests of the Group and its shareholders and shall take into account all of the circumstances of the termination.
- If the termination is as a result of death, illness, disability, redundancy, retirement or any other exceptional circumstance that the Remuneration Committee considers to be analogous to the foregoing (a 'Good Leaver Reason'), the Remuneration Committee shall consider making a payment to the Executive Director under the Annual Bonus Plan. This would normally be pro-rated for the period worked during the financial year and any amount of bonus deferred (whether held in shares or cash) will normally

be released immediately.

- If the termination is as a result of anything other than a Good Leaver Reason, no payment will be made under the Annual Bonus Plan on cessation of employment of an Executive Director and any amount of bonus deferred (whether held in shares or cash) will normally not be released until the end of the usual deferral periods.
- If the termination is as a result of a Good Leaver Reason, PSP awards will normally vest at the normal vesting date, pro-rated for time served and remaining subject to the original performance conditions. Any shares held for the compulsory holding period (i.e. after the end of the performance period) will vest immediately.
- If the termination is as a result of anything other than a Good Leaver Reason, any PSP awards will lapse in full.
- In the event of a compromise or settlement agreement, the Remuneration Committee shall consider agreeing to reasonable payments in respect of the settlement of legal claims, including any compensation relating to the breach of the Executive Director's statutory or contractual rights and in respect of any reasonable professional fees incurred by the individual in relation to the agreement.

The service contracts of Executive Directors and the letters of appointment of Non-Executive Directors are available for inspection at the Group's registered office during normal business hours and will be available at the Annual General Meeting.

7. *Change in Control*

On a change in control, awards under the Group's incentive plans will generally vest but in most circumstances, such vesting will be subject to:

- i. the extent to which the Remuneration Committee considers that the performance conditions have been satisfied; and
- ii. time apportionment in accordance with the rules of each plan.

On a change in control, any shares held under compulsory deferral arrangements under the Annual Bonus Plan or PSP (i.e. after the end of any performance periods) shall normally vest in full.

Corporate Governance

Remuneration Committee Report continued

8. Fees Retained for External Non-Executive Directorships

The Remuneration Committee is of the view that Executive Directors can, in some circumstances, benefit by holding non-executive directorships in other companies.

The Remuneration Committee therefore permits such non-executive directorships and permits the Executive Directors to personally retain the fees from such non-executive directorships, providing that the Remuneration Committee's advance permission is sought and that such appointment does not conflict with the Director's duties and commitments to Ultimate Products.

9. Discretion

The Remuneration Committee has an element of discretion in several areas of the Remuneration Policy and has discretion in some areas under the rules of certain incentive plans. These discretions include:

- selecting participants for each plan and arrangement;
- determining the quantum of awards under each plan or arrangement, subject to the maximums stated in the policy table above;
- selecting the most suitable timing for granting awards and making payments;
- assessing the extent to which performance conditions have been satisfied and thereby

the extent to which awards shall vest;

- setting the targets applicable to the various performance measures used in the Group's plan and arrangements;
- conducting an annual review of performance measures and the relative weightings thereof;
- determining whether a participant shall be considered to be a Good Leaver in exceptional circumstances, outside of the prescribed circumstances; and
- making necessary adjustments to any plan or arrangement in circumstances such as a rights issue, restructuring, special dividend or change of control (subject to the rules of the relevant plan or arrangement).

If an event occurs which means, in the opinion of the Remuneration Committee, that the performance conditions or associated targets are no longer an appropriate measure of the performance of the Group's business or its adherence to strategy then, in exceptional circumstances, the Remuneration Committee shall have the discretion to adjust, supplement or amend any performance condition or target, subject always that the adjusted, supplemental or amended performance condition must be not materially less difficult to satisfy. Other than in the case of minor or administrative changes, any such action would be taken only after consultation with the Group's major shareholders and would be disclosed in the subsequent Annual Report on Remuneration.

The Remuneration Committee has the discretion to amend the Remuneration Policy with regard to minor or administrative matters where, in the opinion of the Remuneration Committee, it would be disproportionate to seek or await shareholder approval for such amendment.

10. *Legacy Agreements*

In addition to payments provided for under this Remuneration Policy, the Remuneration Committee may authorise payments to honour commitments made prior to its adoption to any current or former Executive Directors.

Where appropriate, in the case of an internal promotion to an Executive Director position, the

Remuneration Committee may make payments to such Executive Director in relation to terms agreed with them at a time when the relevant individual was not an Executive Director of the Group – providing that such payment was not in consideration for the individual becoming an Executive Director. Any such payments will only be made with a view to transitioning the Executive Director to terms compatible with this Remuneration Policy as soon as possible.

Details of any such payments will be included in each Annual Report on Remuneration.

11. *Terms and Conditions of Non-Executive Directors*

Non-Executive Directors are appointed for an initial period of three years and will stand for re-election at each AGM of Ultimate Products. Thereafter, the Board may invite them to serve for an additional period of three years, again subject to re-election at each AGM.

The fees paid to Non-Executive Directors are determined by the Board in light of independent surveys of fees paid to Non-Executive Directors of comparable companies and with regard to the time commitment and responsibilities involved. The Chairman is paid a single fee covering all of his responsibilities and other Non-Executive Directors receive a basic fee, with the Chairs of the Remuneration Committee and Audit and Risk Committees being paid additional fees to reflect their extra responsibilities.

Non-Executive Directors are entitled to be reimbursed for reasonable expenses, in relation to the performance of their duties and for any related tax liabilities that may arise.

The appointment of Non-Executive Directors is terminable by either party on one months' written notice. No compensation is payable upon termination of their appointment and they are not entitled

Corporate Governance

Remuneration Committee Report continued

to participate in the Group's share, bonus or pension arrangements. As a legacy arrangement, Barry Franks is entitled to receive private medical insurance for himself and his spouse; the Remuneration Committee does not intend to offer private medical insurance to any other current Non-Executive Director or to any Non-Executive Director recruited in future.

Remuneration Report

Single Total Figure of Remuneration for Each Director (Audited)

The table below sets out in a single figure the total remuneration, including each element, received by each of the Directors for the years ended 31 July 2017 and 31 July 2016:

	Basic Salary/Fees 2017	All Taxable Benefits 2017	Bonus 2017	LTIP [2] 2017	Pension 2017	Total 2017
	£	£	£'	£'	£'	£'
Executive Directors						
S Showman	380,000	2,958	1,051,333	-	-	1,434,291
A Gossage	257,150	3,072	701,022	-	10,000	971,244
G Screawn	115,000	1,494	-	1,049,594	845	1,166,933
D Bloomfield [1]	53,500	607	-	-	1,035	55,142
Non-Executive Directors						
A Rigby [3]	26,250	-	-	-	-	26,250
J McCarthy [3]	43,750	-	-	-	-	43,750
R Bell [3]	29,166	-	-	-	-	29,166
B Franks	55,129	3,945	-	-	-	59,074
	959,945	12,076	1,752,355	1,049,594	11,880	3,785,850

	Basic Salary/Fees 2016	All Taxable Benefits 2016	Bonus 2016	LTIP [2] 2016	Pension 2016	Total 2016
	£	£	£	£	£	£
Executive Directors						
S Showman	380,000	8,215	657,036	-	-	1,045,251
A Gossage	237,150	1,569	438,024	-	30,000	706,743
G Screawn	95,333	1,617	30,000	-	1,055	128,005
D Bloomfield	102,000	985	50,000	-	1,220	154,205
Non-Executive Directors						
B Franks	82,500	3,384	-	-	-	85,884
	896,983	15,770	1,175,060	-	32,275	2,120,088

[1] The amounts shown for the year ended 31 July 2017 reflect that D Bloomfield resigned as a statutory director on 30 January 2017.

[2] The value included in the year ended 31 July 2017 relates to the exercise of options granted under an Enterprise Management Incentive plan established 12 June 2014, of which G Screawn was a participant. G Screawn had 2,054 options to acquire B ordinary shares in UP Global Sourcing Holdings plc for an exercise price of £1 per share, which following exercise were redesignated into 821,600 ordinary shares with a market value of £1.28 per share – being the offer price on the date of the IPO.

[3] Amounts included for Non-Executive Directors include payments made in relation to work completed towards the IPO, which was pre-appointment. Further details are given in the upcoming 'Non-Executive Director Fees' section.

Corporate Governance

Remuneration Committee Report continued

Individual Elements of Remuneration

Base Salary

Base salaries of the individual Executive Directors are reviewed annually, with effect from 28 February 2017, by the Remuneration Committee and are set with reference to the scope of the role and the markets in which the group operates. The experience of the individual is also considered, along with the pay levels in similar organisations.

From 1 March 2017, the base salaries of the Executive Directors will be as follows, including comparison to the previously agreed rates:

	Base Salary 1 August 2016	Base Salary 1 March 2017	Increase
	£	£	%
Executive Directors			
S Showman	340,625	340,625	-
A Gossage	239,866	239,866	-
G Screawn	102,000	120,000	17.65 %

Taxable Benefits

Each Executive Director is entitled to medical expenses insurance. In the year ended 31 July 2017, the amount also includes a notional charge relating to pre-IPO taxable benefits.

Pension Benefits (Audited)

The Group operates a defined contribution pension scheme, which the Directors are eligible to participate in. The Executive Directors currently receive 12 % of their salary as a contribution to their pension arrangements or the equivalent as a cash allowance. In the year ended 31 July 2017 each of the Executive Directors took the option to receive a cash allowance as follows; S Showman received £39,375, A Gossage received £17,284 and G Screawn received £5,500. The allowance was in place for the full year for both S Showman and A Gossage and from 1 March 2017 for G Screawn.

The contracts of employment for the Executive Directors do not define a normal retirement age and given the arrangements in place, the Executive Directors have not accrued pension entitlements at 31 July 2017.

Non-Executive Director Fees

The Non-Executive Directors are subject to shareholder approval, appointed for an initial period of three years and will stand for re-election at each Annual General Meeting of the Company. The period of service can be extended for a further three years based upon Board approval.

The initial agreed fee for J McCarthy is £75,000 per annum in respect of services as Independent Non-Executive Chairman and in respect of services as chair of the Nominations Committee. The annual fee for A Rigby is agreed initially at £40,000 per annum in respect of services as Senior Independent Non-Executive Director and £5,000 in respect of services as Chair of the Remuneration Committee. The initial agreed fee for R Bell is £40,000 per annum in respect of services as Non-Executive Director and £10,000 in respect of services as Chair of the Audit and Risk Committee. The agreed fee for B Franks was agreed initially at £15,000 in respect of services as Non-Executive Director, including a one-day-per-week time commitment. From 6 April 2017, this increased to £40,000, with a two-day-per-week time commitment. Fees were also paid to his service company of £32,083.

In the year to 31 July 2017, the Remuneration Committee agreed on the payment of additional sums to three of the Non-Executive Directors for work carried out in the lead-up to the IPO. The agreed sums were £12,500 for J McCarthy, £7,500 for A Rigby and £8,333 for R Bell.

Annual Bonus Scheme

Year to 31 July 2017

The Executive Directors participate in a bonus arrangement, which was approved by the Board on 11 June 2014 – the Shareholder Bonus Pool. The shareholder bonus pool is calculated based upon a metric of Group EBITDA before bonuses and other exceptional items being in excess of £2 m. If EBITDA is less than £2 m, the pool is £nil; if EBITDA is between £2–3 m, the pool is 10 % of the excess above £2 m; if EBITDA is between £3–4 m, the pool is £0.1 m plus 15 % of the excess above £3 m and if EBITDA is over £4 m, the pool is £0.25 m plus 20 % of the excess above £4 m.

For the year to 31 July 2017, the total Shareholder Bonus Pool was £1.75 m, based upon Group EBITDA of £11.5 m; compared to a pool of £1.2 m in 2016, based upon Group EBITDA of £8.2 m.

Corporate Governance

Remuneration Committee Report continued

2018 Bonus Framework

In the following financial year, a new bonus scheme has been proposed for the benefit of the Executive Directors. The payment profile of the bonuses will be 70 % in cash, with the remaining 30 % in deferred shares or in certain exceptional circumstances as a cash payment, vesting in three equal annual instalments over the following three years. The maximum bonus achievable will be capped at 125 % of base salary for both S Showman and A Gossage and 100 % for G Screawn.

Achievement of maximum bonus will be split into two elements; an EBITDA target and stretching specific and measurable strategic and/or individual objectives. S Showman and A Gossage can receive 100 % of base salary in relation to the EBITDA target, with the remaining 25 % being based upon the strategic and/or individual objectives. G Screawn can achieve 75 % of base salary in relation to the EBITDA target, with the remaining 25 % being based upon the strategic and/or individual objectives.

No part of the bonus will be payable unless a threshold level of the EBITDA target is met. In order for full payment to be made, EBITDA must exceed the prescribed target by 30 %.

Long-Term Incentive Plans (Audited)

Awards Granted in the Year Ended 31 July 2017

On 28 February 2017, immediately preceding the Company's listing on the main market of the London Stock Exchange, a Management Incentive Plan was adopted, of which the Executive Directors were eligible to participate in. The plan is structured as an award of A ordinary shares in UP Global Sourcing UK Limited. The shares were awarded including put options with a three-year vesting period that can be exercised up to 7 years following the vesting date.

At exercise of the put options, the A ordinary shares can be converted to shares in UP Global Sourcing Holdings plc. The put options carry performance criteria, based upon the growth in share price following IPO, subject to a hurdle of 30 %. At the point of exercise, the recipient will receive the value of shares in either cash or shares to the same value, at the discretion of UP Global Sourcing Holdings plc, subject to a cap of 6.25 % of the issued share capital.

The total options granted to the Executive Directors in the year were as follows:

	Options Granted	Maximum Potential plc Shares at 31 July 2017	Face Value
Executive Directors			
S Showman	48	1,084,193	£2,168,386
A Gossage	32	722,795	£1,445,590
G Screawn	8	180,699	£361,398

Face value is calculated as the number of nil-cost options awarded multiplied by the average mid-market share price at 31 July 2017. The price at this date is taken as this is linked to the maximum potential shares to be issued.

Service Contracts

The following table sets out the key terms of the service contracts in place:

	Date of appointment	Date of service contract	Notice period
Executive Directors			
S Showman	28 July 2005	28 February 2017	12 Months
A Gossage	28 July 2005	28 February 2017	12 Months
G Screawn	16 December 2010	28 February 2017	6 Months
Non-Executive Directors			
A Rigby	1 March 2017	9 February 2017	1 Month
J McCarthy	1 March 2017	9 February 2017	1 Month
R Bell	1 March 2017	9 February 2017	1 Month
B Franks	28 July 2005	9 February 2017	1 Month

All directors will stand for re-election on an annual basis.

Corporate Governance

Remuneration Committee Report continued

Payments to Past Directors (Audited)

D Bloomfield resigned as a Director on 30 January 2017 and remained an employee of the Group. He continued to receive a salary under the terms of his employment contract, as well as taxable benefits. The amount received in the period following resignation was £54,274.

