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The Directors
UP Global Sourcing Holdings plc
Manor Mill
Victoria St
Chadderton
Oldham
OL9 0DD

25 June 2021

Our ref: 016189/SEC/Measure

Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London
SW1A 1LD

Dear Sir or Madam

UP Global Sourcing Holdings Plc (the "Company") and its subsidiaries (together, the "Group")

Circular dated 25 June 2021 (the "Circular")

We have given and not withdrawn our consent to the inclusion in the Circular issued by the Company of our accountant's report on the business of Salter Brands Limited as previously operated by Salter Group Limited, FKA Brands Limited and FKA Brands S.R.L (the Target's Business"), as shown in the enclosed proof of the Circular which we have initialled on the front for identification.

Our consent is required by item 13.4.1R(6) of the listing rules made by the Financial Conduct Authority for the purposes of part VI of the Financial Services and Markets Act 2000 and is given for the purpose of complying with that provision and for no other purpose.

Yours faithfully

BDO LLP
Chartered Accountants

300 LLP

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, fund manager, solicitor, accountant or other appropriate independent financial adviser who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or transfer or have sold or transferred all your Shares in the Company, please forward this document, and the accompanying form of proxy, as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through or to whom the sale or transfer was effected for delivery to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Shares, you should retain this document and the accompanying form of proxy and you should consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

Any person (including, without limitation, custodians, nominees, and trustees) who may have a contractual or legal obligation or may otherwise intend to forward this document to any jurisdiction outside the United Kingdom should seek appropriate advice before taking any such action. The distribution of this document and any accompanying documents into jurisdictions other than the United Kingdom may be restricted by law. Any person not in the United Kingdom into whose possession this document and any accompanying documents come, should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document is a circular relating to the Proposed Acquisition, the Placing and the PrimaryBid Offer which has been prepared in accordance with the Listing Rules and approved by the FCA. It has not been approved for the purposes of section 21 of FSMA and has been prepared for the purposes of complying only with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside England. The total consideration under the PrimaryBid Offer will be less than €8 million (or an equivalent amount in sterling) and the Placing Shares shall only be available to qualified investors for the purposes of the Prospectus Rules or otherwise in circumstances not resulting in an offer of transferable securities to the public under section 102B of FSMA. Accordingly, this document is not a prospectus for the purposes of the Prospectus Rules, and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of an offer to sell, dispose of, purchase, acquire or subscribe for, any security.

The Company and the Directors, whose names appear at paragraph -2- of Part 6 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

UP GLOBAL SOURCING HOLDINGS PLC

(incorporated and registered in England and Wales with registered number 05432142)

Proposed Acquisition of Salter Brands Limited Proposed Placing and PrimaryBid Offer and

Notice of General Meeting

A letter from the Chairman of the Company is set out on pages 8 to 16 of this document. **This document should be read as a whole, including any of the documents (or parts thereof) incorporated herein by reference. Your attention is also drawn to Part 2 (Risk Factors) of this document for a discussion of certain factors which should be taken into account in considering the matters referred to in this document.**

Notice of a General Meeting of the Company to be held at 10 a.m. on 13 July 2021 at Manor Mill, Victoria Street, Chadderton, Oldham OL9 0DD is set out at the end of this document. A Form of Proxy for use at the General Meeting accompanies this document.

The continuing situation in relation to COVID-19 and related governmental restrictions may significantly impact the ability of shareholders to attend the General Meeting. Shareholders are strongly encouraged to very carefully consider public health and government advice at the time of the General Meeting and to exercise their right to cast their votes in respect of the business of the General Meeting by voting via proxy. Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy. It is currently expected that the General Meeting will be held as a physical meeting at the venue specified above, but this may be subject to change. Shareholders should regularly check the Company's website for updates in relation to the General Meeting and such updates will also be announced via a Regulation Information Service. If you are planning to attend the meeting, please register with 2021gm@upgs.com by 6.30 p.m. on 9 July 2021 so that we know that you will be attending the meeting in person and we can plan to take measures to ensure your safety and to apply any social distancing guidelines in place. You will also be issued with the Company's COVID-19 safety protocol for attending the meeting following registration. Shareholders who do not register in advance by 6.30 p.m. on 9 July 2021 may not be permitted to attend the meeting in person to ensure the safety of other attendees and social distancing compliance.

To be valid, the accompanying Form of Proxy for use at the General Meeting should be completed, signed and returned in accordance with the instructions printed on it to Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA, as soon as possible and, in any event, so as to arrive not later than 10 a.m. on 9 July 2021 (being 48 hours (excluding non-working days) before the time appointed for the holding of the General Meeting). Forms of Proxy received after this time will be invalid.

CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Equiniti Limited by no later than 10 a.m. on 9 July 2021. The time of receipt will be taken to be the time from which Equiniti Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Please refer to the notes in the Notice of General Meeting for further details on appointing a proxy.

Shore Capital, which is authorised and regulated by the FCA in the United Kingdom, is acting as financial adviser and sponsor to the Company and SCS, which is a member of the London Stock Exchange and is authorised and regulated by the FCA in the United Kingdom, is acting as broker and bookrunner to the Company. Persons receiving this document should note that Shore Capital and SCS are acting for no one else in relation to the Proposed Acquisition, the Placing and the PrimaryBid Offer and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Shore Capital or SCS or for providing advice in relation to the Proposed Acquisition, the Placing, the PrimaryBid Offer, the contents of this document or any transaction, arrangement or other matter referred to in this document. However, nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on Shore Capital and/or SCS by FSMA or the regulatory regime established thereunder.

This document is not a prospectus, but a shareholder circular, and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of an offer to sell, dispose of, issue, purchase, acquire or subscribe for, any security.

Notice to all Shareholders

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering the resolutions is prohibited.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. The Company does not take any responsibility for, and can provide no assurance as to the reliability of, other information that you may be given. The delivery of this document shall not, under any circumstances, create any implication that there has been

no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time after its date.

The contents of this document should not be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice, respectively.

Notice to overseas Shareholders

The release, publication or distribution of this document in certain jurisdictions may be restricted by law. Persons who are not resident in the United Kingdom or who are subject to other jurisdictions should inform themselves of, and should observe, any applicable requirements. Any failure to comply with these requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Proposed Acquisition or the Fundraising disclaim any responsibility or liability for the violation of such requirements by any person.

This document is dated 25 June 2021.

PRESENTATION OF INFORMATION

Forward-looking statements

This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "anticipates", "aims", "continues", "expects", "intends", "may", "will", "would" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Group's and/or the Directors' intentions, beliefs or current expectations concerning, among other things, the Group's results, operations, financial condition, prospects, growth strategies and the markets in which the Group operates. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements, including without limitation: conditions in the markets, the market position of the Group, earnings, financial position, return on capital, anticipated investments and capital expenditure, changing business or other market conditions and general economic conditions. These and other factors could adversely affect the outcome and financial effects of the events described herein and the Group. Forward-looking statements contained in this document based on these trends or activities should not be taken as a representation that such trends or activities will continue in the future. This section does not serve to qualify the working capital statement in Part 6 (Additional Information) of this document.

These forward-looking statements are further qualified by risk factors disclosed in this document that could cause actual results to differ materially from those in the forward-looking statements. See Part 2 (Risk Factors) of this document. These forward-looking statements speak only as at the date of this document. Except as required by the Listing Rules, the Disclosure Guidance and Transparency Rules, EU MAR, UK MAR and any applicable law, the Company and/or the Directors, do not have any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the Listing Rules, the Disclosure Guidance and Transparency Rules, EU MAR, UK MAR and any applicable law, the Company and the Directors expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company's and/or the Directors' expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. Shareholders should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this document.

Historical financial information relating to the Target

All financial information relating to the Target's Business contained in this document, unless otherwise stated, has been prepared in accordance with the basis of preparation set out in note 1 to the historical financial information on the Target's Business in section B of Part 3 of this document.

The historical financial information on the Target's Business contained in Part 3 of this document has been reported on for purposes of this document by BDO LLP and its accountant's report is included herein.

Presentation of currencies

Unless otherwise indicated, all references to "GBP", "£", "pounds", "sterling", or "pounds sterling" are to the lawful currency of the United Kingdom.

Market, economic and industry data

Market, economic and industry data used throughout this document is derived from various industry and other independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Rounding

Percentages in tables have been rounded and accordingly may not add up to 100 per cent.. Certain financial data have also been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

Definitions

Certain terms used in this document, including capitalised terms and certain technical terms, are defined and explained in the section headed "Definitions".

Incorporation by reference

Certain information in relation to the Company is incorporated by reference into this document. Further information is set out in Part 5 of this document. Without limitation, unless expressly stated herein, the contents of the websites of the Group, and any links accessible through the websites of the Group, do not form part of this document.

No profit forecast or estimates

Unless otherwise stated, no statement in this document is intended as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings, earnings per share or income, cash flow from operations or free cash flow for the Group or the Enlarged Group, as appropriate, for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share or income, cash flow from operations or free cash flow for the Group or the Enlarged Group, as appropriate.

No offer or solicitation

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Time/Date</i>
Announcement of the Proposed Acquisition and the Fundraising	24 June 2021
Publication and posting of this document and the Form of Proxy	25 June 2021
Latest time and date for receipt of Forms of Proxy, CREST proxy instructions	10 a.m. 9 July 2021
Record time for entitlement to vote at the General Meeting	6.30 p.m. 9 July 2021
General Meeting	10 a.m. 13 July 2021
Admission, completion of the Fundraising and commencement of dealings in the New Ordinary Shares	14 July 2021
CREST accounts credited	14 July 2021
Expected date of completion of the Proposed Acquisition	By 19 July 2021
Longstop date for completion of the Proposed Acquisition	31 July 2021
Dispatch of share certificates in respect of the New Ordinary Shares	By 27 July 2021

STATISTICS RELATING TO THE ACQUISITION AND FUNDRAISING

Number of Existing Ordinary Shares as at the date of this document	82,169,600
Number of Placing Shares to be issued pursuant to the Placing	6,904,762
Number of Retail Shares to be issued pursuant to the Primary Bid Offer	238,095
Enlarged Share Capital on Admission	89,312,457
New Ordinary Shares expressed as a percentage of the Enlarged Share Capital	8.0%
Issue Price	210 pence
Gross proceeds of the Fundraising	£15.0 million
Net proceeds of the Fundraising	£13.4 million
Market capitalisation of the Company at the Issue Price on Admission	£187.6 million

Note:

The dates set out in the expected timetable of principal events above and set out throughout the document may be adjusted by the Company (in conjunction with Shore Capital), in which event details of the new dates will be notified to the London Stock Exchange and, where appropriate, to Shareholders.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	James John McCarthy	<i>(Non-executive Chairman)</i>
	Simon Adom Showman	<i>(Chief Executive)</i>
	Andrew John Gossage	<i>(Managing Director)</i>
	Graham Philip Screawn	<i>(Chief Financial Officer)</i>
	Alan Rigby	<i>(Senior Independent Director)</i>
	Robbie Ian Bell	<i>(Independent non-executive Director)</i>
	Jill Easterbrook	<i>(Independent non-executive Director)</i>
	Christine Adshead	<i>(Independent non-executive Director)</i>
Company Secretary	Graham Screawn	
Registered Office	Manor Mill Victoria Street Chadderton, Oldham OL9 0DD	
Sponsor	Shore Capital and Corporate Limited Cassini House 57 St James's Street London SW1A 1LD	
Broker and Bookrunner	Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD	
Reporting Accountants	BDO LLP 3 Hardman Street Manchester M3 3AT	
Auditors	BDO LLP 3 Hardman Street Manchester M3 3AT	
Legal Advisers to the Company	Hill Dickinson LLP 50 Fountain Street Manchester M2 2AS	
Legal Advisers to Shore Capital and SCS	Osborne Clarke LLP One London Wall London EC2Y 5EB	
Registrar	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA	

PART 1
LETTER FROM THE CHAIRMAN OF THE COMPANY
UP GLOBAL SOURCING HOLDINGS PLC

(Incorporated and registered in England and Wales with registered number 02954692)

James John McCarthy	<i>(Non-executive Chairman)</i>	<i>Registered Office:</i>
Simon Adom Showman	<i>(Chief Executive)</i>	Manor Mill
Andrew John Gossage	<i>(Managing Director)</i>	Victoria Street
Graham Philip Screawn	<i>(Chief Financial Officer)</i>	Chadderton, Oldham
Alan Rigby	<i>(Senior Independent Director)</i>	OL9 0DD
Robbie Ian Bell	<i>(Independent non-executive Director)</i>	
Jill Easterbrook	<i>(Independent non-executive Director)</i>	
Christine Adshead	<i>(Independent non-executive Director)</i>	

25 June 2021

Dear Shareholder,

Proposed Acquisition of Salter Brands Limited

Proposed Placing and PrimaryBid Offer

and

Notice of General Meeting

1. INTRODUCTION

The Board has today announced that the Company has entered into the Acquisition Agreement to purchase the Target from FKA Brands for an initial cash consideration of £32.0 million, on a debt free, cash free and normalised working capital basis. Further deferred consideration of £2.0 million is payable in cash in four tranches over 24 months from Completion. The Initial Consideration for the Proposed Acquisition is to be funded by way of an equity fundraise to raise £15.0 million (before expenses), comprising a Placing and PrimaryBid Offer at a price of 210 pence per New Ordinary Share and a new term loan facility of £10.0 million and the Company's own cash resources.

The Target is a newly incorporated entity into which FKA Brands has transferred the trade and assets of the Target Business to effect the Transaction.

The Target is the owner of the UK market-leading Salter kitchen and bathroom scales brand. Since 2011, the Target has also licensed the Salter brand to the Company for the sale of kitchen electrical and cookware products, with the current licence due to expire in 2024. The Directors believe that the Proposed Acquisition will provide ownership and control of the well-established and profitable Salter brand, as well as provide the opportunity to further develop the Salter brand, in particular through geographical expansion. In addition, the Proposed Acquisition will enable the Company to bring the Salter brand "in-house", removing the risk of the licence expiring.

The Board believes that the Proposed Acquisition is highly complementary to the Group and in line with its focus on being "the home of brands". It will provide the Company with a further wholly-owned brand to sit alongside Beldray, Progress, Intempo, Kleeneze and the recently acquired German kitchen electrical brand, Petra, and reduce the Enlarged Group's reliance on brand licences. The Board also believes that there is the potential for operating cost benefits through economies of scale and other synergies with the ability to further improve the Enlarged Group's operating margins.

After taking into account the effect of the Fundraising, the Board believes that the Proposed Acquisition will be significantly earnings enhancing in FY22¹.

In view of its size, the Proposed Acquisition constitutes a Class 1 transaction for the Company under the Listing Rules and therefore is conditional, amongst other things, on the approval of Shareholders. Accordingly, a notice of a General Meeting of Shareholders to be convened for 10 a.m. on 13 July 2021, is set out at the end of this document. The Class 1 Resolution, being an ordinary resolution, must be passed by a simple majority of votes cast by Shareholders who vote at the General Meeting. The Proposed Acquisition will not proceed if the Resolution is not approved.

The Placing Shares are being placed conditionally, amongst other things, on the passing of the Placing Resolutions at the General Meeting and Admission. Completion of the Proposed Acquisition is conditional, amongst other matters, on the receipt of the subscription monies relating to the Placing Shares and the passing of the Class 1 Resolution. The Placing has not been underwritten. The Primary Bid Offer is itself conditional upon the New Ordinary Shares Admission.

The purpose of this document is to provide you with information on the Target, the Target's Business, the terms of the Proposed Acquisition, the Fundraising, to explain the background to and reasons for the Proposed Acquisition and why the Directors believe that the Proposed Acquisition and the Fundraising are in the best interests of Shareholders taken as a whole and to recommend that you vote in favour of the Resolutions to be proposed at the General Meeting, notice of which is set out at the end of this document.

Further details of the terms of the Proposed Acquisition, the Additional Banking Facility and the Fundraising are set out below under the headings "Principal Terms and Conditions of the Proposed Acquisition", "Details of the Fundraising and Use of Proceeds" and "Additional Banking Facility".