Payments for Loss of Office (Audited)

There have been no such payments made in either the year ended 31 July 2017 or the comparative period.

Disclosure of Emoluments Waived

No Director has agreed to waive any emoluments due from the company or any of its subsidiaries in either the year under review or a future period.

Directors Shareholdings (Audited)

The following table sets out the total number of shares held at 31 July 2017 by each Director of the company (including those held by their connected persons). As noted earlier in this report, the three Executive Directors were awarded shares in UP Global Sourcing UK Limited. These shares were issued as non-voting shares, with no right to dividends without the parent company's approval; so there is no dilution in control.



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	A Ordinary Shares Owned*	Shares Owned Outright	Potential Unvested Options Subject to Performance Conditions	Vested Unexercised Options	Options Exercised in 2017
Executive Directors					
S Showman	48	18,530,600	1,084,193	-	-
A Gossage	32	8,052,400	722,795	-	-
G Screawn	8	410,800	180,699	-	821,600
Non-Executive Directors					
A Rigby	-	-	-	-	-
J McCarthy	-	390,625	-	-	-
R Bell	-	-	-	-	-
B Franks	-	10,270,400	-	-	-

*The A ordinary shares held in UP Global Sourcing UK Limited give rise to the unvested options, as explained in the Long-Term Incentive Plan above.

The table below sets out the change in the number of shares held by each Director of the Company since 31 July 2017.

	Shares owned outright 31 July 2017	Shares owned outright to 6 November 2017
Executive Directors		
S Showman	18,530,600	18,530,600
A Gossage	8,052,400	8,052,400
G Screawn	410,800	410,800
Non-Executive Directors		
A Rigby	-	-
J McCarthy	390,625	390,625
R Bell	-	-
B Franks	10,270,400	10,270,400

Corporate Governance

Remuneration Committee Report continued

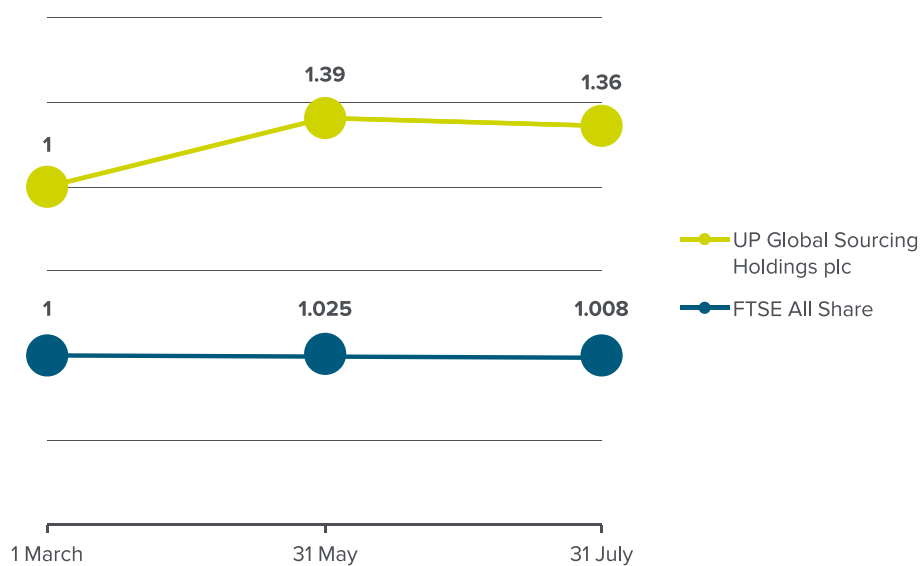
Shareholding Requirement

	Base Salary £'000	Total Shareholding	Shareholding Requirement as % of Salary	Shareholding Requirement [1]	Actual Shareholdings as % of Requirement
S Showman	340,625	18,530,600	250 %	425,781	4,352 %
A Gossage	239,866	8,052,400	250 %	299,833	2,682 %
G Screawn	120,000	410,800	125 %	75,000	548 %

[1] Salary divided by the 31 July 2017 share price of 200 p multiplied by percentage of salary.

Performance Graph and CEO Remuneration Table

This graph illustrates the Group's performance against the FTSE All Share since the date of the IPO, measured by Total Shareholder Return (TSR). The FTSE All Share has been chosen as the appropriate comparator as UP Global Holdings plc is a constituent of this index. This illustrates the movement in a hypothetical £100 invested in the Company from the date of the IPO.



The table below sets out the remuneration data for the Director undertaking the role of CEO for five years:

		Single Figure		
		Remuneration £'000	Annual Bonus (% of maximum)	PSP Vesting (% of maximum)
Chief Executive	Year			
S Showman	2017	1,434	Not relevant	Nil
S Showman	2016	1,045	Not relevant	Nil
S Showman	2015	831	Not relevant	Nil
S Showman	2014	201	Not relevant	Nil
S Showman	2013	246	Not relevant	Nil

There was no maximum annual bonus scheme in place until the proposed annual bonus scheme for the year ending 31 July 2018.

Percentage Change in Remuneration of Director Undertaking the Role of Chief Executive Officer

The table below sets out the change in the CEO's remuneration compared with the change for employees over 2017 who were employed for both periods.

	CEO			
	2017 £'000	2016 £'000	% Change	Average for other employees % Change
Salary	380	380	-	6.8 %
Benefits – Medical Insurance	1	1	-	16.6 %
Bonus	1,052	657	60 %	-0.6 %

Corporate Governance

Remuneration Committee Report continued

Relative Importance of Spend on Pay

The table below illustrates the Group's expenditure on pay in comparison to distributions to shareholders by way of dividends.

	2017	2016	
	£'000	£'000	% change)
Total employee costs (note 10 – Financial Statements)	10,607	8,758	21.1 %
Dividends	*4,203	**2,449	71.6 %

* Dividends payable and proposed in respect of the year ended 31 July 2017

** Dividends payable in respect of the year ended 31 July 2016

Statement on Implementation of Remuneration Policy in the Following Financial Year

The Remuneration Committee will consider the base salary of the Executive and Non-Executive Directors from 1 March 2018, as part of the annual salary review process. There is expected to be no change in the arrangements concerning benefits and pension contributions.

As noted earlier in this report, the maximum potential bonus achievable for the Executive Directors is 125 % of base salary for both S Showman and A Gossage and 100 % of base salary for G Screawn. The bonus is based partly on meeting or exceeding a specified EBITDA target and partly on the individual exceeding specified strategic and/or individual objectives.

No part of the bonus will be payable unless a threshold level of the EBITDA target is met. In order for the full payment to be made EBITDA must exceed the prescribed target by 30 %.

The targets for the year ended 31 July 2018 have been determined by the Remuneration Committee. The Remuneration Committee has decided that, given the commercial sensitivity of the detailed performance measures used for the annual bonus plan, disclosing these targets prospectively is not in the interests of the Group or its shareholders. The targets, performance levels achieved and the resulting payments will be disclosed retrospectively after the end of the performance period.

Consideration of Matters Relating to Directors' Remuneration

The following Directors were members of the Remuneration Committee when matters relating to Directors' remuneration were considered:

- A Rigby
- J McCarthy
- R Bell

External Advisers

The Remuneration Committee was advised in relation to Directors' remuneration by RSM UK Tax & Advisory Services LLP ('RSM'). RSM were appointed by A Rigby, after a competitive tender process, to provide advice in relation to the formal setting of remuneration policies, including consideration of legislative matters and best practice, as well as assistance in drafting the annual remuneration report. The Audit and Risk Committee consider RSM to have been objective and independent during the year, as there are no conflicts of interest. The Remuneration Committee is comfortable that the RSM engagement partner and team that provides remuneration advice to the Remuneration Committee do not have connections with the Company that may impair their independence. The Remuneration Committee is committed to regularly reviewing the external advisor relationship. RSM have charged fees of £12,000 for Remuneration Committee matters.

Statement of Shareholder Voting

The Company has not held an AGM since listing and therefore no voting outcomes are available. We will publish details of all remuneration-related voting outcomes in next year's Directors' Remuneration Report.

The Remuneration Report was approved by the board on 6 November 2017.

On behalf of the Board


A Rigby

Chair of the Remuneration Committee

Date: 6 November 2017

Corporate Governance

Directors' Report & Other Statutory Disclosures

The Directors present their report and the audited consolidated Financial Statements of the Group for the year ended 31 July 2017.

Strategic Report

The Companies Act 2006 requires the Directors to present a review of the business during the year to 31 July 2017 and of the position of the Group at the end of the financial year, together with a description of the principal risks and uncertainties faced. The Strategic Report can be found on pages 6 to 30 and is incorporated by reference into this Directors' Report.

Corporate Governance Statement

The Disclosure and Transparency Rules require certain information to be included in a corporate governance statement in the Directors' Report. Information that fulfils the requirements of the corporate governance statement can be found in the Corporate Governance Report on pages 36 to 42 and is incorporated by reference into this Directors' Report.

Results and Dividends

The Group's underlying profit after tax for the financial year ended 31 July 2017 attributable to equity shareholders amounted to £8,406,000 (2016: £5,895,000). An interim dividend for the current year of 1.62 p (2016: 3.05 p) per ordinary share was paid on 28 July 2017.

The final proposed dividend of 3.495 p (2016 final dividend: 0.27 p) per ordinary share will be paid on 30 January 2018 if approved at the Company's annual general meeting on 15 December 2017 ('AGM'). The Directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented an income statement for the Company. The Company's profit for the year was £7,354,000 (2016: £16,128,000).

Directors

The following were directors of the Company during the financial year ended 31 July 2017:

- JJ McCarthy (appointed 1 March 2017)
- SA Showman
- AJ Gossage
- GP Screawn
- A Rigby (appointed 1 March 2017)
- RI Bell (appointed 1 March 2017)
- BE Franks
- DL Bloomfield (resigned 30 January 2017)

Subject to the Company's Articles of Association (the 'Articles') and any relevant legislation, the Directors may exercise all of the powers of the Company and may delegate their power and discretion to committees.

The Articles give the Directors power to appoint and remove Directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by

the Board. Additionally, the Company may by ordinary resolution, subject to the wider provisions of the Articles, appoint a Director, or the Company may by special resolution, or in accordance with the provisions of the Companies Act 2006, remove a Director. In compliance with the UK Corporate Governance Code, the Articles require all Directors to retire and submit themselves for re-election at each annual general meeting. Biographical details of the Board are set out on pages 32 to 35 of this report.

Directors' Interests

Information regarding the Directors' interests in ordinary shares of the Company is provided in the Directors' Remuneration Report on pages 76 to 78. Under the Long-Term Incentive Plan, as set out in the Directors' Remuneration Report on page 77, 3 Directors hold a total of 88 A ordinary shares in UP Global Sourcing UK Limited. No Director has any other interest in any shares or loan stock of any Group company.

Other than service contracts and the contracts of significance noted later in this report, no Director had a material interest in any contract to which any Group company was a party during the year.

There have been no changes notified in the Directors' shareholdings between 31 July 2017 and 6 November 2017.

Directors' Indemnity Provisions

As at the date of this report, indemnities are in force between the Company and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out their role as a Director of the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings, or any claim in relation to the Company or brought by a regulator as they are incurred, provided that where the defence is unsuccessful the Director must repay those defence costs to the Company. The Company's total liability under each indemnity is limited to £5 m for each event, giving rise to a claim under that indemnity. The indemnities are qualifying third-party indemnity provisions for the purposes of the Companies Act 2006. In addition, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

Corporate Governance

Directors' Report & Other Statutory Disclosures continued

Political Donation & Political Expenditure

No Group company made any political donations or incurred any political expenditure in the year (2016: £nil).

Post Balance Sheet Events

Other than the Directors proposing a final dividend, as set out in note 14 to the accounts, there were no relevant post balance sheet events requiring disclosure.

Employee Consultation

The Group places considerable value on the involvement of its employees and has

continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. Employees are consulted regularly on a wide range of matters affecting their current and future interests.

Employment of Disabled Persons

Suitable procedures are in operation to support the Group's policy that disabled persons, whether registered or not, shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities. Where members of staff become disabled, every effort is made to ensure that they are retrained according to their abilities.

Substantial Shareholdings

As at 31 July 2017, the Company had been notified under Rule 5 of the Financial Conduct Authority's Disclosure and Transparency Rules of the following interests in the Company's ordinary share capital:

	Number of shares	% of voting rights	Type of holding
BlackRock Inc	8,522,377	10.37 %	Indirect
Janus Henderson Group plc	4,941,406	6.01 %	Indirect
Ennismore Fund Management Limited	2,812,500	3.42 %	Indirect

Further notifications were received up to and including 31 October 2017, such that at that date the company had been notified of the following interests in the Company's ordinary share capital:

	Number of shares	% of voting rights	Type of holding
Schroder Investment Management	9,185,547	11.18 %	Indirect
BlackRock Inc	8,718,821	10.61 %	Indirect
Ennismore Fund Management Limited	4,269,220	5.20 %	Indirect
Janus Henderson Group plc	Below 5 %	Below 5 %	Indirect

Relations with Shareholders

The Company has regular discussions with and briefings for analysts, investors and institutional shareholders. The Executive Directors normally meet with major shareholders twice annually, in order to develop an understanding of their views; other board members are briefed on their discussions. All Directors have the opportunity to attend these meetings. At the AGM, all shareholders, including private investors, have an opportunity to participate in questions and answers with the Board on matters relating to the Company's operation and performance.

Share Capital

As at 31 July 2017, the Company's issued share capital comprised a single class of ordinary shares of 0.25 p each. All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attaching to the shares are set out in the Articles. Note 24 to the Financial Statements contains details of the ordinary share capital.

On a show of hands at a general meeting of the Company, every holder of ordinary shares present in person or by proxy and entitled to vote, shall have one vote and, on a poll, every member present in person or by proxy and entitled to vote, shall have one vote for every ordinary share held. The Notice of AGM gives full details of the deadlines for exercising voting rights in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld, in relation to each resolution, are announced at the AGM and published on the Company's

Corporate Governance

Directors' Report & Other Statutory Disclosures continued

website after the meeting. Subject to the relevant statutory provisions and the Articles, shareholders are entitled to a dividend where declared and paid out of profits available for such purposes.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- those which may from time to time be applicable under existing laws and regulations (for example, insider trading laws); and
- pursuant to the Listing Rules of the Financial Conduct Authority, whereby certain Directors and employees of the Company require the approval of the Company to deal in the Company's ordinary shares and are prohibited from dealing during closed periods.

At 31 July 2017, the Company had no authority to purchase any of its issued ordinary share capital or to allot further ordinary shares. It is proposed that an ordinary resolution is tabled at the Company's AGM on 15 December 2017 to give the Directors authority to allot ordinary shares up to the value of two thirds of the Company's current issued share capital (one-third of such authority being exercisable only in connection with a pre-emptive rights issue). It is further proposed that special resolutions are tabled at the Company's AGM to allow the Company to (i) issue ordinary shares without first offering such shares to existing shareholders, up to a value of 5 % of the Company's issued share capital; and (ii) purchase up to 10 % of its issued share

capital. Such authorities, if passed, will expire on the earlier of 31 January 2019 and the conclusion of the AGM of the Company in respect of the year ending on 31 July 2018.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Change of Control

As disclosed in the Directors' Remuneration Report, awards under the Company's share incentive plans contain provisions relating to a change of control of the Company. The Company's banking facilities with HSBC Bank plc may, at the discretion of the lender, become repayable upon a change of control.

Articles of Association

The Company's Articles may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles at the 2017 AGM.

Greenhouse Gas Emissions

Disclosures regarding greenhouse gas emissions required by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 are included in the Strategic Report on pages 29 and 30. This information is incorporated by reference into this Directors' Report.

Financial Risk Management

Information on the exposure of the Group to certain financial risks and on the Group's objectives and policies for managing each of the Group's main financial risk areas is detailed in the financial risk management disclosure in note 23.

Contracts of Significance

The contracts of significance, as defined by Listing Rule 9.8, in existence during the financial year relate to the lease of the Group's offices and distribution facilities at Manor Mill and Heron Mill.

The lease of Manor Mill was entered into by UP Global Sourcing UK Limited on normal commercial terms on 11 November 2016 with Ultimate Apartments Pension Scheme, of which Barry Franks is a trustee. During the year, Manor Mill and the benefits of the lease thereof were transferred to Berbar Properties Limited, a company of which Barry Franks is a director and sole shareholder. The lease is for a term of 7 years and the current rent is £180,000 per annum.

The lease of Heron Mill was entered into by UP Global Sourcing UK Limited on normal commercial terms on 14 April 2016 with Heron Mill Limited, which is controlled by Simon Showman, Andrew Gossage and Barry Franks who are all directors of Heron Mill Limited. The lease is for a term of 7 years and the current rent is £285,000 per annum.

Going Concern

The Financial Statements have been prepared on a going concern basis, as set out in the Statement of Directors' Responsibilities on pages 90 and 91. Having considered the ability of the Company and the Group to operate within its existing facilities and meet its debt covenants, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future (being at least one year following the date of approval of this annual report). Accordingly, they consider it appropriate to adopt the going-concern basis in preparing the Financial Statements.

The Company's Viability Statement is set out on page 24 of the Strategic Report.

Corporate Governance

Directors' Report & Other Statutory Disclosures continued

Disclosure of Information Under Listing Rule 9.8.4R

The information required to be disclosed under Listing Rule 9.8.4R, where applicable to the Company, can be found in the 2017 Annual Report and Financial Statements at the references provided below:

Section	Description	Annual Report location
(1)	Interest capitalised	Not applicable
(2)	Publication of unaudited financial information	Pages 172 to 174
(4)	Details of long term incentive schemes	Pages 59 to 62
(5)	Waiver of emoluments by a Director	Not applicable
(6)	Waiver of future emoluments by a Director	Not applicable
(7)	Non-pre-emptive issues of equity for cash	Not applicable
(8)	Item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Page 87
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Not applicable
(13)	Shareholder waivers of future dividends	Not applicable
(14)	Agreements with controlling shareholders	Not applicable

Directors' Statement as to Disclosure of Information to Auditor

So far as each Director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditor is unaware. Each Director has taken all steps that ought to be taken by a Director, to make themselves aware of and to establish that the auditor is aware of any relevant audit information.

Auditor

The Audit and Risk Committee has responsibility delegated from the Board for making recommendations on the appointment, reappointment, removal and remuneration of the external auditor. In accordance with section 485 of the Companies Act 2006, a resolution proposing that BDO LLP be reappointed as auditors of the Group and to authorise the Audit and Risk Committee to fix their remuneration, will be proposed at the 2017 AGM.

Annual General Meeting

The Company's AGM will be held at 2.00pm on 15 December 2017 at the Company's registered office, Manor Mill, Victoria Street, Oldham, OL9 0DD. The Notice of the AGM accompanies this Annual Report and will be available on the Group's website at www.upgs.com. Two resolutions will be proposed as special business. Explanatory notes on these resolutions are set out in the Notice of the meeting.

Recommendation to Shareholders

The Board considers that all of the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in their favour.

By order of the Board



GP Screawn

Company Secretary
6 November 2017

Corporate Governance

Directors' Statement

Directors' Responsibilities

The Directors are responsible for preparing the annual report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law, the Directors are required to prepare the Group Financial Statements and have elected to prepare the Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union. Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, as adopted by the European Union subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going-concern basis, unless it is inappropriate to presume that the company will continue in business;
- prepare a director's report, strategic report and director's remuneration report, which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced and understandable, providing the information necessary for shareholders to assess the group's performance, business model and strategy.

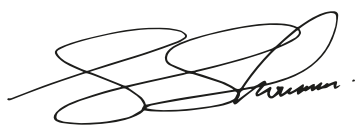
Website Publication

The Directors are responsible for ensuring that the annual report and Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

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.

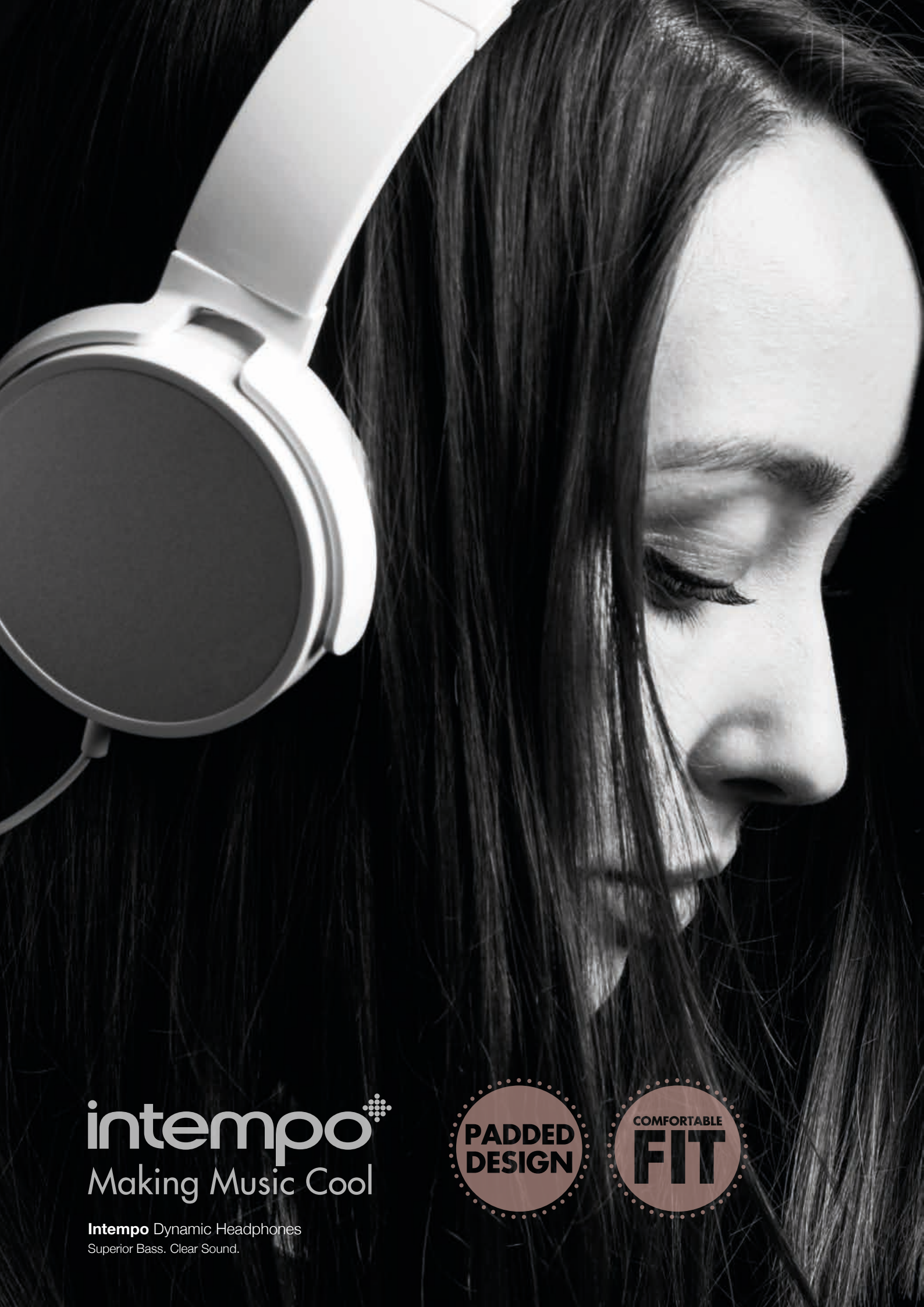


Simon Showman
Chief Executive Officer



Graham Screawn
Chief Financial Officer

6 November 2017



intempo 
Making Music Cool

Intempo Dynamic Headphones
Superior Bass. Clear Sound.



Financial Statements



Financial Statements

Independent Auditor's Report	94
Consolidated Income Statement	102
Consolidated Statement of Comprehensive Income	103
Consolidated Statement of Financial Position	104
Company Statement of Financial Position	106
Consolidated Statement of Changes in Equity	108
Company Statement of Changes in Equity	110
Consolidated Statement of Cash Flows	112
Company Statement of Cash Flows	114
Notes to the Financial Statements	116

Financial Statements

Independent Auditors Report

Independent auditor's report to the members of UP Global Sourcing Holdings plc

Opinion

We have audited the Financial Statements of UP Global Sourcing Holdings plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 July 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company statement of financial position, consolidated and company statement of changes in equity, consolidated and company statement of cashflows, and the notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 July 2017 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group Financial Statements, Article 4 of the IAS Regulation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions Relating to Principal Risks, Going Concern and Viability Statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 19 to 23 that describe the principal risks and explain how they are being managed or mitigated;
- the Directors' confirmation set out on pages 46 to 48 in the annual report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 116 in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting in preparing the Financial Statements and the Directors' identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- whether the Directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- the Directors' explanation set out on page 24 in the annual report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Financial Statements

Independent Auditors Report continued

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How we addressed the matter in our audit
Revenue recognition <p>The Group dispatches products to customers in a number of different ways with revenue being recognised when the risks and rewards of ownership have transferred in line with the group's revenue accounting policy as shown in note 3 to the Financial Statements. Our risk assessment identified a key area of risk of misstatement in respect of goods in transit at the year-end where the risks and rewards of ownership transfer at different times depending on specific terms of shipping.</p>	<p>We selected a sample of revenue invoices recognised in the month either side of the year end and agreed these sales to the bill of lading and other supporting shipping and dispatch documentation. In completing this review we paid specific attention to the terms and conditions of the individual sales to assess whether the sales had been included within the correct accounting period.</p>

Key audit matter	How we addressed the matter in our audit
<p>Rebates</p> <p>The Group has a number of rebate agreements in place with its customers. This was considered to be a risk area due to the nature of some of these agreements and the significance of the rebate charge to the Financial Statements. As described in note 4 the estimation of the rebate charge and year end accrual also requires a level of estimation and judgement.</p> <p>As at 31 July 2017 the rebate accrual was £1,076 k (2016 – £1,262 k).</p>	<p>We obtained assurance over the rebate charge and accrual by:</p> <ul style="list-style-type: none"> ● agreeing the calculation of the rebate charge for key customers to the underlying rebate agreement and revenue for the year. Where this involves any estimation, we have reviewed the basis of such estimates and the reasonableness of any assumptions made; ● comparison of the rebate charge and accrual for each customer to our expectations to identify any significant variances which were then substantiated to supporting documentation; and ● reviewing the accuracy of the estimation of the prior year rebate accrual by considering invoices received during the year and the rebate history.
<p>Inventory valuation</p> <p>As described in note 4 (critical accounting estimates and judgements), the Group carries inventory at the lower of cost and net realisable value. As at 31 July 2017, as shown in note 18, the Group held inventories of £11.1 m (2016: £10.5 m).</p> <p>Judgement is required to assess the appropriate level of provisioning for items which may be sold below cost as a result of a reduction in consumer demand particularly in light of changing consumer tastes and new products being developed. Such judgements include management's expectations for future sales. This is a significant risk for the audit.</p>	<p>We obtained assurance over management's assumptions applied in calculating the value of inventory provisions by:</p> <ul style="list-style-type: none"> ● assessing the Group's inventory provisioning policy, with specific consideration given to slow moving or obsolete stock lines; ● verifying the value of a sample of inventory to confirm it is held at the lower of cost and net realisable value, through comparison to invoices and sales prices; and ● reviewing historical accuracy of inventory provisioning with reference to stock movements during the year and post year end.

Financial Statements

Independent Auditors Report continued

Our Application of Materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit in forming our audit opinion. Materiality is defined as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements and provides a basis for determining the nature and extent of our audit procedures.

The materiality for the group audit as a whole was set at £425,000 (2016 – £530,000) and was determined with reference to the benchmark of adjusted group profit before taxation of which it represents 5 % (2016 – 9 %). Profit has been adjusted by adding back the costs incurred by the group as part of its Initial Public Offering which occurred during the year ended 31 July 2017 which are exceptional in nature.

We report to the Audit Committee any corrected and uncorrected misstatements exceeding £14,875 (2016 – £10,600) in addition to other audit adjustments that warranted reporting on qualitative grounds.

An Overview of the Scope of Our Audit

Our assessment of audit risk and group materiality determines the audit scope for each entity within the Group, this then allows us to form an opinion on the Group Financial Statements. The Group engagement team completed statutory audits in line with the ISAs (UK) for UP Global Sourcing Holdings plc, and UP Global Sourcing UK Limited. These entities account for 99 % of the Group's total assets, 100 % of the Group's revenue and 99 % of the Group's profit before tax. The remainder of the Group was not therefore considered significant and our work was limited to high level analytical procedures.

Other Information

The other information comprises the information included in the annual report other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in

the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 90**– the statement given by the directors that they consider the annual report and Financial Statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting set out on pages 43 to 49**– the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 36**– the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions on Other Matters Prescribed by the Companies Act 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit, the information given in the strategic report and the Directors' report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements and those reports have been prepared in accordance with applicable legal requirements.

Financial Statements

Independent Auditors Report continued

Matters on Which We are Required to Report by Exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company Financial Statements or the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on pages 90 and 91, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for

no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our auditor's report.