2. INFORMATION ON ULTIMATE PRODUCTS

Ultimate Products is a growing owner, manager, designer and developer of an extensive range of value-focused consumer goods, selling to over 300 retailers across 37 countries. It develops, designs, sources and distributes a wide range of consumer products, focused on five major product categories being: small domestic appliances ("SDA"), Housewares, Audio, Laundry and Heating & Cooling. The Group has a broad portfolio of products sold under well-known proprietary brands coupled with two brands under licence being Russell Hobbs and Salter. The Group employs over 300 people and has offices and showrooms in Oldham, Greater Manchester, Cologne, Germany and Guangzhou, China.

3. STRATEGY

The Group's strategy is to continually develop its portfolio of brands for mass-market, value-led, consumer goods for the home, focusing on the following channels to drive growth:

- International retailers;
- Supermarkets;
- Online channels; and
- Discounters.

The Proposed Acquisition follows on from the acquisitions of the Progress (2015), Kleeneze (2018) and Petra (2021) brands and would be in line with the Company's stated strategy of acquiring brands to develop its proposition as a house of brands for consumer goods for the home.

4. CURRENT TRADING AND PROSPECTS

Ultimate Products

The Board anticipates that its performance in FY21 will be in line with current expectations, with revenues forecast to be in excess of £133 million (FY20 – £115.7 million). While the Group has seen an increase in shipping rates, the Board nevertheless currently expects that underlying EBITDA for

¹ Based on underlying profit of the Target (excluding amortisation charges arising from the Proposed Acquisition).

FY21 will be in excess of £13.0 million (FY20 – £10.4 million) with underlying profit before tax in excess of £10.8 million (FY20 – £8.2 million).

The Board also believes that the COVID-19 pandemic will lead to long-term changes in consumer attitudes and behaviour, including more home working, more home cooking, a greater emphasis on hygiene and cleanliness, more online shopping and a more considered approach to spending. As Ultimate Products' brands are largely focused on the home, the Group is well placed to take advantage of these trends. This position is reinforced by our focus on leading retailers and the excellent end to end service that we provide to them. As a result, we are confident in the future prospects for the business.

Please see paragraph 11 of Part 6 "Additional Information" of this document in relation to the profit forecast made by the Company on 24 June 2021.

As at 31 January 2021, the Group had net debt of £1.5 million; comfortably operating within its existing bank facilities with headroom of £25.6 million.

Since the publication of the interim results on 30 April 2021, there has been no significant change to the financial position and financial performance of the Group.

Target

The Target has experienced significant revenue growth since the end of FY20, both from existing customers as well as a growing presence online through platforms, with the impact of various lockdowns in the UK and elsewhere believed to be a key driver of this growth as home cooking became more popular and consumers also focused more on health and well-being. The Board believes that these changes in consumer behaviour are permanent and will continue after the end of the COVID-19 crisis. However, in assessing the Proposed Acquisition with the appropriate level of caution, the Board has assumed that the Target's revenues may return to FY19 levels, before the onset of the crisis.

As such, for FY22, the first full year of ownership of the Target, the Board anticipates that the Target will contribute revenues of approximately £16.7 million, EBITDA in excess of £4.6 million and Underlying PBT of approximately £4.0 million.

5. INFORMATION ON SALTER BRANDS LIMITED

Based on research carried out the Directors believe that Salter is the UK's oldest housewares brand dating back to 1760 and is the UK market leader for bathroom and kitchen scales. Over time it has expanded into other adjacent products categories such as kitchenware and health devices, although household scales remain the core business. The Target operates a similar outsourced manufacture model as Ultimate Products, sourcing principally from manufacturers in the Far East.

5.1 Salter's product portfolio:

- Bathroom scales: Salter sells mechanical and electronic bathroom as well as analyser scales that can measure body mass index.
- Kitchen scales: Salter sells mechanical, electronic and connected kitchen scales in a wide range of models and designs. Salter has a range of high precision kitchen scales, timers and thermometers in partnership with the renowned British chef Heston Blumenthal.
- Other kitchenware: Salter's wider kitchenware offering includes electronic and manual salt and pepper mills, kitchen thermometers, kitchen timers, handheld electronic milk frothers and stainless-steel reusable straws.
- Diagnostic and Healthcare: Salter has a small range of diagnostic health devices including thermometers, blood pressure monitors and oximeters.

5.2 Salter's customer base

Salter serves consumers via e-commerce and traditional retailers in the UK and, predominantly through distributors, internationally. In the twelve months to 31 March 2021, Salter's top five retail customers accounted for approximately 30.6 per cent. of revenues, with e-commerce accounting for approximately 39.7 per cent. of revenue.

Salter's customers by primary channel include:

- e-commerce: Amazon and eBay;
- Retail: Tesco, ASDA, Sainsbury, LIDL and Argos; and
- Distributors: various local distributors in Europe and elsewhere.

Historically, international sales of Salter products have been through local distributors but are now increasingly sold through Amazon and other online retailers.

Further financial information on the Target and the Target's Business is set out in Part 3 of this document.

6. BACKGROUND TO AND REASONS FOR THE PROPOSED ACQUISITION

Salter is an established and profitable business for which Ultimate Products has had a licence for kitchen electrical and cookware products since 2011. The current licence runs until 2024. Salter is the second largest contributor to the Group's revenues, generating £25.8 million in FY20 (22.3 per cent. of Group revenue). The Directors believe that the Salter brand remains well positioned as the world emerges from the COVID-19 pandemic as consumers continue to prioritise on their home, health and wellbeing.

The Board believes the Proposed Acquisition provides compelling strategic and financial benefits to the Group:

6.1 Significantly earnings enhancing acquisition in FY22²

The Board believes the Proposed Acquisition, after taking account of the dilution impact on future earnings of issuing the New Ordinary Shares, will be significantly earnings enhancing in FY22.

6.2 Substantially strengthening the brand portfolio

On Completion, the Group will, with the exception of Russell Hobbs, own all its Premier Brands. The Group's Premier Brands represented 70 per cent. of Group turnover in FY20. The Salter Brand was one of the Group's fastest growing brands in FY20, growing revenue by £5.0 million in FY20 to £25.8 million and the addition of the Target Business is expected to contribute additional revenue to the Enlarged Group of approximately £16.7 million for FY22. The Proposed Acquisition leaves Russell Hobbs, which accounted for approximately 10 per cent. of revenue in FY20, as the only licenced brand in Ultimate Products' brand portfolio. The Board believes that the Proposed Acquisition significantly improves the quality of Ultimate Product's brand portfolio.

6.3 Eliminates any licensing risk around the current Salter licence

The Proposed Acquisition brings ownership and control of the Salter brand, removing any risk of the licence not being renewed and provides a platform to develop further the Salter brand portfolio. The Proposed Acquisition will also remove the royalty payment that falls due under the Salter licence agreement, in FY20 the royalty payment was £1.3 million.

6.4 Opportunity to drive further international growth

International sales of the Salter brand are modest at present. However, its status, as the Directors' believe that it is the UK's oldest housewares brand, and its high quality range of kitchen and bathroom products are likely to attract international consumers.

² Based on underlying profit of the Target (excluding amortisation charges arising from the Proposed Acquisition).

In FY20, Ultimate Products generated 36 per cent. of its revenue from international customers. In line with the Group's growth strategy, it is the Board's intention to develop international sales in the Salter brand, initially focused on continental Europe. The Board will primarily focus on large international retailers and online platforms leveraging Salter's heritage and existing extensive range of kitchen and bathroom scales.

6.5 Potential for commercial synergies

As a result of the Proposed Acquisition, the Company will acquire the Salter scales division that sits alongside the electrical and cookware lines currently sold under licence by the Company. The Salter scales division is a well-established and profitable business.

The Proposed Acquisition will enable the Enlarged Group to create a more diversified and balanced Salter brand portfolio through which it can develop a co-ordinated offering to its customer base. Further commercial synergies are expected from selling Salter scales, kitchen electrical and cookware across a wider combined customer base.

6.6 Acquisition execution risk

Whilst the Board recognises that all acquisitions have inherent risk, it believes that, given the longstanding and deep seated nature of the relationship with the Salter brand, the acquisition risk is relatively low on the Proposed Acquisition. The Group has been selling Salter electrical and cookware lines under licence for the last 10 years and, as a result, the Company has existing relationships with the majority of Salter's retail customers. The Board believes this will significantly reduce the integration and execution risk of the Proposed Acquisition.

7. PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSED ACQUISITION

The Company has conditionally agreed to acquire the entire issued share capital of the Target for an aggregate cash consideration consisting of:

- an Initial Consideration of £32.0 million, on cash free debt free basis, payable in cash on Completion; and
- Deferred Consideration of £2.0 million, to be settled in cash in four equal tranches of £0.5 million every six months from Completion.

The aggregate consideration for the Proposed Acquisition shall not exceed £34.0 million (subject to the cash free, debt free and normalised working capital adjustment).

The consideration, transaction and reorganisation costs will be satisfied from the Group's existing cash resources, the net proceeds of the Fundraising and the Additional Banking Facility.

The Proposed Acquisition is conditional upon the approval of Shareholders at the General Meeting of the Class 1 Resolution and the Fundraising Resolutions.

Completion is also conditional upon the Acquisition Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Completion. The approval of Shareholders must be obtained by 31 July 2021, or the Acquisition Agreement will lapse and will not proceed to Completion. Accordingly, assuming Shareholders vote in favour of the Proposed Acquisition at the General Meeting, Completion is expected to take place by 19 July 2021.

Further details of the Acquisition Agreement are set out in Part 4 of this document.

8. DETAILS OF THE FUNDRAISING AND USE OF PROCEEDS

The Company has conditionally raised £15 million (before expenses) through the conditional placing of the Placing Shares at the Issue Price and the conditional offer for subscription of the Retail Shares at the Issue Price.

Details of the Fundraising

The Company is proposing to raise £ 14.5 million pursuant to the Placing and £0.5 million pursuant to the PrimaryBid Offer (in each case, before expenses) to fund part of the upfront consideration due in respect of the Acquisition, together with associated transaction and acquisition costs.

The Issue Price of 210 pence per New Ordinary Share represents a discount of approximately 2.3 per cent. to the closing middle market price of 215 pence per Ordinary Share on 24 June 2021 (being the Latest Practicable Date).

Prior to launch of the Fundraising, the Company consulted with a number of its institutional Shareholders to gauge their feedback as to the terms of the Proposed Acquisition, the Placing and the PrimaryBid Offer. Feedback from this consultation was supportive and, as a result, the Board has chosen to proceed with the Placing and the PrimaryBid Offer to finance the initial consideration payable in respect of the Proposed Acquisition through an equity raise, the Additional Bank Facility and using its existing cash resources without first offering the New Ordinary Shares to existing Shareholders. The Directors believe that the additional costs that would have been incurred, both financially and in terms of management time, if the Company were to have offered all Shareholders the opportunity to acquire Ordinary Shares (for example, via an open offer or a rights issue), are such that a non-pre-emptive share issue to a limited number of institutional and other investors via the Fundraising is a more appropriate method of raising finance for the purposes of the Proposed Acquisition. The Placing was therefore structured as an accelerated bookbuild to minimise execution and market risk and neither that nor the PrimaryBid Offer have been underwritten.

General

The New Ordinary Shares, when issued, will represent approximately 8 per cent. of the Company's Enlarged Share Capital immediately following Admission. The New Ordinary Shares will rank in full for all dividends with a record date on or after the date of Admission and otherwise equally with the Shares in issue from the date of Admission. It is expected that the New Ordinary Shares will be admitted to listing on the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange on 14 July 2021.

PrimaryBid Offer

The PrimaryBid Offer, which closed 24 June 2021, was open to private and other investors subscribing via PrimaryBid.com and conditionally raised £0.5 million (before fees and expenses) through the issue of the Retail Shares. A total of 238,095 New Ordinary Shares are to be issued under the PrimaryBid Offer at the Issue Price.

The Placing Agreement

The Placing Agreement contains warranties from the Company in favour of Shore Capital and SCS in relation to, *inter alia*, the accuracy of the information in this document and other matters relating to the Company and the Enlarged Group. In addition, the Company has agreed to indemnify Shore Capital and SCS in relation to certain liabilities they may incur in respect of the Placing. Shore Capital and SCS have the right to terminate the Placing Agreement in certain circumstances prior to Admission, including (*inter alia*): (i) if any of the warranties given in the Placing Agreement was untrue, inaccurate or misleading when made or any such warranties have ceased to be true or accurate or have become misleading in each case by reference to the facts subsisting at that time, (ii) if there has been a breach of the warranties, agreements or undertakings or other obligations on the part of the Seller under the Acquisition Agreement which is material in the context of the Placing and/or the Acquisition Agreement is terminated in accordance with its terms, (iii) the failure of the Company to comply in any material respect with its obligations under the Placing Agreement, or (iv) the occurrence of a force majeure event which in Shore Capital and SCS's opinion would be likely to prejudice the success of the Placing or which makes it impractical or inadvisable to proceed with the Placing, or (v) there has been a material adverse change affecting the financial position or business or prospects of the Company or its Group or there is a fact, circumstance of development reasonably likely to result in a material adverse change.

The Placing (which is not being underwritten) is conditional, amongst other things, upon:

- the Placing Agreement becoming unconditional in all respects (save for Admission) and not having been terminated in accordance with its terms prior to Admission;
- the Fundraising Resolutions set out in the Notice of General Meeting being approved by Shareholders;

- Admission of the Placing Shares becoming effective on or before 8.00 a.m. on 14 July 2021 or such later date as the Company and Shore Capital may agree, being no later than 8.00 a.m. on 31 July 2021; and
- the Acquisition Agreement having been entered into by the parties to it, no breach of certain of the warranties, agreements or undertakings or other obligations by the Seller under the Acquisition Agreement having occurred and the Acquisition Agreement not being terminated in accordance with its terms.

The Placing is not conditional on the Proposed Acquisition completing and therefore there is a risk, albeit the Directors consider it unlikely, that the Placing will complete and the Proposed Acquisition will not complete. The Directors believe that if Admission occurs and therefore the Placing completes, it is unlikely that the Proposed Acquisition will not complete. Consequently, given the nature of the risk, the Directors have not considered it necessary to consider alternative uses for the net proceeds from the Placing if the Proposed Acquisition does not complete, apart from that the Company would use the net proceeds in a way which is in the best interests of the Shareholders as a whole, including to provide additional working capital for the Group.

Pursuant to the terms of the Placing Agreement, SCS has conditionally agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for the Placing Shares at the Issue Price with certain institutional and other investors.

Settlement and dealings

Applications will be made to the FCA and the London Stock Exchange for the New Ordinary Shares to be admitted to listing on the premium listing segment of the Official List of the FCA and to trading on the main market for listed securities of the London Stock Exchange respectively. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence on 14 July 2021, subject to the passing of the Fundraising Resolutions at the General Meeting and the Placing Agreement becoming unconditional (save in respect of Admission).

The New Ordinary Shares being issued pursuant to the Fundraising will, on Admission, rank in full for all dividends and other distributions declared, made or paid on the Shares after Admission and will otherwise rank *pari passu* in all respects with the issued Shares.

Use of proceeds

The Company intends to use the net proceeds of the Fundraising to part finance the Initial Consideration payable pursuant to the Proposed Acquisition.

9. ADDITIONAL BANKING FACILITY

The Company has conditionally entered into an additional £10.0 million term loan running to 1 October 2024 with HSBC to part finance the Initial Consideration. This will sit alongside the Group's existing bank facilities, including but not limited to a revolving credit facility with HSBC (the "RCF").

The Additional Banking Facility is subject to financial covenants that will be tested by reference to the Borrower's annual and quarterly financial statements. The following covenants are used for the purposes of the Additional Banking Facility:

- cashflow to debt service;
- interest cover;
- total debt (excluding invoice financing debt) to EBITDA leverage;
- net debt owed to HSBC under the Additional Banking Facilities and the RCF to EBITDA leverage (the "**Senior Leverage**"); and
- capital expenditure.

10. RISK FACTORS

Your attention is drawn to the risk factors set out in Part 2 of this document. Shareholders should read the whole of this document and not rely solely on the information in this letter.