Other Matters Which we are Required to Address

Following the recommendation of the audit committee, we were appointed by the Board of Directors to audit the Financial Statements for the year ending 31 July 2016 and subsequent financial periods, subject to annual reappointment by the shareholders. The period of total uninterrupted engagement is 2 years, covering the years ending 31 July 2016 to 31 July 2017.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

BDO LLP

Gary Harding (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Manchester, UK

6 November 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Financial Statements

Consolidated Income Statement

		Year ended 31 July 2017	Year ended 31 July 2016 (Restated)
	Note	£'000	£'000
Continuing Operations			
Revenue	6	109,953	79,028
Cost of sales		(85,386)	(60,114)
Gross profit		24,567	18,914
Administration expenses before exceptional items and share based payment charges		(13,444)	(10,968)
Profit from operations before exceptional items and share based payment charges		11,123	7,946
Exceptional administration expenses	7	(3,152)	(1,246)
Share based payment charges	7	(80)	-
Administration expenses		(16,676)	(12,214)
Profit from operations	8	7,891	6,700
Finance costs	11	(464)	(441)
Profit before taxation		7,427	6,259
Income tax	12	(1,852)	(1,361)
Profit for the period		5,575	4,898
		Pence	Pence
Earnings per share – basic	13	7.2	6.6
Earnings per share – diluted	13	7.1	6.6

Financial Statements

Consolidated Statement of Comprehensive Income

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Profit for the period	5,575	4,898
Other comprehensive (expense)/income		
<i>Items that may subsequently be reclassified to income statement:</i>		
Fair value movements on cash flow hedging instruments	(193)	441
Hedging instruments recycled through the income statement at the end of hedging relationships	(441)	-
Foreign currency retranslation	1	19
Other comprehensive (expense)/income for the period	(633)	460
Total comprehensive income for period attributable to the equity holders of the company	4,942	5,358

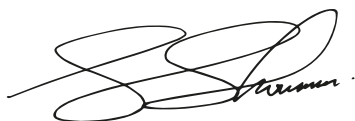
Financial Statements

Consolidated Statement of Financial Position

		As at 31 July 2017	As at 31 July 2016	As at 31 July 2015
	Note	£'000	£'000	£'000
Assets				
Property, plant and equipment	15	1,715	970	598
Deferred tax	17	162	209	252
Total non-current assets		1,877	1,179	850
Inventories	18	11,064	10,545	7,730
Trade and other receivables	19	11,745	16,231	11,036
Current tax		481	-	-
Cash and cash equivalents	20	91	136	58
Total current assets		23,381	26,912	18,824
Total assets		25,258	28,091	19,674
Liabilities				
Trade and other payables	21	(12,516)	(16,403)	(10,632)
Current tax		-	(478)	(468)
Borrowings	22	(1,518)	(7,132)	(3,055)
Total current liabilities		(14,034)	(24,013)	(14,155)
Net current assets		9,347	2,899	4,669

		As at 31 July 2017	As at 31 July 2016	As at 31 July 2015
	Note	£'000	£'000	£'000
Borrowings	22	(4,431)	(2,884)	(2,525)
Total non-current liabilities		(4,431)	(2,884)	(2,525)
Total liabilities		(18,465)	(26,897)	(16,680)
Net assets		6,793	1,194	2,994
Equity				
Share capital	24	205	184	185
Share premium	26	2	2	12,322
Capital reserve	28	-	-	4,909
Hedging reserve	26	(193)	441	-
Retained earnings	26	6,779	567	(14,422)
Equity attributable to owners of the company		6,793	1,194	2,994

These Financial Statements were approved by the Board of Directors and authorised for issue on 6 November 2017 and signed on its behalf by:



Simon Showman
Chief Executive Officer

Company registered number: 5432142



Graham Screawn
Chief Financial Officer

Financial Statements

Company Statement of Financial Position

		As at 31 July 2017	As at 31 July 2016	As at 31 July 2015
	Note	£'000	£'000	£'000
Assets				
Investments	16	16,741	16,661	16,661
Total non-current assets		16,741	16,661	16,661
Trade and other receivables	19	6,033	6,002	2,951
Total current assets		6,033	6,002	2,951
Total assets		22,774	22,663	19,612
Liabilities				
Trade and other payables	21	(208)	(2,756)	(6,422)
Current tax		(82)	-	-
Borrowings	22	-	-	(6,919)
Total current liabilities		(290)	(2,756)	(13,341)
Net current assets/(liabilities)		5,743	3,246	(10,390)

		As at 31 July 2017	As at 31 July 2016	As at 31 July 2015
	Note	£'000	£'000	£'000
Borrowings	22	(3,843)	(7,198)	(2,525)
Total non-current liabilities		(3,843)	(7,198)	(2,525)
Total liabilities		(4,133)	(9,954)	(15,866)
Net assets		18,641	12,709	3,746
Equity				
Share capital	24	205	184	185
Share premium	26	2	2	12,322
Capital reserve	28	-	-	4,909
Hedging reserve	26	-	(7)	-
Retained earnings	26	18,434	12,530	(13,670)
Total equity		18,641	12,709	3,746

The Company's profit for the year was £7,354,000 (2016 – £16,128,000) and the total comprehensive income for the year was £7,361,000 (2016 – £16,121,000).

These Financial Statements were approved by the Board of Directors and authorised for issue on 6 November 2017 and signed on its behalf by:



Simon Showman
Chief Executive Officer

Company registered number: 5432142



Graham Screawn
Chief Financial Officer

Financial Statements

Consolidated Statement of Changes in Equity

	Share capital	Share premium	Capital reserve	Hedging reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 May 2014	433	20	-	-	(18,333)	(17,880)
Profit for the period	-	-	-	-	3,573	3,573
Foreign currency retranslation	-	-	-	-	138	138
Total comprehensive income for the year	-	-	-	-	3,711	3,711
<i>Transactions with shareholders:</i>						
Issue of shares	1	12,302	-	-	-	12,303
Reclassification of debt to equity	-	-	4,909	-	-	4,909
Purchase of own shares	-	-	-	-	(49)	(49)
Capital reduction	(249)	-	-	-	249	-
As at 31 July 2015	185	12,322	4,909	-	(14,422)	2,994
Profit for the year	-	-	-	-	4,898	4,898
Foreign currency retranslation	-	-	-	-	19	19
Cash flow hedging movement	-	-	-	441	-	441
Total comprehensive income for the year	-	-	-	441	4,917	5,358
<i>Transactions with shareholders:</i>						
Dividends payable	-	-	-	-	(2,250)	(2,250)
Capital reduction	(1)	(12,320)	-	-	12,322	1
Repayment of loan notes	-	-	(4,909)	-	-	(4,909)
As at 31 July 2016	184	2	-	441	567	1,194

	Share capital	Share premium	Capital reserve	Hedging reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the year	-	-	-	-	5,575	5,575
Foreign currency retranslation	-	-	-	-	1	1
Cash flow hedging movement	-	-	-	(634)	-	(634)
Total comprehensive income for the year	-	-	-	(634)	5,576	4,942
<i>Transactions with shareholders:</i>						
Dividends payable	-	-	-	-	(1,530)	(1,530)
Issue of shares – exercise of share options	21	-	-	-	-	21
Share based payments	-	-	-	-	80	80
Current tax on share schemes	-	-	-	-	2,086	2,086
As at 31 July 2017	205	2	-	(193)	6,779	6,793

Financial Statements

Company Statement of Changes in Equity

	Share capital	Share premium	Capital reserve	Hedging reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 May 2014	433	20	-	-	(22,412)	(21,959)
Profit for the period	-	-	-	-	8,542	8,542
Total comprehensive income for the year	-	-	-	-	8,542	8,542
<i>Transactions with shareholders:</i>						
Issue of shares	1	12,302	-	-	-	12,303
Reclassification of debt to equity	-	-	4,909	-	-	4,909
Purchase of own shares	-	-	-	-	(49)	(49)
Capital reduction	(249)	-	-	-	249	-
As at 31 July 2015	185	12,322	4,909	-	(13,670)	3,746
Profit for the year	-	-	-	-	16,128	16,128
Cash flow hedging movement	-	-	-	(7)	-	(7)
Total comprehensive income for the year	-	-	-	(7)	16,128	16,121
<i>Transactions with shareholders:</i>						
Dividends payable	-	-	-	-	(2,250)	(2,250)
Capital reduction	(1)	(12,320)	-	-	12,322	1
Repayment of loan notes	-	-	(4,909)	-	-	(4,909)
As at 31 July 2016	184	2	-	(7)	12,530	12,709

	Share capital	Share premium	Capital reserve	Hedging reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
Profit for the year	-	-	-	-	7,354	7,354
Cash flow hedging movement	-	-	-	7	-	7
Total comprehensive income for the year	-	-	-	7	7,354	7,361
<i>Transactions with shareholders:</i>						
Dividends payable	-	-	-	-	(1,530)	(1,530)
Issue of shares – exercise of share options	21	-	-	-	-	21
Share based payments	-	-	-	-	80	80
As at 31 July 2017	205	2	-	-	18,434	18,641

Financial Statements

Consolidated Statement of Cash Flows

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Net cash flow from operating activities		
Profit for the period	5,575	4,898
Adjustments for:		
Finance costs	464	441
Gain on disposal of non-current assets	(5)	-
Income tax expense	1,852	1,361
Depreciation and impairment	394	280
Share based payments	80	-
Income taxes paid	(678)	(1,309)
Working capital adjustments		
Increase in inventories	(519)	(2,815)
Decrease/(increase) in trade and other receivables	4,049	(4,740)
(Decrease)/increase in trade and other payables	(1,790)	5,545
Net cash from operations	9,422	3,661
Cash flows used in investing activities		
Purchase of property, plant and equipment	(1,162)	(652)
Proceeds from disposal of property, plant and equipment	28	-
Net cash used in investing activities	(1,134)	(652)

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Cash flows used in financing activities		
Purchase of own shares	-	(18)
Issue of share capital	21	-
Proceeds from borrowings	-	8,891
Repayment of borrowings	(4,085)	(3,294)
Repayment of loan notes	-	(6,059)
Debt issue costs paid	(38)	(142)
Dividends paid	(3,780)	-
Interest paid	(451)	(2,316)
Net cash used in finance activities	(8,333)	(2,938)
Net (decrease)/increase in cash and cash equivalents	(45)	71
Cash and cash equivalents brought forward	136	58
Exchange gains on cash and cash equivalents	-	7
Cash and cash equivalents carried forward	91	136

Financial Statements

Company Statement of Cash Flows

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Net cash flow from operating activities		
Profit for the period	7,354	16,128
Adjustments for:		
Finance and dividend income	(8,710)	(16,271)
Finance costs	142	149
Income tax expense/(credit)	83	(7)
Income taxes paid	2	5
Working capital adjustments		
Increase in trade and other receivables	(31)	-
(Decrease)/increase in trade and other payables	(291)	318
Net cash from operations	(1,451)	322
Cash flows from investing activities		
Dividends received	8,070	16,082
Interest received	640	189
Net cash from investing activities	8,710	16,271

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Cash flows used in financing activities		
Issue of share capital	21	-
Proceeds from borrowings	1,075	2,800
Repayment of borrowings	(4,453)	(3,886)
Repayment of inter-company loans	-	(13,324)
Debt issue costs paid	-	(78)
Dividends paid	(3,780)	(2,105)
Interest paid	(122)	-
Net cash used in finance activities	(7,259)	(16,593)
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents brought forward	-	-
Cash and cash equivalents carried forward	-	-

Financial Statements

Notes to the Financial Statements

1. General Information

UP Global Sourcing Holdings plc ('the Company') and its subsidiaries (together 'the Group') is a supplier of branded, value-for-money household products to global markets.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is UP Global Sourcing Holdings plc, Manor Mill, Victoria Street, Chadderton, Oldham OL9 0DD. UK.

2. Basis of Preparation

The consolidated Group Financial Statements and Company Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. These are the first set of Financial Statements presented in accordance with IFRS, the accounts for the year ended 31 July 2016 were presented in accordance with FRS 102 – The Financial Reporting Standard in the UK and Republic of Ireland. The impact of the transition to IFRS is considered in note 32. The consolidated Group Financial Statements and Company Financial Statements are presented in Sterling, generally rounded to the nearest thousand. The Financial Statements are prepared on the historical cost basis, except for certain financial instruments

and share based payments that have been measured at fair value.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented an income statement or a statement of comprehensive income for the Company alone.

Going Concern Basis

The Group meets its day-to-day working capital requirements through its bank facilities. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group's forecasts and projections, taking account of reasonable sensitivities, show that the Group should be able to operate within available facilities. The Group therefore continues to adopt the going concern basis in preparing its consolidated and company Financial Statements.

3. Accounting Policies

The principal accounting policies adopted are set out below.

Basis of Consolidation

The consolidated Financial Statements incorporate the assets, liabilities, income and expenses of the Company and entities controlled by the Company (its subsidiaries) made up to the Company's accounting reference date. Control

is achieved when the Company has the power over the investee, is exposed or has rights to variable return from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date that the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intra Group assets and liabilities, equity, income, expenses and cash flows, relating to transactions between the members of the Group, are eliminated on consolidation.

The results of overseas subsidiaries are translated at the monthly average rates of exchange during the period and their statements of financial position at the rates ruling at the reporting date. Exchange differences arising

on translation of the opening net assets and on foreign currency borrowings or deferred consideration, to the extent that they hedge the Group's investment in such subsidiaries, are reported in the statement of comprehensive income. All Financial Statements are drawn up to 31 July 2017.

Currencies

Presentational Currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Group operates which is Sterling (£).

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign exchange gains and losses, resulting from the settlement of such transactions and from the translation at year-end exchange rates

Financial Statements

Notes to the Financial Statements continued

of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Revenue Recognition & Rebates

Revenue is recognised once the risks and rewards of ownership have transferred. This can vary depending upon the method of dispatch. Revenue is recognised either on dispatch, receipt by customer or upon delivery to a transport company if appropriate insurance is in place. Revenue is measured as the fair value of the consideration received or receivable and represents the amount receivable for goods supplied and services rendered, net of returns and expected returns, discounts and rebates given by the Group to customers.

Rebates payable to customers are recognised in line with relevant contractual terms. Rebates payable to customers are charged directly to the income statement over the period to which they relate and are recognised as a deduction from revenue.

Property, Plant & Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working

condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Fixtures, fittings and equipment – 16–50 %
Motor vehicles – 25 %

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Inventories

Inventories are valued using a first in, first out method and are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in the normal course of business in bringing the products to their present location and condition.

At the end of each reporting period inventories

are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the income statement. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the income statement.

Income tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

Current Income Tax

Current tax is based upon taxable income for the year and any adjustment to tax from previous years. Taxable income differs from net income in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years or that are never taxable or deductible. The calculation uses the latest tax rates for the year that have been enacted or substantively enacted by the dates of the Statement of Financial Position.

Deferred Tax

Deferred tax is calculated at the latest tax rates that have been substantively enacted by the reporting date that are expected to apply when

settled. It is charged or credited in the Statement of Comprehensive Income, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable income and is accounted for using the liability method. Deferred tax liabilities and assets are not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority, on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals

Financial Statements

Notes to the Financial Statements continued

payable under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the term of the relevant lease.

Payroll Expense & Related Contributions

The Group provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Pension Costs

The Group operates a defined contribution pension scheme for employees. The annual contributions payable are charged to profit or loss.

Share Based Compensation

The Group issues share based payments to certain employees and Directors. Equity-settled, share based payments are measured at fair value at the date of grant and expensed on a straight-line basis over the vesting period, along with a corresponding increase in equity.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-

market based vesting conditions. The impact of any revision is recognised in profit or loss, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Monte Carlo model, taking into consideration the best estimate of the expected life of the option and the estimated number of shares that will eventually vest.