11. GENERAL MEETING

A General Meeting of the Company to consider and, if thought fit, approve the Proposed Acquisition and the Fundraising has been convened to be held at 10 a.m. on 13 July 2021 at Manor Mill, Victoria Street, Chadderton, Oldham OL9 0DD. The notice convening the meeting is set out at the end of this document.

The continuing situation in relation to COVID-19 and related governmental restrictions may significantly impact the ability of shareholders to attend the General Meeting. Shareholders are strongly encouraged to very carefully consider public health and government advice at the time of the General Meeting and to exercise their right to cast their votes in respect of the business of the General Meeting by voting via proxy. Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy. It is currently expected that the General Meeting will be held as a physical meeting at the venue specified above, but this may be subject to change. Shareholders should regularly check the Company's website for updates in relation to the General Meeting and such updates will also be announced via Regulation Information Service. If you are planning to attend the meeting, please register with 2021gm@upgs.com by 6.30 p.m. on 9 July 2021 so that we know that you will be attending the meeting in person and we can plan to take measures to ensure your safety and to apply any social distancing guidelines in place. You will also be issued with the Company's COVID-19 safety protocol for attending the meeting following registration. Shareholders who do not register in advance by 6.30 p.m. on 9 July 2021 may not be permitted to attend the meeting in person to ensure the safety of other attendees and social distancing compliance.

You will find accompanying this document a Form of Proxy for use at the GM. This should be completed in accordance with the instructions thereon and returned as soon as possible and, in any event, so as to be received by Company's registrar, Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA, as soon as possible and, in any event, so as to arrive not later than 10 a.m. on 9 July 2021 (being 48 hours (excluding non-working days) before the time appointed for the holding of the General Meeting).

CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant R021) by no later than 10 a.m. on 9 July 2021. The time of receipt will be taken to be the time from which Equiniti Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

12. IRREVOCABLE UNDERTAKINGS

The Company has received irrevocable undertakings to vote in favour of the Resolutions from the Board, senior managers and certain other shareholders who hold, or are interested in, an aggregate of 38,380,389 Existing Ordinary Shares, representing 46.2 per cent. of the Company's current issued share capital.

13. FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts 2 to 6 of this document. In particular your attention is drawn to the risk factors set out in Part 2. This letter is not, and does not purport to be, a summary of this document and therefore should not be regarded as a substitute for reading this document. You should read the whole of this document and the documents incorporated herein by reference and not rely solely on the information set out in this Part 1.

14. RECOMMENDATION

The Directors consider that the Proposed Acquisition and the Fundraising are in the best interest of the Shareholders as a whole and, accordingly, unanimously recommend Shareholders to vote in favour of the Resolutions to be proposed at the General Meeting, as they and their respective spouses (as applicable) intend to do in respect of their own beneficial

holdings which amount in total to 28,373,289 Existing Ordinary Shares, representing approximately 34.5 per cent. of the existing issued share capital of the Company.

Yours sincerely

James McCarthy
Non-executive Chairman

PART 2

RISK FACTORS

Prior to making any decision to vote in favour of the Resolutions at the General Meeting. Shareholders should carefully consider, together with all other information contained in this document, the specific factors and risks described below.

The Directors consider the following to be the material risk factors for Shareholders to consider relating to the Proposed Acquisition, or relating to the Enlarged Group following the Proposed Acquisition, either as a result of new risks resulting from the Target's Business or as a result of the impact of the Proposed Acquisition on the Enlarged Group. The risks described below do not necessarily comprise all of those associated with the Target, the Target's Business or the Group or the Enlarged Group following Completion and are not set out in any particular order of priority. If any, or a combination, of the following risks actually materialise, the business, results of operations, financial condition, share price and prospects of the Group and, following Completion, the Enlarged Group could be materially adversely affected and potential investors may lose all or part of their investment. There may be other risks of which the Board is not aware or which it believes to be immaterial which may have an adverse effect on the business, financial condition, results or future prospects of the Enlarged Group after the Proposed Acquisition.

The Proposed Acquisition will not proceed if Shareholders do not approve the Class 1 Resolution and the Fundraising Resolutions at the General Meeting

The implementation of the Proposed Acquisition is subject to the approval by Shareholders of both the Class 1 Resolution and Fundraising Resolutions at the General Meeting.

If the Proposed Acquisition does not proceed to Completion, the anticipated financial and commercial benefits to the Group of acquiring the Target will not be achieved and there may be an adverse impact on the reputation and brand of the Group, for example, as a result of negative media scrutiny arising in connection with failure to complete.

The due diligence conducted in connection with the Proposed Acquisition may not have revealed all relevant considerations, liabilities or regulatory and conduct issues

The due diligence conducted by the Group in connection with the Proposed Acquisition may not have revealed all relevant considerations, liabilities or regulatory and conduct issues in relation to the Proposed Acquisition, including the existence of facts that may otherwise have impacted the decision to proceed with the Proposed Acquisition, the determination of the consideration payable or the formulation of a business strategy for the Group, the Target's Business or the Enlarged Group after Completion. In addition, information provided during the due diligence process may have been incomplete, inadequate or inaccurate. The Group and, following Completion, the Enlarged Group may also be subject to legacy conduct and other exposures with respect to the Target's Business which were not identified through due diligence. If any of the aforementioned occur, the Group could suffer reputational damage and may be liable for losses suffered by an affected party, each of which could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Group and, following Completion, the Enlarged Group.

The Group may fail to integrate the Target's Business effectively and/or in a timely manner

The Group may experience difficulties in integrating the Target's Business with the existing business carried on by the Group and the Enlarged Group may not realise, or it might take the Enlarged Group longer than expected to realise, certain or all of the anticipated benefits of the Proposed Acquisition. In addition, as the Target is a newly incorporated company pursuant to the Asset Purchase Agreement and has therefore not historically operated as a distinct entity within FKA Brands, there is a risk that all employees pertinent to the Target Business are not transferred as part of the Transaction, leading to a loss of skills and or customer contacts within the Enlarged Group. Integration of the cultures and philosophies of the Group and the Target's Business is likely to be made more challenging to the extent that the current operational disruption resulting from the COVID-19 outbreak and the restrictions put in place by governments in the UK and elsewhere are continuing at the time of Completion, particularly if employees are still required to work from home.

The benefits of the Proposed Acquisition may fail to materialise or be lower than expected and/or integration costs may be higher

There is a risk that the benefits of the Proposed Acquisition (including any synergy benefits) anticipated by the Directors fail to materialise, that they are materially lower than have been estimated, take longer or cost more to achieve, or that the Target's Business will fail to perform as expected. The expected synergies and cost savings are based upon the Company's assumptions about the Group's ability to integrate the Target in a timely fashion and within certain cost parameters. The Enlarged Group's ability to achieve targeted synergies and cost savings is dependent upon a significant number of factors, some of which may be beyond the Enlarged Group's control. If one or more of the underlying assumptions regarding any integration process proves to have been incorrect, these efforts could lead to substantially higher costs than planned and the Enlarged Group may not be able to realise fully, or in the anticipated time frame, the expected benefits of the Company's targeted synergies and cost savings. Also, synergies and cost savings may not be realised or sustained due to changes in customer needs, laws, difficulty of integrating employees or other variables. Until the Proposed Acquisition, the Group and the Target's Business will have operated as separate businesses. The Proposed Acquisition will require the integration of the Target's Business with the existing head office functions of the Company and the success of the Enlarged Group will depend, in part, on the effectiveness of the integration process and the ability of the Enlarged Group to realise the anticipated benefits without adding significant back office overhead or other costs. If the Enlarged Group is unable to realise expected benefits, or these benefits take longer to achieve, or cost more than planned, this could have a significant impact on the profitability of the Enlarged Group going forward and a material adverse effect on the Enlarged Group's business, financial condition, prospects and/or results of operations.

The Target has a high concentration of key customers with whom it does not have long-term contracts

The Target has a high concentration of key customers. The five largest retail customers accounted for approximately 30.6 per cent. of the Target's revenue for the twelve months to 31 March 2021, and direct sales to Amazon through its vendor central platform, represented approximately 27.9 per cent. of revenue for the twelve months to 31 March 2021.

The Target typically contracts with its major customers on their standard terms and conditions and the customers are not contractually committed to purchase the Target's products on a long-term basis (including Amazon). The Target may also not be able to negotiate new arrangements with the parties to certain non-exclusive business contractual arrangements which are not being formally assigned or transferred pursuant to the Asset Purchase Agreement. As a result, the Target's customers could choose to cease purchasing the Target's products, reduce their purchase levels or request reduced pricing structures on relatively short notice. Any loss of a key customer, and or a material change in the terms and conditions under which one or more of the Target's customers contracts with the Enlarged Group could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

The CMA may investigate the Proposed Acquisition and may impose an initial enforcement order ("IEO") on the Enlarged Group if it undertakes a Phase 1 (preliminary) merger review and there can be no assurance that the CMA will not impose conditions on the Enlarged Group as a result of any Phase 1 or Phase 2 (in-depth) merger review

Whilst completion of the Proposed Acquisition is not conditional on the approval of the CMA, under the Enterprise Act 2002, the CMA has the power to investigate the transaction. The Company does not intend to submit a voluntary merger notification to the CMA in respect of the Proposed Acquisition, however, the CMA may still investigate. If the CMA investigates, the CMA may impose an IEO in respect of the Company and the Target until it concludes its Phase 1 review and is likely to do so in the event that the Proposed Acquisition completes prior to the conclusion of such review. An IEO likely would: (i) require the Target to be 'held separate' from the Company, with the result that (among other things) the Company is not able to exercise control over the Target (and so the integration process may be delayed); and (ii) otherwise restrict the Enlarged Group's business and certain corporate actions for which the Company may need to seek the CMA's consent. Once made, an IEO is likely to remain in place until the conclusion of the CMA's Phase 1 review. Any such IEO may cause a delay in achieving the anticipated benefits of the Proposed Acquisition and/or otherwise restrict the Enlarged Group's business. If the CMA commences a Phase 2 review, the Enlarged Group may be subjected to an interim order ("IO") or may offer interim undertakings ("IU") similar in effect to the IEO.

It is not yet known whether the CMA will review the Proposed Acquisition or, if it does, what would be the outcome of the CMA's merger review, which is not within the control of the Company, the Target or the Seller. If the CMA grants clearance for the Proposed Acquisition whether at Phase 1 or Phase 2, it may nevertheless require remedies or undertakings or otherwise impose restrictions or additional requirements on the Enlarged Group. In addition, the Company may give undertakings in lieu of any reference to a Phase 2 review of the Proposed Acquisition, which may include divestments by the Company and/or the Target or the exclusion of certain assets from the scope of the Proposed Acquisition. Ultimately, if the CMA did not grant clearance for the Proposed Acquisition, the Company may be required to dispose of the Target or be subjected to non-structural (behavioural) remedies. Any such remedies, undertakings, restrictions, additional requirements, divestments or exclusions could impose significant additional costs on the Enlarged Group and/or may reduce the anticipated benefits of the Proposed Acquisition.

Accordingly, the imposition of an IEO and/or the outcome of any review by the CMA could have a material adverse effect on the Enlarged Group's business, financial condition, results of operations and prospects.

The Proposed Acquisition and the integration of the Target's Business could cause disruption to management and operations

The Proposed Acquisition and the integration of the Target's Business into the Group could divert management's and other key staff's time, focus and resources from operating the business of the Group and the Target's Business and, following Completion, the Enlarged Group, and the integration process may lead to an increase in the level of operational risk events such as administrative errors. As such any negative impact on management's ability to focus on running the respective businesses, or an increase in the level of operational risk events could have a material adverse effect on the business, reputation and brand, sales, results of operations, financial condition and/or prospects of the Enlarged Group.

The Enlarged Group is exposed to risks relating to COVID-19 and may be adversely impacted by the pandemic, the long-term impact of which is currently unknown

The COVID-19 outbreak in the early part of 2020 has, and continues to have, a material adverse effect on many aspects of the Group and the Target Business operations from supply of goods, non-essential store closures in certain countries in which they respectively operate in through to consumer buying behaviour which both the Group and the Target Business must manage. Whilst the global economy is showing some signs of recovery, there remains a risk of future material adverse effect on both the Group and Target's Business as the outbreak continues. Any such risks may be increased by the larger size and complexity of the Enlarged Group as compared to the Group.

PART 3

HISTORICAL FINANCIAL INFORMATION RELATING TO THE TARGET'S BUSINESS

SECTION A: ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF THE TARGET'S BUSINESS



BDO LLP
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Manchester
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The Directors
UP Global Sourcing Holdings plc
Manor Mill
Victoria St
Chadderton
Oldham, OL9 0DD

Shore Capital and Corporate Limited
Cassini House
57 St James's Street
London, SW1A 1LD

25 June 2021

Dear Sir or Madam

Business operated by Salter Brands Limited (the "Target's Business")

Introduction

We report on the carve out financial information set out in Section B of Part 3 of the class 1 circular dated 25 June 2021 of UP Global Sourcing Holdings plc (the "Company") (the "Circular").

Opinion on financial information

In our opinion, the carve out financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of the Target's Business as at 30 September 2018, 2019 and 2020 and of its results, cash flows, and changes in equity for the years ended 30 September 2018, 2019 and 2020 in accordance with the basis of preparation set out in note 1 to the carve out financial information and has been prepared in a form that is consistent with the accounting policies adopted in the Company's latest annual accounts.

Responsibilities

The directors of the Company are responsible for preparing the carve out financial information on the basis of preparation set out in note 1 to the carve out financial information.

It is our responsibility to form an opinion on the carve out financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result

of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules consenting to its inclusion in the Circular.

Basis of preparation

This financial information has been prepared for inclusion in the Circular on the basis of the accounting policies set out in note 2 to the carve out financial information. This report is required by item 13.5.21R of the listing rules made by the Financial Conduct Authority for the purposes of part VI of the Financial Services and Markets Act 2000 (the "Listing Rules") and is given for the purpose of complying with that item and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company and of salter Brands Limited in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the carve out financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the carve out financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

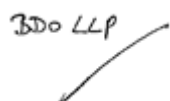
We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the carve out financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Target's Business to continue as a going concern for a period of at least twelve months from the date of the Circular. Accordingly the use by the directors of the Company of the going concern basis of accounting in the preparation of the carve out financial information is appropriate.

Yours faithfully

A handwritten signature in blue ink that reads "BDO LLP" followed by a long, sweeping horizontal stroke.

BDO LLP

Chartered Accountants

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

SECTION B: HISTORICAL FINANCIAL INFORMATION ON THE TARGET'S BUSINESS

Statement of Comprehensive Income

		Years ended 30 September		
	Note	2018 £'000	2019 £'000	2020 £'000
Revenue	4	16,378	16,943	20,762
Cost of sales	5	(10,100)	(10,791)	(13,617)
Gross profit		6,278	6,152	7,145
Administrative expenses	5	(2,455)	(2,736)	(2,569)
Other income	5	872	1,107	1,329
Profit from operations		4,695	4,523	5,905
Finance expense	7	-	-	(2)
Profit before tax		4,695	4,523	5,903
Taxation	8	(1,079)	(679)	(1,827)
Profit and total comprehensive income for the year		3,616	3,844	4,076

All the activities of the Target's Business are from continuing operations.