Dividends

Dividends are recognised as a liability and deducted from equity at the time they are declared. Otherwise dividends are disclosed if they have been proposed or declared after the year end and before the relevant Financial Statements are approved.

Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument.

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade & Other Receivables

Trade and other receivables and amounts owed by group undertakings are classified as loans

and receivables and recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash & Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade & Other Payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method. This method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

Borrowings

Interest-bearing overdrafts and invoice discounting facilities are classified as other liabilities. They are initially recorded at fair value, which represents the fair value of the

consideration received, net of any direct transaction costs associated with the relevant borrowings. Borrowings are subsequently stated at amortised cost and finance charges are charged to profit or loss over the term of the instrument using an effective rate of interest. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accruals basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Classification as Debt or Equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Derivatives

Derivatives are initially recognised at the fair value on the date that the derivative contract is

Financial Statements

Notes to the Financial Statements continued

entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives are recognised in the income statement within finance costs or income as appropriate, unless they are included in a hedging arrangement. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Hedging Arrangements

The Group applies hedge accounting in respect of forward foreign exchange contracts held to manage the cash flow exposures of forecast transactions denominated in foreign currencies. Forward foreign exchange contracts are held to manage exchange rate exposures and are designated as cash flow hedges of foreign currency exchange rates.

The Group also applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, which are deemed to be effective, are recognised directly in equity within a cash flow hedging reserve. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change of the fair value of the hedging instrument since

inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income is frozen and recognised in profit or loss. Subsequent changes in the fair value of the derivative are recognised in profit or loss. If, at any point, the hedged transaction is no longer expected to occur, the cumulative gain or loss is reclassified from the cash flow hedge reserve to profit or loss immediately.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk are also recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the Group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to the profit or loss account. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss within finance expense or finance income.

Accounting Developments

New standards, amendments and interpretations adopted in the preparation of the Financial Statements

The IASB and IFRIC have issued the following standards and interpretations, which have been adopted by the Group. The adoption of these standards and interpretations has not had a material impact on the Group.

Standard	Key requirements
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	The amendments, which were developed through the IFRS Interpretations Committee, provide clarification on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments and share-based payment transactions with a net settlement feature for withholding tax obligations.
Annual Improvements to IFRSs (2014–2016 Cycle)	<p>IFRS 1 First-time Adoption of International Financial Reporting Standards – IFRS 1 has been amended to remove short-term exemptions dealing with IFRS 7 Financial Instruments: Disclosures, IAS 19 Employee Benefits and IFRS 10 Consolidated Financial Statements. The reliefs provided are no longer applicable and had been available to entities for reporting periods that have now passed.</p> <p>IFRS 12 Disclosure of Interests in Other Entities – Amendments have been made to clarify the scope of IFRS 12. Specifically it clarifies that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. The standard as amended therefore makes it clear that it is only the disclosure requirements set out in paragraphs B10 – 16 that do not need to be provided for entities within the scope of IFRS 5.</p>

Financial Statements

Notes to the Financial Statements continued

Standard	Key requirements
IFRIC22 Foreign Currency Transactions and Advance Consideration	IFRIC 22 addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency (e.g. a prepayment or deferred income).
Amendments to IAS 40: Transfers of Investment Property	IAS 40 requires a property to be transferred to, or from, investment property only when there is a change in use. The amendment clarifies that a change in management's intentions for the use of a property does not in isolation provide evidence of a change in use. This is because management's intentions, alone, do not provide evidence of a change in use. An entity must, therefore, have taken observable actions to support such a change.
IFRIC 23 Uncertainty over Income Tax Treatments	It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. IAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides requirements that add to the requirements in IAS 12 by addressing a number of issues when there is uncertainty over income tax treatments.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 August 2016 and not early adopted

The IASB and IFRIC have issued the following standards and interpretations with effective dates as noted below:

Standard	Key requirements	Effective Date (for Annual Periods Beginning On or After)
IFRS 9, Financial Instruments	<p>The standard is expected to impact the classification and measurement of financial assets.</p> <p>It introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for the credit event to have occurred before a credit loss is recognised.</p> <p>It also introduces a new hedge accounting model that is designed to more closely align with how entities undertake risk management activities when hedging financial and non-financial risk exposures.</p> <p>The standard also introduces additional disclosure requirements.</p> <p>This is currently being considered by the Directors, although this will affect the classification of certain financial instruments in the Company's Statement of Financial Position, the Directors do not currently believe that the standard will have a material impact on the group's statement of financial position.</p> <p>The level of impairment of certain financial instruments such as trade receivables may increase under the expected loss model but this is yet to be assessed by the Directors.</p>	1 January 2018

Financial Statements

Notes to the Financial Statements continued

Standard	Key requirements	Effective Date (for Annual Periods Beginning On or After)
IFRS 15, Revenue from Contracts with Customers	<p>The standard specifies how and when a Company will recognise revenue, as well as requiring such entities to provide users of Financial Statements with more informative, relevant disclosures. The standard provides a single, principles-based five-step model to apply to all contracts with customers.</p> <p>This standard is currently being considered by the Directors. Although the standard will increase disclosure requirements in the Group Financial Statements, the Directors do not believe that the standard will have a material impact of the Group's income statement. The main impact on the Group's statement of financial position will be the consideration of sales with a right to return which could lead to an increase in the inventory and current liabilities in the Group Financial Statements. This will have no effect on the Group income statement and the quantum of any adjustment has yet to be assessed by the Directors.</p>	1 January 2018
IFRS 16, Leases	<p>The new standard recognises a leased asset and a lease liability for almost all leases and requires them to be accounted for in a consistent manner. This introduces a single lessee accounting model and eliminates the previous distinction between an operating lease and a finance lease.</p> <p>This is likely to have an impact on the income statement and statement of financial position due to the change in accounting policy on the Group's leased assets, which is currently being considered by the Directors.</p>	1 January 2019

4. Critical Accounting Estimates & Judgements

The preparation of these Financial Statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported results. Actual results could differ from these estimates. Information about such judgements and estimations is contained in individual accounting policies.

The key sources of estimation uncertainty, that could cause an adjustment to be required to the carrying amount of an asset or liability within the next accounting period, are outlined below:

Inventory Provisioning

The Group sources, imports and sells products across a range of categories including small domestic appliances, audio, laundry, housewares, heating and cooling and luggage, and is subject to changing consumer demands and trends. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumptions

around anticipated saleability of finished goods. The carrying amounts of inventory provisions are disclosed in note 18.

Customer Rebates

The Group makes estimates of the amounts likely to be paid to customers in respect of rebate arrangements. When making these estimates, management takes account of contractual customer terms, as well as estimates of likely sales volumes, to determine the rates at which rebates should be accrued in the Financial Statements. The carrying amount of rebate provisions at the balance sheet date is £1,076,000 (2016 - £1,262,000).

Valuation of Derivatives Held at Fair Value through Profit & Loss

In estimating the fair value of an asset or a liability, the Group uses market observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third-party qualified valuers to perform the valuation. The Group works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The carrying amounts of derivatives are disclosed in note 23.

Financial Statements

Notes to the Financial Statements continued

Share Based Payments

The Management Incentive Plan ('MIP Option Scheme') was adopted on 28 February 2017 (see note 25). At exercise, the A ordinary shares in UP Global Sourcing UK Limited can be converted into shares in UP Global Sourcing Holdings plc. The options carry performance criteria based upon the growth in share price following the Group's IPO, subject to a hurdle set at 30 % above the share price at IPO. At the point of exercise, the recipient will receive the value of shares in either cash or shares to the same value, at the discretion of UP Global Sourcing Holdings plc, subject to a cap of 6.25 % of the issued share capital. An assumption is required as to whether the recipient will receive either cash or shares and the assumption has been made that the recipient will receive shares. If the assumption was made that the recipient was to receive cash, then the fair value of the MIP shares would be continually remeasured and an accrual would be included on the Statement of Financial Position.

Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognised is based upon an assessment of the probability that future taxable income will be available, against which the deductible temporary differences and tax loss carry forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties.

5. Operating Segments

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board. The Board is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns that are different to those of

the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance, is based wholly upon the overall activities of the Group. The Group has therefore determined that it has only one reportable segment under IFRS 8.

The results and assets for this segment can be determined by reference to the Statement of Comprehensive Income and Statement of Financial Position.

6. Revenue

Geographical Split by Location:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
United Kingdom	79,534	58,504
Europe	27,285	17,259
USA	806	628
Rest of the World	2,328	2,637
Total	109,953	79,028

Financial Statements

Notes to the Financial Statements continued

Analysis of Revenue by Brand:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Beldray	30,762	19,100
Salter	16,055	12,086
Intempo	10,053	5,843
Russell Hobbs	8,480	6,720
Progress	588	38
Premier brands	65,938	43,787
Other key brands	9,874	9,000
Key brands total	75,812	52,787
Other brands and own label	34,141	26,241
Total	109,953	79,028

Analysis of Revenue by Major Products:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Small domestic appliances	24,632	20,820
Audio	23,710	13,048
Housewares	22,219	15,633
Laundry	15,760	7,974
Heating and cooling	7,430	4,454
Luggage	5,160	4,561
Others	11,042	12,538
Total	109,953	79,028

Analysis of Revenue by Strategic Pillar:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Discount retailers	63,781	38,742
UK supermarkets	10,339	5,301
Online channels	4,568	2,793
Other	78,688	46,836
	31,265	32,192
Total	109,953	79,028

Included in revenue are sales to customers who individually account for over 10 % of the Group's total sales and in total this amounted to approximately £50,604,000 being 2 customers, (2016 – £25,713,000, being 2 customers).

7. Exceptional Items and Share Based Payment Charges

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Shareholder bonuses	2,003	1,246
Initial public offering costs	1,149	-
Share based payment expense (note 25)	80	-
Total	3,232	1,246

Shareholder bonus costs consist of bonus payments based upon certain Group EBITDA performance targets and the cost ceased to accrue after the year ended 31 July 2017.

Initial public offering costs relate entirely to the Group's IPO in the year and therefore are not considered to relate to the Group's underlying performance. The costs incurred comprise principally legal and advisory fees and listing costs.

Financial Statements

Notes to the Financial Statements continued

The share based payment expense relates to the non-cash charge arising on the Management Incentive Plan ("MIP Option Scheme") adopted immediately prior to the IPO, as referred to in note 25.

The above items have been shown separately in the Income Statement to better reflect the performance of the underlying business.

8. Operating Expenses

	Year ended 31 July 2017	Year ended 31 July 2016 (Restated)
	£'000	£'000
The profit/(loss) is stated after charging/(crediting) expenses as follows:		
Inventories recognised as an expense	80,239	55,461
Impairment of inventories	258	236
Staff costs – note 10	10,607	8,758
Exceptional items – note 7	3,152	1,246
Foreign exchange loss/(gain)	114	(379)
Operating lease costs	724	480
Depreciation of owned property, plant and equipment	394	280
Gain on disposal of property, plant and equipment	(5)	-
Other operating expenses	6,578	6,246
Total	102,061	72,328

In the year ended 31 July 2017, the Directors have taken the decision to reclassify to cost of sales, certain costs that had previously been reported as part of both distribution costs and administrative expenses. The Directors believe that the reclassification will better reflect the actual gross margin realised on items sold. The impact on the 2016 year end is the reclassification of £1,194,000 from distribution costs and the reclassification of £556,000 from administrative expenses. The result has been an increase in cost of sales of £1,750,000. This restatement has had no impact upon previously reported profit or equity.

9. Auditor's Remuneration

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	25	5
Fees payable to the Company's auditor and their associates for other services to the Group		
- The audit of the Financial Statements of the Company's subsidiaries	34	24
Total audit fees	59	29
- Audit-related assurance services	10	-
- Corporate finance services	175	-
Total non-audit fees	185	-

Corporate finance services relate entirely to the Group's IPO in the year, are non-recurring and are included within the exceptional IPO costs referred to in note 7.

10. Employee Numbers & Costs

The average monthly number of people employed by the group was:

	Group		Company	
	Year ended 31 July 2017	Year ended 31 July 2016	Year ended 31 July 2017	Year ended 31 July 2016
	Number	Number	Number	Number
Average number of employees (including Directors):				
Sales staff	45	41	-	-
Distribution staff	29	22	-	-
Administrative staff	148	118	2	-
Total	222	181	2	-

Financial Statements

Notes to the Financial Statements continued

The aggregate remuneration of all employees, including Directors, comprises:

	Group		Company	
	Year ended 31 July 2017	Year ended 31 July 2016 (Restated)	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000	£'000	£'000
Wages and salaries	9,454	7,860	86	-
Social security costs	951	767	10	-
Other pension costs	122	131	-	-
Share based payments	80	-	-	-
Total	10,607	8,758	96	-

Details of Directors' remuneration and pension entitlements are disclosed in the Remuneration Report on pages 70 and 71.

Social security costs payable in respect of the Directors were £364,000 (2016 – £272,000)

The aggregate amount of gains made by Directors on the exercise of share options was £1,049,594 (2016 – nil).

2016 wages and salaries have been restated to remove the impact of certain groups of non-employee costs that had previously been included in the above disclosure; this includes various agency and temporary members of staff.

11. Finance Costs

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Interest on bank loans and overdrafts	443	409
Loan note interest payable	-	6
Other interest payable and similar charges	21	26
Total	464	441

12. Taxation

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Current tax		
Current period – UK corporation tax	1,629	1,167
Adjustments in respect of prior periods	5	40
Foreign current tax expense	171	111
Total current tax	1,805	1,318
Deferred tax		
Origination and reversal of temporary differences	40	28
Adjustments in respect of prior periods	(7)	-
Impact of change in tax rate	14	15
Total deferred tax	47	43
Total tax charge	1,852	1,361

Financial Statements

Notes to the Financial Statements continued

Factors Affecting the Tax Charge

Tax is assessed for the period at a rate different to the UK corporation tax rate for the reasons below:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Profit before tax	7,427	6,259
Tax charge at 19.67 % (2016 – 20 %)	1,461	1,252
<i>Recurring:</i>		
Adjustment to tax charge in respect of prior periods	(2)	(9)
Effects of expenses not deductible for tax purposes	63	52
Impact of overseas tax rates	87	58
Effect of difference in corporation tax and deferred tax rates	9	11
Deferred tax not recognised	-	(3)
<i>Non-recurring:</i>		
Effects of expenses not deductible for tax purposes	234	-
Total tax expense	1,852	1,361

Included in the tax charge above is a tax credit relating to the exceptional items of £401,000 (2016 – £249,000).

A tax credit of £2,086,000 has been credited direct to reserves in relation to the EMI scheme.

Factors That May Affect Future Tax Charges

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These included reductions to the main rate to reduce the rate to 19 % from 1 April 2017 and to 18 % from 1 April 2020. Further reductions were announced in the Chancellor's Budget on 16 March 2016, including a reduction in the main rate of corporation tax to 17 % from 1 April 2020.

13. Earnings per Share

Basic earnings per share is calculated by dividing the net income for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period, and uses the number of shares as if they had always been subdivided from £1 shares to 0.25 p shares.

Diluted earnings/(losses) per share amounts are calculated by dividing the profit/(loss) attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, adjusted for the effects of potentially dilutive options. The dilutive effect is calculated on the full exercise of all potentially dilutive ordinary share options granted by the Group, including performance-based options which the Group considers to have been earned.

The calculations of earnings per share are based upon the following:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Profit for the period	5,575	4,898
	Number	Number
Weighted average number of shares – basic	77,254,220	73,863,084
Share options	946,812	-
Weighted average number of shares – diluted	78,201,032	73,863,084
	Pence	Pence
Profit per share – basic	7.2	6.6
Profit per share – diluted	7.1	6.6

Financial Statements

Notes to the Financial Statements continued

14. Dividends

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Interim declared	-	2,250
Final dividend paid in respect of the year ended 31 July 2016	199	-
Interim declared and paid	1,331	-
	1,530	2,250
Per share – (adjusted to reflect the subdivision in note 24)	Pence	Pence
Interim declared	-	3.05
Final dividend paid in respect of the year ended 31 July 2016	0.27	-
Interim declared and paid	1.62	-
	1.89	3.05
Per share – (adjusted to reflect the subdivision in note 24)	Pence	Pence
Interim dividend declared	-	3.05
Final dividend paid in respect of the year ended 31 July 2016	0.27	-
Interim declared and paid	1.62	-
	1.89	3.05

The interim dividend declared in the year ended 31 July 2016 was paid in the year ended 31 July 2017. An interim dividend of 1.62 p per share was approved by the board on 27 April 2017 and was paid on 28 July 2017 to shareholders on record as at 7 July 2017.

The Directors have proposed a final dividend of 3.495 p per share in respect of the year ended 31 July 2017. The dividend is due to be payable on 30 January 2018 to shareholders on record at 5 January 2018.

15. Property, Plant & Equipment

	Fixtures, Fittings and Equipment	Group Motor Vehicles	Total
Cost	£'000	£'000	£'000
As at 1 May 2014	2,092	53	2,145
Additions	412	38	450
Disposals	(124)	(31)	(155)
Foreign exchange adjustment	(1)	-	(1)
As at 31 July 2015	2,379	60	2,439
Additions	635	17	652
Disposals	-	-	-
As at 31 July 2016	3,014	77	3,091
Additions	1,131	31	1,162
Disposals	-	(40)	(40)
As at 31 July 2017	4,145	68	4,213

Financial Statements

Notes to the Financial Statements continued

Accumulated Depreciation & Impairment Losses

	Fixtures, Fittings and Equipment	Group Motor Vehicles	Total
Cost	£'000	£'000	£'000
As at 1 May 2014	1,645	16	1,661
Charge for the period	300	17	317
Disposals	(114)	(22)	(136)
Foreign exchange adjustment	(1)	-	(1)
As at 31 July 2015	1,830	11	1,841
Charge for the period	263	17	280
Disposals	-	-	-
As at 31 July 2016	2,093	28	2,121
Charge for the period	375	19	394
Disposals	-	(17)	(17)
As at 31 July 2017	2,468	30	2,498
Carrying Amount:			
As at 31 July 2015	549	49	598
As at 31 July 2016	921	49	970
As at 31 July 2017	1,677	38	1,715

The depreciation charge for the period has been included in administration expenses in the Income Statement.

There is no residual value on any property, plant and equipment.

The Company held no property, plant and equipment.

16. Investments

	Company		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Carrying value at beginning of the period	16,661	16,661	16,661
Share based payments	80	-	-
Carrying value at end of the period	16,741	16,661	16,661

At 31 July 2017 the Company owned the following subsidiaries:

	Registered Office	Holding	Proportion of Voting Rights and Shares Held	Nature of Business
UP Global Sourcing UK Limited	1	Ordinary shares	100 %	Supply of branded household products
UP Global Sourcing Hong Kong Limited	2	Ordinary shares	100 %	Supply of branded household products

1. Manor Mill, Victoria Street, Chadderton, Oldham OL9 0DD. UK.
2. Unit B, 13th Floor, Yun Tat Commercial Building, No's 70–74 Wuhu Street, Hung Hom, Kowloon, Hong Kong

On 29 November 2016 the following companies were struck off the register of companies and subsequently dissolved – UP Global Sourcing Europe Limited and UP Global Sourcing 2009 Limited.

Financial Statements

Notes to the Financial Statements continued

17. Deferred Tax

Deferred tax consists of the following timing differences:

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Excess of depreciation over taxable allowances	116	166	207
Other temporary differences	46	43	45
	162	209	252

Movement in Deferred Tax in the Period

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Balance brought forward	209	252	502
Movement arising in the period	(47)	(43)	(250)
Balance carried forward	162	209	252

The Directors consider that the deferred tax assets in respect of timing differences and depreciation in excess of capital allowances are recoverable based upon the forecast future taxable profits of the Group.

The Group has also unrecognised deferred tax assets of £705,000 (2016 – £752,000; 2015 – £792,000) in respect of losses carried forward and £nil (2016 – £nil; 2015 – £16,000) in respect of other timing differences.

18. Inventories

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Goods for resale	11,064	10,545	7,730
	11,064	10,545	7,730

Inventories at 31 July 2017 are stated after provisions for impairment of £528,000 (2016 – £368,000, 2015 – £409,000).

19. Trade & Other Receivables

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Trade receivables	10,474	14,686	10,060
Other receivables and prepayments	1,271	1,545	976
	11,745	16,231	11,036

The Directors believe that the carrying value of trade and other receivables represents their fair value. Trade and other receivables are denominated in Sterling, US Dollars, Euros and Canadian Dollars.

Trade and other receivables at 31 July 2017 are stated after provisions for impairment of £82,000 (2016 – £70,000, 2015 – £71,000).

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables at 31 July 2017 is 36 days, (2016 – 52 days, 2015 – 50 days).

Financial Statements

Notes to the Financial Statements continued

Ageing of Past Due but Not Impaired Receivables

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Less than 30 days	1,265	2,392	1,729
31–60 days	152	816	160
61–90 days	50	170	197
91–120 days	99	175	81
	1,566	3,553	2,167

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Credit insurance is also in place.

Details of the Group's credit risk management policies are shown in note 23. The Group does not hold any collateral as security for its trade and other receivables.

Impairment losses recognised in relation to trade receivables were £12,000 at 31 July 2017 (2016 – £1,000 reversal, 2015 – £6,000).

The Group holds invoice discounting facilities, which are secured against the Group's trade receivables. Further information can be found in note 22.

Trade & Other Receivables – Company

	Company		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Amounts owed by group undertakings	6,000	6,000	2,951
Other receivables and prepayments	33	2	-
	6,033	6,002	2,951

20. Cash & Cash Equivalents

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Cash at bank	91	136	58

Bank overdrafts are in constant use by the Group, so on that basis are classed as finance provided to the Group, rather than cash and cash equivalents.

21. Trade & Other Payables

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Trade payables	5,803	7,420	3,174
Accruals and deferred income	6,207	5,670	6,773
Employee tax and social security	506	1,063	667
Other payables	-	2,250	18
	12,516	16,403	10,632

Trade payables principally consist of amounts outstanding for trade purchases and ongoing costs. They are non-interest bearing and are normally settled on 30 to 60 day terms.

The Directors consider that the carrying value of trade and other payables approximates their fair value. Trade and other payables are denominated in both Sterling and US Dollars. UP Global Sourcing Holdings plc has financial risk management policies in place to ensure that all payables are paid within the credit timeframe and no interest has been charged by any suppliers as a result of late payment of invoices during the period.

Financial Statements

Notes to the Financial Statements continued

Trade & Other Payables – Company

	Company		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Amounts owed to group undertakings	-	-	4,217
Accruals and deferred income	208	170	2,187
Employee tax and social security-		336	-
Other payables	-	2,250	18
	208	2,756	6,422

22. Borrowings

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Current			
Bank overdraft and invoice discounting	1,016	3,198	1,482
Import loans	534	3,976	928
Bank term loan	-	-	750
	1,550	7,174	3,160
Less: Unamortised debt issue costs	(32)	(42)	(105)
	1,518	7,132	3,055

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Non-current			
Bank term loan	-	-	1,375
2014 A loan notes	-	-	1,000
2014 B loan notes	-	-	75
2014 C loan notes	-	-	75
Revolving credit facility	4,499	2,959	-
	4,499	2,959	2,525
Less: Unamortised debt issue costs	(68)	(75)	-
	4,431	2,884	2,525
Total borrowings	5,949	10,016	5,580
The earliest that the lenders of the above borrowings require repayment is as follows:			
In less than one year	1,550	7,174	3,160
Between two and five years	4,499	2,959	2,525
In more than five years	-	-	-
Less: Unamortised debt issue costs	(100)	(117)	(105)
	5,949	10,016	5,580

Financial Statements

Notes to the Financial Statements continued

Borrowings – Company

	Company		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Current			
Bank overdraft and invoice discounting	-	-	6,235
Bank term loan	-	-	750
	-	-	6,985
Less: Unamortised debt issue costs	-	-	(66)
	-	-	6,919

	Company		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Non-current			
Bank term loan	-	-	1,375
2014 A loan notes	-	-	1,000
2014 B loan notes	-	-	75
2014 C loan notes	-	-	75
Revolving credit facility	3,895	7,273	-
	3,895	7,273	2,525
Less: Unamortised debt issue costs	(52)	(75)	-
	3,843	7,198	2,525
Total borrowings	3,843	7,198	9,444

	Company		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
The earliest that the lenders of the above borrowings require repayment is as follows:			
In less than one year	-	-	6,985
Between two and five years	3,895	7,273	2,525
In more than five years	-	-	-
Less: Unamortised debt issue costs	(52)	(75)	(66)
	3,843	7,198	9,444

The Group is funded by external banking facilities provided by HSBC. On 22 July 2016, the Group refinanced and entered into new banking facilities with HSBC. The new facilities run to June 2020, providing the ongoing funding of the Group and comprise a revolving credit facility of £6.2 m, an invoice discounting facility, the limit of which was increased by £2 m on 27 January 2017 to £17 m and an import loan facility, which was increased by £1.75 m to £6.5 m on 22 June 2017. The import loan facility is ancillary to the revolving credit facility, is repayable on demand and subject to annual review.

Current bank borrowings include a gross amount of £1,016,000 at 31 July 2017 (2016 – £3,198,000, 2015 – £313,000) due under invoice discounting facilities, which are secured by an assignment of, and fixed charge over the trade debtors of UP Global Sourcing UK Limited. Furthermore, current bank borrowings include an amount of £534,000 at 31 July 2017, (2016 – £3,976,000, 2015 – £928,000) due under an import loan facility, which are secured by a general letter of pledge providing security over the stock purchases financed under that facility.

At 31 July 2017 total bank borrowings are net of £100,000, (2016 – £117,000, 2015 – £105,000) of fees which are being amortised over the length of the relevant facilities.

The 2014 A, B and C loan notes were secured by a second fixed and floating charge over the assets of the Group. No interest was payable on the 2014 A loan notes and interest was charged at a fixed rate of 10 % per annum on the 2014 B and C loan notes. During the year to 31 July 2016, the 2014 A, B and C loan notes were repaid in full along with any interest accrued to the date of repayment thereon.

Financial Statements

Notes to the Financial Statements continued

23. Financial instruments

Principal Financial Instruments

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Trade and other receivables	10,491	15,159	10,061
Trade and other payables	12,010	15,340	9,965
Borrowings	5,949	10,016	5,580
Cash and cash equivalents	91	136	58

Financial Assets

The Group held the following financial assets at amortised cost:

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Cash and cash equivalents	91	136	58
Trade receivables	10,474	14,686	10,060
	10,565	14,822	10,118

Financial Liabilities

The Group held the following financial liabilities, classified as other financial liabilities at amortised cost:

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Trade payables	5,803	7,420	3,174
Loans	5,949	10,016	5,580
Other payables	6,207	7,870	6,791
	17,959	25,306	15,545

Financial Assets/(Liabilities)

The Group held the following financial assets/(liabilities), classified as fair value through profit and loss on initial recognition:

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Forward currency contracts	(200)	417	1
Interest rate swaps	4	(13)	-
Interest rate caps	13	19	-
	(183)	423	1

Financial Statements

Notes to the Financial Statements continued

Derivative Financial Instruments – Forward Contracts

The Group mitigates the exchange rate risk for certain foreign currency trade debtors and creditors by entering into forward currency contracts. At 31 July 2017, the outstanding contracts all mature within 12 months of the period end (2016 – 10 months; 2015 – 11 months). At 31 July 2017, the Group was committed to buy \$11,650,000, to sell \$3,500,000, to sell €7,050,000 and to sell CA \$nil, paying and receiving respectively a fixed Sterling amount (2016 – to buy \$10,000,000, to sell \$nil, to sell €850,000 and to sell CA\$85,000; 2015 – to buy \$4,650,000, to sell \$nil, to sell €2,950,000 and to sell CA \$nil). The forward currency contracts are measured at fair value using the relevant exchange rates for GBP:USD, GBP:EUR and GBP:CA\$. The fair value of the contracts at 31 July 2017 is a liability of £200,000 (2016 – £417,000 asset; 2015 – £1,000 asset).

Forward currency contracts are valued using level 2 inputs. The valuations are calculated using the period end forward rates for the relevant currencies, which are observable quoted values at the period end dates. Valuations are determined using the hypothetical derivative method, which values the contracts based upon the changes in the future cash flows, based upon the change in value of the underlying derivative.

All of the forward contracts to buy US Dollars and some of those to sell Euros meet the conditions for hedge accounting, as set out in the accounting policies in note 3.

The fair value of forward contracts that are effective in offsetting the exchange rate risk is a liability of £197,000, which has been recognised in other comprehensive income and will be released to profit or loss at the end of the term of the forward contracts that expire within 12 months. The cash flows in respect of the forward contracts will occur over the course of the 12 months to 31 July 2017.

Derivative Financial Instruments – Interest Rate Swaps

The Group has entered into an interest rate swap to hedge the exposure to interest rate movements on the Group's revolving credit facility. The swap is based upon a principal amount of £2,000,000 until 31 July 2018 and exchanges the exposure to a LIBOR interest rate to a fixed rate of 0.39 %. The fair value of the swap at 31 July 2017 is £nil, (2016 – £7,000 liability; 2015: £nil).

In addition, the Group has entered into an interest rate swap to hedge the Group's exposure to interest rate movements on the Group's invoice discounting facility. The swap is based upon a principal amount of £1,000,000 until 31 December 2019 and exchanges the exposure to Base Rate interest charges to a

fixed rate of 0.31 %. The fair value of the swap at 31 July 2017 is an asset of £4,000 (2016 – £6,000 liability; 2015 – £nil).

Interest rate swaps are valued using level 2 inputs. The valuations are based upon the notional value of the swaps, the current available market borrowing rate and the swapped interest rate. The valuation is based upon the current valuation of the present saving or cost of the future cash flow differences, based upon the difference between the swapped interest rate and the expected interest rate as per the lending agreement.