Statement of Financial Position

		30 September		
		2018	2019	2020
	Note	£'000	£'000	£'000
Assets				
Property, plant and equipment	9	78	64	34
Right of use assets	10	-	-	79
Intangible assets	11	22	36	20
Total non-current assets		100	100	133
Inventories	12	3,604	3,418	3,421
Trade and other receivables	13	3,590	3,551	5,733
Total current assets		7,194	6,969	9,154
Total assets		7,294	7,069	9,287
Liabilities				
Trade and other payables	14	(3,006)	(3,262)	(5,696)
Lease liabilities	15	-	-	(17)
Taxation	8	(1,079)	(679)	(1,827)
Total current liabilities		(4,085)	(3,941)	(7,540)
Net current assets		3,109	3,028	1,614
Non-current liabilities				
Lease liabilities	15	-	-	(63)
Total liabilities		(4,085)	(3,941)	(7,603)
Net assets		3,209	3,128	1,684
Represented by:				
Equity reserves		3,209	3,128	1,684

Statement of Changes in Equity

Equity reserves

£'000

Balance as at 1 October 2017	2,929
Profit and total comprehensive income for the year ended 30 September 2018	3,616
Distributions to the FKA Group	(3,336)
Balance as at 30 September 2018	<u>3,209</u>
Profit and total comprehensive income for the year ended 30 September 2019	<u>3,844</u>
Distributions to the FKA Group	(3,925)
Balance as at 30 September 2019	<u>3,128</u>
Profit and total comprehensive income for the year ended 30 September 2020	<u>4,076</u>
Distributions to the FKA Group	(5,520)
Balance as at 30 September 2020	<u>1,684</u>

Statement of Cash Flows

		Years ended 30 September		
		2018	2019	2020
		£'000	£'000	£'000
	Note			
Cash flows from operating activities				
Profit for the year		3,616	3,844	4,076
Adjustments for:				
Taxation		1,079	679	1,827
Depreciation	9 / 10	38	39	53
Amortisation of intangible assets	11	30	30	16
Finance costs	7	-	-	2
(Increase) / decrease in group receivables		(149)	146	(20)
Working capital adjustments				
(Decrease)/increase in inventories		(249)	186	(3)
Increase in trade and other receivables		(52)	(105)	(2,165)
(Decrease)/increase in trade and other payables		(411)	254	2,437
Cash inflow from operating activities		3,902	5,073	6,223
Interest paid		-	-	(2)
Taxation paid		(530)	(1,079)	(679)
Net cash inflow from operating activities		3,372	3,994	5,542
Cash flows from investing activities				
Purchase of property plant and equipment		(36)	(25)	(1)
Purchase of intangible assets		-	(44)	-
Net cash flows from investing activities		(36)	(69)	(1)
Cash flows from financing activities				
Distributions to the FKA Group		(3,336)	(3,925)	(5,520)
Payment of capital element of lease liabilities		-	-	(21)
Net cash used in financing activities		(3,336)	(3,925)	(5,541)
Net increase in cash and cash equivalents		-	-	-
Cash and cash equivalents brought forward		-	-	-
Cash and cash equivalents carried forward		-	-	-

Notes to the Historical Financial Information

1. Basis of preparation

For the purposes of this historical financial information ("HFI"), the Target's Business comprises the carve out of the trade and assets from 3 separate companies, being Ludgate 329 Limited, FKA Brands Limited, and FKA Brands S.R.L, which themselves represent the European arm of the FKA Group, of which they are wholly owned subsidiaries. The latter subsidiary is domiciled in Italy whilst both the others are domiciled in the UK. The principal activity is the supply of branded household products.

The HFI shows the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Statement of Cash Flows for the three years ended 30 September 2018, 30 September 2019, and 30 September 2020, prepared in compliance with the Listing Rules and this basis of preparation, in connection with the Proposed Acquisition.

This HFI has been prepared on a going concern basis under the historical cost convention and in accordance with IFRS except as described below. IFRS do not provide for the preparation of combined carve-out financial information. Accordingly, in preparing the HFI, certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 Investment Reporting Standards applicable to Public Reporting Engagements on Historical Financial Information as issued by the Financial Reporting Council in March 2020, have been applied.

The Target's Business has never been a separately established legal entity and therefore the HFI has been prepared from the records of entities which contain evidence of transactions entered into by the Target's Business, showing its results and cash flows for the years ended 30 September 2018, 2019 and 2020; and its financial position at each of those dates. The specified elements of the Target's Business have been extracted from the other companies in order to present the HFI of the Target's Business and allocate it a share of the wider European arm of the FKA Group's results, balance sheets, and cash flows. The Target's Business does not constitute a group as defined by *IFRS 10 Consolidated Financial Statements*, therefore the carve-out HFI is not consolidated financial information, however the carve-out HFI has been prepared by applying the principles of IFRS 10.

In order to present the results of the Target's Business in the HFI, the Directors have adopted certain methodologies as set out below. Consequently, the HFI may not be indicative of the Target's future performance and does not necessarily reflect what its results, financial position and cash flows would have been had it operated as a separate independent business. The allocations resulting from the carve-out methodology below may not necessarily be representative of the position that will prevail in the future. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the HFI are disclosed in note 3.

Carve-out financial information is generally not precise, since it includes certain amounts based on a range of allocation bases. When alternative methods of allocating items exist, the Directors have chosen methods which they deem most appropriate in the circumstances.

The HFI is presented in sterling and, unless otherwise stated, amounts are expressed in thousands, with rounding accordingly.

The methodology of the carve out of the trade and assets of the Target's Business has involved a combination of direct and indirect allocations as follows:

- *Revenue*: is directly attributable to brands belonging to the Target's Business based on product codes assigned to sales.
- *Cost of sales*: consists of purchases, advertising costs, royalties, movement in stock provisions, supplier discounts and other costs.

Purchases are allocated where they are directly attributable to brands belonging to the Target's Business based on product codes assigned to purchase invoices. Advertising costs have been allocated based on the costs associated with promoting the brands directly attributable to the Target's Business. Provisions for slow moving and obsolete stock are allocated where they relate to stock items included in the carve out. Royalty costs are included where they are directly attributable to the Target's Business brands. Supplier discounts are allocated based on the underlying agreements in place with suppliers of the Target's Business products. Other costs

have been allocated to the Target's Business in proportion to the net sales of the Target's Business compared to those of the wider European arm of the FKA Group.

- *Administrative expenses*: consist of direct and indirectly attributable costs.

Directly attributable costs have been allocated to the Target's Business as follows:

Staff costs – allocated based on the cost of those staff whose time is spent solely working on the Target's Business. Where staff split their time between the Target's Business and other parts of the group, 50 per cent. of these costs have been allocated to the Target's Business.

Depreciation and amortisation – allocated from the fixed assets that are directly attributable to the Target's Business.

Advertising costs – have been allocated based on the costs associated with promoting the brands directly attributable to the Target's Business.

Vehicle costs – allocated based on the actual costs of vehicles used by staff whose time is spent working on the Target's Business.

Samples – allocated based on the costs of samples that fall under the brands directly attributable to the Target's Business.

Indirectly attributable costs have been allocated to this HFI to reflect that the Target's Business was operated as part of the wider European arm of the FKA Group. These costs primarily relate to fixed overheads associated with the running of Target's Business and have been allocated to the Target's Business in proportion to the net sales of the Target's Business compared to those of the wider European arm of the FKA Group with the exception of foreign exchange gains and losses which have been allocated in proportion to the costs of sale of the wider European arm of the FKA Group.

- *Other operating income*: consists of royalty income and is directly attributable to brands belonging to the Target's Business. These amounts are all payable from the Ultimate Products Group.
- *Taxation*: is derived from the profit before tax of the Target's Business multiplied by the weighted average effective tax rate of the companies from which the Target's Business has been extracted.
- *Property, plant and equipment, and intangible assets*: reflects assets directly attributable to the Target's Business.
- *Trade and other receivables*: consist of trade receivables, group receivables, and accrued income directly linked to brands belonging to the Target's Business. A fixed amount for prepayments has been included for each year presented in the HFI, derived from the Target's Business's share of rental and insurance prepayments relative to the wider European arm of the FKA Group.
- *Cash and cash equivalents*: as the Target's Business is not a stand-alone entity, it does not have its own bank account and therefore does not have any cash, as such any net movement in liquid assets for each year presented in the HFI has been treated as a distribution. Taxation is treated as paid by the companies from which the Target's Business has been extracted.
- *Trade and other payables*: consist of trade payables, group payables, accruals and other taxes. Trade payables have been allocated based on the cumulative product cost by supplier that can be linked to brands directly attributable to the Target's Business. Accruals relating to staff bonuses have been allocated based on those staff whose time is spent working on the Target's Business. No other accruals have been allocated. Other taxes include VAT that is allocated based on purchase and sales invoices that are directly attributable to the Target's Business, as well as PAYE/NIC which is allocated in direct relation to the staff allocated as part of the carve out.
- *Lease liabilities*: relate to the lease of motor vehicles directly used in the Target's Business.