All interest rate swaps meet the conditions for hedge accounting, as set out in the accounting policies in note 3.

The fair value of variable to fixed interest rate swaps that are effective in offsetting the variable interest rate risk on variable rate debt is an asset of £4,000, which has been recognised in other comprehensive income and will be released to profit or loss over the term of the swap agreements. The agreements expire between 31 July 2018 and 31 July 2019. The cash flows in respect of the swaps occur monthly over the effective lifetime of the swaps.

Derivative Financial Instruments – Interest Rate Caps

Along with the interest rate swaps referred to above, the Group has entered into interest rate

cap agreements to protect the exposure to interest rate movements on the Group's banking facilities. The interest rate caps are measured at fair value, being the market value of the cap at the balance sheet date. At 31 July 2017, the Company had entered into an agreement to cap LIBOR interest rates at 1 % until 31 December 2019 on a principal amount of £2,000,000. The fair value of the interest rate cap at 31 July 2017 was an asset of £3,000 (2016 – £6,000 asset; 2015 – £nil).

In addition, at 31 July 2017, the Group has entered into further agreements to cap LIBOR interest rates at 1 % until 31 December 2019 on a principal amount of £2,000,000 and to cap LIBOR interest rates at 2 % on a principal amount of £5,095,000, reducing to £3,080,000 by 31 December 2019. The fair value of the interest rate caps at 31 July 2017 was an asset of £10,000 (2016 – £13,000 asset, 2015 – £nil).

Interest rate caps are valued using level 2 inputs. The valuations are based upon the notional value of the caps, the current available market borrowing rate and the capped interest rate. The valuation is based upon the current valuation of the present saving or cost of the future cash flow differences, based upon the difference between the capped interest rate and the expected interest rate as per the lending agreement.

Financial Statements

Notes to the Financial Statements continued

The following is a reconciliation of the financial instruments to the statement of financial position:

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Trade receivables	10,474	14,686	10,060
Forward currency contracts	-	454	1
Interest rate caps	13	19	-
Interest rate swaps	4	-	-
Prepayments and other receivables not classified as financial instruments	1,254	1,072	975
Trade and other receivables (note 19)	11,745	16,231	11,036

	Group		
	31 July 2017	31 July 2016	31 July 2015
	£'000	£'000	£'000
Trade and other payables	11,810	15,290	9,965
Forward currency contracts	200	37	-
Interest rate swaps	-	13	-
Employee tax and social security not classified as financial instruments	506	1,063	667
Trade and other payables (note 21)	12,516	16,403	10,632

The Group's activities expose it to certain financial risks: market risk, credit risk and liquidity risk. The overall risk management programme focuses upon the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors, who identify and evaluate financial risks in close cooperation with key members of staff.

a) **Market Risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

b) **Credit Risk**

Credit risk is the financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Group's cash and cash equivalents and receivables balances. Accordingly, the possibility of material loss arising in the event of non-performance by counter parties is considered to be unlikely. Cash at bank is held with banks with high quality external credit rating.

c) **Liquidity Risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. This risk relates to the Group's prudent liquidity risk management and implies maintaining sufficient cash. The Directors monitor rolling forecasts of the Group's liquidity

and cash and cash equivalents based upon expected cash flow.

Market Risk

The Group's interest bearing liabilities relate to its variable rate banking facilities. 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 and offering protection against market-driven interest rate movements.

The Group's market risk relating to foreign currency exchange rates is commented on separately below.

Credit Risk

The Group's sales are primarily made with credit terms, exposing the Group to the risk of non-payment by customers. The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed regularly by the board. In addition, the Group maintains a suitable level of credit insurance against its debtor book.

Financial Statements

Notes to the Financial Statements continued

Liquidity Risk Management

The Group is funded by external banking facilities provided by HSBC. Within these facilities, the Group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the Group has sufficient available funds for operations and planned expansions.

Foreign Currency Risk Management

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The Group's exposure to foreign currency risk is partially hedged by virtue of invoicing a proportion of its turnover in US Dollars. When necessary, the Group uses foreign exchange forward contracts to further mitigate this exposure.

The following is a note of the assets and liabilities denominated at each period end in US dollars:

	Group		
	31 July 2017	31 July 2016	31 July 2015
	\$'000	\$'000	\$'000
Trade receivables	10,618	11,730	6,453
Other receivables and prepayments	688	849	622
Net cash, overdrafts and revolving facilities	(682)	317	(566)
Import loans	(702)	(5,260)	(1,449)
Invoice discounting	(1,120)	(994)	(274)
Trade payables	(6,421)	(8,234)	(3,643)
	2,381	(1,592)	1,143

The effect of a 20 % strengthening of Sterling at 31 July 2017 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in a decrease to total comprehensive income for the period and a decrease to net assets of £244,000 (2016 – £160,000 increase, 2015 – £98,000 decrease). A 20 % weakening of the exchange rate on the same basis, would have resulted in an increase to total comprehensive income and an increase to net assets of £367,000 (2016 – £241,000 decrease, 2015 – £147,000 increase).

The following is a note of the assets and liabilities denominated at each period end in Euros:

	Group		
	31 July 2017	31 July 2016	31 July 2015
	€'000	€'000	€'000
Trade receivables	346	286	473
Net cash, overdrafts and revolving facilities	(175)	(448)	(23)
Invoice discounting	(177)	(208)	(130)
Trade payables	(18)	(28)	(154)
	(24)	(398)	166

The effect of a 20 % strengthening of Sterling at 31 July 2017 on the foreign denominated financial instruments carried at that date would, all variables held constant, have resulted in an increase to total comprehensive income for the period and an increase to net assets of £3,000 (2016 – £45,000 increase, 2015 – £16,000 decrease). A 20 % weakening of the exchange rate on the same basis, would have resulted in a decrease to total comprehensive income and a decrease to net assets of £4,000 (2016 – £67,000 decrease, 2015 – £23,000 increase).

The Directors have shown a sensitivity movement of 20 % as, due to the current uncertainty given the current economic climate, this is deemed to be the largest potential movement in currency that could occur in the near future.

Financial Statements

Notes to the Financial Statements continued

Capital Risk Management

The Group is funded by equity and loans. The components of shareholders' equity are:

- a) The share capital and share premium account arising on the issue of shares.
- b) The hedging reserve reflecting gains and losses on derivative instruments that have been designated as a hedge, for hedge accounting purposes.
- c) The retained reserve or deficit reflecting comprehensive income to date.

The Group's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long-term. The capital structure of the Group is managed and adjusted to reflect changes in economic conditions. The Group funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from existing bank facilities and profits generated. There are no externally imposed capital requirements. Financing decisions are made based upon forecasts of the expected timing and level of capital and operating expenditure required to meet the Group's commitments and development plans.

Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair values because of the short-term nature of such assets and the effect of discounting liabilities is negligible.

The Group is exposed to the risks that arise from its financial instruments. The policies for managing those risks and the methods to measure them are described earlier in this note.

Maturity of Financial Assets & Liabilities

All of the Group's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year, except for borrowings as disclosed in note 22.

24. Share Capital

Number of Shares in Issue

31 July 2017

Issued and fully paid:	Number	£'000
Ordinary shares of 0.25 p	82,169,600	205
Total shares	82,169,600	205

31 July 2016

Issued and fully paid:	Number	£'000
Ordinary A shares of £1	184,267	184
Total shares	184,267	184

31 July 2015

Issued and fully paid:	Number	£'000
Ordinary A shares of £1	184,267	184
Ordinary C shares of £1	1,000	1
Total shares	185,267	185

Financial Statements

Notes to the Financial Statements continued

Reconciliation of Movements in Share Capital

	Number	£'000
At 1 August 2015	185,267	185
Reduction of capital	(1,000)	(1)
At 31 July 2016	184,267	184
Exercise of share options	21,157	21
Sub-division of share capital	81,964,176	-
At 31 July 2017	82,169,600	205

The following movements arose in the Company's share capital during the year ended 31 July 2017:

- a) 21,157 options in the UP Global Sourcing Holdings EMI Share Option Plan were exercised and the Company allotted 21,157 B Ordinary shares of £1 each;
- b) The Company converted its 184,267 A ordinary shares of £1 each and its 21,157 B ordinary shares of £1 each to 205,424 £1 Ordinary shares; and
- c) The Company subdivided its 205,424 £1 Ordinary shares into 82,169,600 shares with a nominal value of 0.25 p.

Rights of Remaining Share Capital

A ordinary shares carry rights to dividends and other distributions from the Company, as well as carrying voting rights.

25. Share Based Payments

The Group had 2 share option schemes in place during the year ended 31 July 2017 as follows:

1. EMI Option Scheme – 2014

On 12 June 2014, the Company established an enterprise management incentive scheme, the UP Global Sourcing Holdings EMI Share Option Plan ('Plan'), to grant certain employees options to acquire B ordinary shares of £1 each in the Company.

On and around 12 June 2014, the Company granted 21,157 options to certain senior managers within the business. The options had an exercise price of £1 each and could only be exercised in the event of a share sale or listing of the Company. Vesting of the options was subject to continued employment within the UP Global Sourcing Holdings plc Group. At the grant date, the fair value of the options was deemed to be £nil and as such, no charge has been recognised in the income statement.

Immediately preceding the Company's listing on the main market of the London Stock Exchange, the options were exercised, resulting in the issue of 21,157 £1 ordinary shares, which were subsequently subdivided into 0.25 p ordinary shares; with each £1 share being redesignated into 400 0.25 p shares; increasing the total number of shares in issue by 8,462,800.

2. MIP Option Scheme – 2017

On 28 February 2017, immediately preceding the Company's listing on the main market of the London Stock Exchange, a Management Incentive Plan was adopted. The plan is structured as an award of A ordinary shares in UP Global Sourcing UK Limited. The options are granted with a three-year vesting period and can be exercised up to seven years following the vesting date.

At exercise, the A ordinary shares can be converted into shares in UP Global Sourcing Holdings plc. The options carry performance criteria, based upon the growth in share price following IPO, subject to a hurdle set at 30 % above the IPO share price. At the point of exercise, the recipient will receive the value of shares in either cash or shares to the same value, at the discretion of UP Global Sourcing Holdings plc, subject to a cap of 6.25 % of the issued share capital. The shares therefore have an exercise price of £nil for the recipient.

Financial Statements

Notes to the Financial Statements continued

The number and weighted average exercise price of the options in issue were as follows:

	Number of shares under option 2017	Weighted average exercise price 2017	Number of shares under option 2016	Weighted average exercise price 2016
Outstanding at beginning of the period	8,462,800	0.25 p	8,462,800	0.25 p
Exercised during the period	(8,462,800)	(0.25 p)	-	-
Granted during the period	2,258,735	-	-	-
Outstanding at the end of the period	2,258,735	-	8,462,800	0.25 p

The options were valued using the Monte Carlo option pricing model. This model was deemed the most appropriate as it is capable of capturing market-based performance conditions and simulating a number of possible outcomes, allowing the value of each outcome to be assessed.

The total expense recognised relating to share based payments was £80,000 (2016 – £nil).

The inputs to the Monte Carlo model were as follows:

Volatility is a measure of the amount by which the underlying share price is expected to fluctuate over the life of the option. The MIP Shares were awarded in connection with the Company's IPO and as such, there is no historical share price for the Company at 28 February 2017 from which to observe historical volatility.

For newly-listed entities, IFRS 2 states that entities should consider the volatility of comparable listed companies following a comparable period in their lives (i.e. post-IPO).

The Directors identified four comparable companies and have adopted the annualised historical volatility for the comparable companies over the seven-year period prior to the grant date.

31 July 2017

Share price at date of grant	£1.28
Time to expiry (years)	7
Risk-free rate (%)	0.7
Volatility (%)	24
Dividend yield (%)	5.1

26. Reserves

Share Premium

Consideration received for shares issued above their nominal value net of transaction costs.

Hedging Reserve

Gains and losses arising on forward currency contracts and on fixed to floating interest rate swaps that have been designated as hedges for hedge accounting purposes.

Retained Earnings

Cumulative profit and loss net of distributions to owners.

27. Debt for Equity Swap

On 12 June 2014, the Company entered into an agreement with Lloyds Development Capital (Holdings) Limited relating to its interest in the Group, which at 12 June 2014 comprised 200,000 £1 A ordinary shares, £10,800,000 of A loan notes and accrued interest thereon of £4,503,466. The agreement provided for the cancellation of the 200,000 £1 A ordinary shares and for payment of £3,000,000, together with the issue of 1,000 new £1 C ordinary shares in consideration of the release of the entire £10,800,000 A loan notes and accrued interest thereon of £4,503,466.

The 1,000 new £1 C ordinary shares were issued for a total deemed consideration of £12,303,466, of which £12,302,466 has been recognised in share premium. The Group has considered the accounting treatment of this transaction and, in particular, reviewed whether IFRIC 19 should be applied to this transaction. In the view of the Directors, the Company was acting in its capacity as a shareholder and so IFRIC 19 should not be applied. As such, the difference between the liquidated debt amount and the fair value of equity issued is recognised in full in the share premium account, rather than through the income statement. After a review of the shares issued, in the view of the Directors, the fair value of the shares equates to their book value. The transaction was funded by a combination of existing and extended banking facilities and by the issue of new loan notes to existing shareholders totalling £1,150,000, being the 2014 A, B and C loan notes referred to in note 22 above.

On completion of the transaction, the Group was controlled collectively by the holders of the Company's A ordinary shares.

Financial Statements

Notes to the Financial Statements continued

28. Capital Reserve

	31 July 2015 Total
	£'000
B loan notes	4,000
C loan notes	491
D loan notes	384
E loan notes	34
	4,909

Year Ended 31 July 2016

The loan notes for which deeds of variation were entered into were repaid during the year ended 31 July 2016, reducing the capital reserve to £nil (2015 – £4,909,000).

29. Ultimate Controlling Party

In the opinion of the Directors, there is no single controlling party.

30. Related Party Transactions

Remuneration of Key Personnel

Remuneration of key management personnel, considered to be the Directors and the Operating Board of the Group is as follows:

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Short-term remuneration	3,741	2,936
Other pension costs	82	77
	3,823	3,013

Transactions & Balances with Key Personnel

Certain Directors were indebted to the Group in respect of credit transactions. Interest was charged on these transactions at HM Revenue & Customs' official rate of interest.

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
<i>Balances outstanding at each period end:</i>		
S Showman	-	-
B Franks	-	-
<i>Maximum balances outstanding:</i>		
S Showman	29	35
B Franks	2	4

Additionally, Directors purchased goods from the Group during the year to 31 July 2017 and the total for all Directors amounted to £854 (2016 – £836).

Transactions and Balances with Related Companies & Businesses

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Transactions with related companies:		
Rent paid to Ultimate Apartments Pension Scheme	163	160
Rent paid to Heron Mill Limited	241	75
Rent paid to Ultimate Apartments Limited	3	3
Rent paid to Berbar Properties Limited	17	-
Amounts owed by Simbar Properties Limited	-	1

The above companies are related due to common control and Directors. Barry Franks is a trustee and beneficiary of the Ultimate Apartments Pension Scheme. Barry Franks, Andrew Gossage and Simon Showman are directors of Heron Mill Limited. Barry Franks (15 ordinary shares of £1.00 each), Simon Showman (50 ordinary shares of £1.00 each) and A&T Property Investments Limited (20 ordinary shares of £1.00 each) are also shareholders of Heron Mill Limited. Andrew Gossage is a Director of A&T Property Investments Limited. Barry Franks is a director and the sole shareholder of Berbar Properties Limited.

There were no outstanding balances with related companies or businesses at 31 July 2017 or 31 July 2016.

Financial Statements

Notes to the Financial Statements continued

31. Operating Lease Arrangements

	Group	
	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
<i>Outstanding commitments for future minimum lease payments under non-cancellable operating leases were as follows:</i>		
Within one year	764	1,015
In the second to fifth years inclusive	2,115	1,254
In greater than five years	435	297
	3,314	2,566

32. Transition to IFRS

On 1 March 2017, the Group completed an IPO and listed on the main market of the London Stock Exchange. Following the listing, the Group adopted International Financial Reporting Standards ('IFRS') and have followed the principles in IFRS 1 – first time adoption of IFRS.

The main items contributing to the change in financial information, compared with that reported under UK GAAP as at the transition date, are shown below:

IAS 12 – Income Taxes

In accordance with IAS 12 deferred tax assets are disclosed as non-current, which is contrary to FRS 102.

IAS 36 – Impairment

In accordance with IAS 36, the Directors have assessed the carrying value of goodwill and determined it was fully impaired at 1 August 2013. This goodwill had been fully written down under UK GAAP by 31 July 2015, so there is no impact on previously reported equity from this date.

There was no impact on the consolidated statement of cash flows of the Group.

There was no impact on either the income statement, the statement of financial position or the statement of cash flows for the Company.

Income Statement Reconciliation:

	As previously reported – 31 July 2016	IFRS Adjustments	IFRS 31 July 2016
	£'000	£'000	£'000
Revenue	79,028	-	79,028
Cost of sales	(58,364)	-	(58,364)
Gross profit	20,664	-	20,664
Distribution costs	(1,194)	-	(1,194)
Administration expenses	(12,784)	-	(12,784)
Other income	14	-	14
Profit from operations	6,700	-	6,700
Finance income	-	-	-
Finance costs	(441)	-	(441)
Profit before taxation	6,259	-	6,259
Income tax	(1,361)	-	(1,361)
Profit for the year	4,898	-	4,898

Financial Statements

Notes to the Financial Statements continued

Statement of Financial Position Reconciliations:

GROUP	As previously reported at 31 July 2015	IAS 12	IAS 36	IFRS at 31 July 2015
	£'000	£'000	£'000	£'000
Assets				
Intangible assets	-	-	-	-
Property, plant and equipment	598	-	-	598
Deferred tax	-	252	-	252
Total non-current assets	598	252	-	850
Inventories	7,730	-	-	7,730
Trade and other receivables	11,288	(252)	-	11,036
Current tax	-	-	-	-
Cash and cash equivalents	58	-	-	58
Total current assets	19,076	(252)	-	18,824
Total assets	19,674	-	-	19,674
Liabilities				
Trade and other payables	(10,632)	-	-	(10,632)
Current tax	(468)	-	-	(468)
Borrowings	(3,055)	-	-	(3,055)
Total current liabilities	(14,155)	-	-	(14,155)
Net current assets	4,921	(252)	-	4,669
Borrowings	(2,525)	-	-	(2,525)
Total non-current liabilities	(2,525)	-	-	(2,525)
Total liabilities	(16,680)	-	-	(16,680)
Net assets	2,994	-	-	2,994

Statement of Financial Position Reconciliations continued

GROUP	As previously reported at 31 July 2015	IAS 12	IAS 36	IFRS at 31 July 2015
	£'000	£'000	£'000	£'000
Equity				
Share capital	185	-	-	185
Share premium	12,322	-	-	12,322
Capital reserve	4,909	-	-	4,909
Hedging reserve	-	-	-	-
Retained earnings	(14,422)	-	-	(14,422)
Equity attributable to owners of the Company	2,994	-	-	2,994

GROUP	As previously reported at 31 July 2016	IAS 12	IAS 36	IFRS at 31 July 2016
Assets				
Intangible assets	-	-	-	-
Property, plant and equipment	970	-	-	970
Deferred tax	-	209	-	209
Total non-current assets	970	209	-	1,179
Inventories	10,545	-	-	10,545
Trade and other receivables	16,440	(209)	-	16,231
Current tax	-	-	-	-
Cash and cash equivalents	136	-	-	136
Total current assets	27,121	(209)	-	26,912
Total assets	28,091	-	-	28,091

Financial Statements

Notes to the Financial Statements continued

Statement of Financial Position Reconciliations continued

GROUP	As previously reported at 31 July 2016	IAS 12	IAS 36	IFRS at 31 July 2016
	£'000	£'000	£'000	£'000
Liabilities				
Trade and other payables	(16,403)	-	-	(16,403)
Current tax	(478)	-	-	(478)
Borrowings	(7,132)	-	-	(7,132)
Total current liabilities	(24,013)	-	-	(24,013)
Net current assets	3,108	(209)	-	2,899
Borrowings	(2,884)	-	-	(2,884)
Total non-current liabilities	(2,884)	-	-	(2,884)
Total liabilities	(26,897)	-	-	(26,897)
Net assets	1,194	-	-	1,194
Equity				
Share capital	184	-	-	184
Share premium	2	-	-	2
Capital reserve	-	-	-	-
Hedging reserve	441	-	-	441
Retained earnings	567	-	-	567
Equity attributable to owners of the Company	1,194	-	-	1,194

Shareholder Information



Shareholder Information	
Four-Year Summary	172
Company Information	174
Glossary	175

Shareholder Information

Four-Year Summary

ACHIEVING SUSTAINABLE SUCCESS

Set out below are the income statements showing the results for each of the 4 years to 31 July 2017. On 11 July 2014, the Group changed its accounting reference date from 31 July to 30 April. On 5 April 2015, the Group changed its accounting reference date back to 31 July. The Directors believe that the historical information is more helpful when provided as the years ending 31 July 2014 and 2015 and this information was included as an additional disclosure in note 32

of the Historical Financial Information in Section B of Part 10 to the Prospectus issued on 1 March 2017.

As explained in note 8 to the Financial Statements, the Directors have reclassified to cost of sales, certain costs that had previously been reported as part of both distribution costs and administrative expenses. Along with the restatement of the 2016 results referred to in note 8, the impact on the 2014 and 2015 results respectively is the reclassification of £1,129,000 and £1,140,000 from distribution costs and the reclassification of £357,000 and £454,000 from administrative expenses. The result has been an increase in cost of sales of £1,486,000 and £1,594,000 for the years ended 31 July 2014 and 2015 respectively. The restatements have had no impact on previously reported profit or equity.



	Audited year ended 31 July 2017	Audited year ended 31 July 2016 ²	Unaudited ¹ year ended 31 July 2015 ²	Unaudited ¹ year ended 31 July 2014 ²
	£'000	£'000	£'000	£'000
Revenue	109,953	79,028	64,100	52,797
Cost of sales	(85,386)	(60,114)	(48,880)	(41,250)
Gross profit	24,567	18,914	15,220	11,547
Administration expenses	(16,676)	(12,214)	(10,453)	(9,837)
Profit from operations	7,891	6,700	4,767	1,710
Finance income	-	-	-	127
Finance costs	(464)	(441)	(471)	(1,904)
Profit/(loss) before taxation	7,427	6,259	4,296	(67)
Income tax	(1,852)	(1,361)	(738)	(92)
Profit/(loss) for the period	5,575	4,898	3,558	(159)

¹ The information in the table above, in respect of the year ended 31 July 2014 and the year ended 31 July 2015, is unaudited and has been prepared from the Group's accounting records using the accounting policies set out in note 3 to the Financial Statements.

² The results for each of the years ended 31 July 2014, 31 July 2015 and 31 July 2016 were restated in the year to 31 July 2017, to reflect the change in accounting policy to reclassify certain distribution and administration expenses as cost of sales.

Shareholder Information

Four-Year Summary continued

	Audited year ended 31 July 2017	Audited year ended 31 July 2016	Unaudited ¹ year ended 31 July 2015	Unaudited ¹ year ended 31 July 2014
	£'000	£'000	£'000	£'000
EBITDA*	8,280	6,980	5,017	1,980
Underlying EBITDA*	11,512	8,226	5,688	1,980
Underlying EBITDA margin*	10.5 %	10.4 %	8.9 %	3.8 %
Underlying profit/(loss) before tax*	10,659	7,505	4,967	(67)
Underlying profit/(loss) after tax*	8,406	5,895	4,090	(159)
Underlying earnings per share*	10.9 p	8.0 p	5.5 p	(0.1) p

¹ The information in the table above, in respect of the year ended 31 July 2014 and the year ended 31 July 2015, is unaudited and has been prepared from the Group's accounting records using the accounting policies set out in note 3 to the Financial Statements.

Company Information

UP GLOBAL SOURCING HOLDINGS PLC

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Graham Screawn

Auditors

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Registrars

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West Sussex BN99 6DA.

Registered Number

05432142

Glossary

The following definitions apply throughout this Annual Report unless the context requires otherwise:

Term	Definition
'Audit and Risk Committee'	the audit and risk committee of the Board;
'B2C'	business to consumer;
Board'	the board of Directors;
'Company' or 'Ultimate Products'	UP Global Sourcing Holdings plc, a company incorporated in England and Wales with registered number 05432142;
'CY 18'	the calendar year 2018;
'Directors'	the Executive and Non-Executive Directors;
'EBITDA'	Earnings before interest, tax, depreciation and amortisation;
'EMI Scheme'	the Enterprise Management Incentive approved employee share scheme under which share options were granted in 2014;
'ETI Code of Conduct'	Ethical Trading Initiative code based on the conventions of the International Labour Organisation;
'Executive Directors'	Simon Showman, Andrew Gossage and Graham Screawn;
'FCA' or 'Financial Conduct Authority'	the UK Financial Conduct Authority;
'Free Cash Flow'	net cash from operations less net capital expenditure (after deducting disposal proceeds) and less interest paid in the year;
'Free on Board' or 'FOB'	the free on board contractual arrangements pursuant to which goods are handed over to the Group's customers in the country of origin and are then imported into the UK and other territories by those same customers;
'FSMA'	the Financial Services and Markets Act 2000, as amended;

Shareholder Information

Glossary continued

Term	Definition
'FY 16'	the financial year for the Group for the 12 months ended 31 July 2016;
'FY 17'	the financial year for the Group for the 12 months ended 31 July 2017;
'FY 18'	the financial year for the Group for the 12 months ended 31 July 2018;
'FY 19'	the financial year for the Group for the 12 months ended 31 July 2019;
'Group'	the Company and its Subsidiaries from time to time;
'Independent Non-Executive Directors'	independent Non-Executive Directors of the Company, within the meaning of the UK Corporate Governance Code, being James McCarthy, Robbie Bell and Alan Rigby;
'IPO' or 'Initial Public Offering'	the Group's admission to the premium segment of the Official List of the Financial Conduct Authority and to trading on the Main Market of the London Stock Exchange plc on 6 March 2017;
'IPO Placing Price'	£1.28;
'Landed'	the Landed duty paid arrangements pursuant to which the Group imports goods into the UK;
'LFL'	like-for-like;
'Net Debt'	total borrowings excluding unamortised debt issue costs and less cash balances at the end of the financial year;
'Net Debt/Underlying EBITDA Ratio'	Net Debt at the end of the financial year divided by Underlying EBITDA for the same period;
'Nomination Committee'	the nomination committee of the Board;
'Non-Executive Directors'	James McCarthy, Barry Franks, Robbie Bell and Alan Rigby;
'Official List'	the Official List of the UK Listing Authority;

Term	Definition
'QA'	quality assurance;
'Remuneration Committee'	the Remuneration Committee of the Board;
'Remuneration Policy'	the proposed Remuneration Policy of the Board;
'SEDEX'	a not-for-profit membership organisation dedicated to driving improvements in responsible and ethical business practices in global supply chains;
'Shareholder Bonuses'	the bonus arrangements agreed by the Company on 11 June 2014 relating to Simon Showman and Andrew Gossage for the periods up to and including FY 17, ending thereafter;
'Sterling' or 'GBP' or '£'	the lawful currency of the UK;
'Subsidiary'	has the meaning given to it in section 1159 of the Companies Act and includes group companies included in the consolidated Financial Statements of the Group from time to time;
'UK Listing Authority'	the FCA in its capacity as the competent authority for the purposes of Part VI of FSMA;
'Underlying Earnings Per Share'	earnings Per Share after adding back the effect after tax of the exceptional items and share based payment charges;
'Underlying EBITDA'	EBITDA after adding back the exceptional items and share based payment charges;
'Underlying EBITDA Margin'	underlying EBITDA divided by revenue for the same period, expressed as a percentage;
'Underlying Profit Before Tax'	profit before taxation after adding back the exceptional items and share based payment charges;
'Underlying Profit for the Year'	profit for the year after adding back the after tax effect for the exceptional items and share based payment charges;
'United Kingdom' or 'UK'	the United Kingdom of Great Britain and Northern Ireland;
'US\$' or 'USD' or 'US dollar'	the lawful currency of the United States of America;

Shareholder Information

Glossary continued

Reconciliation of Underlying Performance Measures

	Year ended 31 July 2017	Year ended 31 July 2016	Unaudited ¹ 31 July 2015	Unaudited ¹ 31 July 2014
Profit from operations	7,891	6,700	4,767	1,710
Depreciation	394	280	251	280
Gain on disposal	(5)	-	(1)	(10)
EBITDA	8,280	6,980	5,017	1,980
Exceptional items and share based payment charges	3,232	1,246	671	-
Underlying EBITDA	11,512	8,226	5,688	1,980
Profit/(loss) before taxation	7,427	6,259	4,296	(67)
Exceptional items and share based payment charges	3,232	1,246	671	-
Underlying profit before tax	10,659	7,505	4,967	(67)
Profit for the year	5,575	4,898	3,558	(159)
Exceptional items and share based payment charges	3,232	1,246	671	-
Tax on exceptional items and share based payment charges	(401)	(249)	(139)	-
Underlying profit for the year	8,406	5,895	4,090	(159)
Underlying profit for the year	8,406	5,895	4,090	(159)
No of shares	77,254,220	73,863,084	74,106,800	157,921,310
Underlying earnings per share	10.9 p	8.0 p	5.5 p	(0.1) p

¹ The information in the table above, in respect of the year ended 31 July 2014 and the year ended 31 July 2015, is unaudited and has been prepared from the Group's accounting records using the accounting policies set out in note 3 to the Financial Statements.

Portobello Stoneware
Floral Mugs