Departures from IFRSs

IFRSs do not provide for the preparation of HFI nor for the specific accounting treatments set out below and, accordingly, in preparing the HFI, certain accounting conventions commonly used for the preparation of HFI for inclusion in investment circulars as described in the Annexure to SIR 2000 have been applied. The application of these conventions result in the material departures from IFRSs set out below:

Consolidated financial information

As previously noted the Target's Business does not constitute a group as defined by *IFRS 10 Consolidated Financial Statements*, the HFI is not consolidated financial information and does not comply with the requirements of IFRS 10.

First time adoption of IFRS

Due to the nature of the carve out as described above, the HFI represents the first financial information presented for the Target business. As a result, it is not possible to present a reconciliation between previously applied GAAP for the Target's Business.

Equity reserves

As explained above, the Target's Business is not a separate statutory entity and, in particular, the HFI has involved the carve out of the trade and assets of the Target's Business from three separate companies. As a result, it is not possible to identify or present equity for the Target's Business in accordance with company law or IFRS. For this reason, the equity section of the statement of financial position includes the 'Equity reserves' representing the entire reserves of the Target's Business.

Earnings per share

As explained above, the Target's Business does not have share capital and therefore no disclosure in relation to earnings per share has been provided in this combined HFI.

Tax

The tax charge in the HFI is calculated by applying the weighted average effective tax rate of the companies from which the Target's Business has been extracted, to the profit before tax of the Target's Business. Future tax on the profits before tax of the Target's Business will be charged at the applicable corporation tax rate.

No deferred tax has been included in the HFI as the Target's Business is not a statutory entity that is subject to tax, and in the opinion of the Directors, any potential deferred tax charges / (credits) would be immaterial.

Cash and cash equivalents

As explained above, the Target's Business is not a separate statutory entity and therefore does not have a bank account nor does it hold any cash balances. For this reason, any net movement in liquid assets shown in the HFI represents a return of cash to the FKA Group and has been treated as a distribution. Similarly, the HFI does not include a reconciliation of changes in liabilities arising from financing activities as required under IAS7.

2.Summary of significant accounting policies

The HFI is presented in accordance with IAS 1 Presentation of Financial Statements (Revised 2007), subject to certain adjustments which are required to reflect the fact that the Target's Business is not a statutory entity. These adjustments are explained in more detail in note 1. The accounting policies listed below have also been applied on a consistent basis with those applied by UP Global Sourcing Holdings Plc in its consolidated financial statements for the year ending 31 July 2020.

2.1. Going concern

The HFI has been prepared on a going concern basis. The going concern assessment has been performed assuming that the Proposed Acquisition (together 'the Enlarged Group') is completed before 31 July 2021. Since the Target's Business will require the working capital support of the Enlarged Group, the going concern assessment has been made on the Enlarged Group. The Directors have assessed the resilience of the Enlarged Group in severe but plausible scenarios, taking account of its

current position and prospects, the principal risks facing the business, including those relating to COVID-19, how these are managed and the impact they would have on the forecast financial position. In assessing whether the Enlarged Group could withstand such negative impacts, the Directors have considered cash flow, impact on debt covenants and headroom against borrowing facilities. The Enlarged Group's projections, which cover the period to July 2024, show that the Enlarged Group will be able to operate within its existing banking facilities and covenants. Thus, the Directors have a reasonable expectation that the Enlarged Group has adequate resources to continue in operational existence for the foreseeable future.

2.2. Currencies

Functional and presentational currency

Items included in the HFI are measured using the currency of the primary economic environment in which the Target's Business operates ("the functional currency") which is UK sterling (£). The HFI is presented in UK sterling rounded to the nearest £000.

Foreign exchange

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.

2.3. Revenue recognition and rebates

The Target's Business has applied IFRS 15 Revenue from Contracts with Customers.

Revenue is recognised at a point in time on the satisfaction of each performance obligation as that obligation is satisfied.

Performance obligations relate to the sale of goods and revenue is recognised at the point when goods are delivered, and control has passed to the customer. The Target's Business does not adjust its transaction price for the time value of money as it does not expect to have any contracts which include a significant financing arrangement.

Revenue is measured as the fair value of the consideration received or receivable and represents the amount receivable for goods supplied, net of returns and expected returns, discounts and rebates given by the Target's Business to customers. Revenue is stated net of provisions for returns of inventories, which are calculated based on the historic trends within the business.

The Target's Business has rebate agreements in place with certain customers. The rebates are treated as variable consideration and are recognised at the point of sale as a deduction from revenue. Where the calculation of variable consideration including rebates and contributions involves estimation, the expected charge is calculated based on past history of claims and expected revenue over the rebate contract term. Revenue is only recognised to the extent that there is not deemed to be a significant chance of reversal.

2.4. Royalty income

Royalty income is recognised on an accruals basis and is presented within other income.

2.5. Property, plant and 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. 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 – 4 years

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 the Statement of Comprehensive Income.

At each reporting date, the Target's Business 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).

2.6. *Intangible assets*

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Computer software – 3 years

2.7. *Impairment of property, plant and equipment, and intangible assets*

At each reporting end date, the Target's Business reviews the carrying amounts of its intangible and tangible 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).

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8. *Right of use assets and lease liabilities*

The Target's Business assesses whether a contract is, or contains, a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

The Target's Business as a lessee:

A right-of-use asset and corresponding lease liability are recognised at commencement of the lease. The lease liability is measured at the present value of the lease payments, discounted at the lessee's incremental borrowing rate specific to the term, country, currency and start date of each lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Target's Business is reasonably certain to exercise; penalties for early termination if the lease term reflects the Target's Business exercising a break option; and payments in an optional renewal period if the Target's Business is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right-of-use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Target's Business's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option.

The right-of-use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. At each reporting date, the Target's Business reviews the carrying amounts of its right-of-use 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).

When the Target's Business renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification. If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy. In all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Leases of low value assets and short-term leases of 12 months or less are expensed to the income statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

2.9. 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.

2.10. Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Target's Business becomes party to the contractual provisions of the instrument. Financial assets are derecognised 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 derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other receivables:

Trade and other receivables are classified at amortised cost and recognised initially at fair value plus any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) less provisions for impairment. These assets are held to collect contractual cash flows being solely the payments of the principal amount and interest. Provisions for impairment of trade receivables are recognised for expected lifetime credit losses using the simplified approach.

Impairment reviews of other receivables, use the general approach whereby twelve month expected losses are provided for and lifetime credit losses are only recognised where there has been a significant increase in credit risk, by monitoring the creditworthiness of the other party.

Group receivables arise as the Target's Business is not a statutory entity and therefore does not have a bank account. Therefore any increase in liquid assets of the Target's Business for each year presented in the HFI, is shown as a group receivable and included within other receivables.

Trade and 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.

2.11. Taxation

The tax expense or credit is a derived figure calculated by multiplying the profit before tax of the Target's Business by the weighted average effective tax rate of the companies from which the Target's Business has been extracted. In the future any income tax expense will be calculated by applying the applicable corporation tax rate.

2.12. Payroll expense and related contributions

The Target's Business 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.

2.13. Pension costs

The Target's Business operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Target's Business. The annual contributions payable are charged to the statement of comprehensive income.

2.14. Operating segments

The HFI discloses information about operating segments as required by IFRS 8 which requires the operating segments of the Target's Business to be defined in accordance with how the Chief Operating Decision Maker (CODM) of the Target's Business reviews financial information about the Target's Business in order to make strategic decisions and allocate resources. The CODM has been identified as the board of Ludgate 329 Limited.

As explained above, the Target's Business is not a separate statutory entity, and as a result, no information regarding the operating segments of the Target's Business has previously been presented. The CODM considers that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the CODM, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Target's Business. The Target's Business 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.

2.15. Accounting developments

The following standards were effective from the start of the period covered by the HFI but did not have a material impact on the Target's Business:

- Interpretation 23, 'Uncertainty over income Tax Treatments'
- Prepayment Features with Negative Compensation – Amendments to IFRS 9
- Long-term interest in Associates and Joint Ventures – Amendments to IAS 28
- Plan Amendment, Curtailment or Settlement – Amendments to IAS 19

No other standards which are in issue but not yet effective are expected to have a material impact on the Target's Business.

3. Critical accounting estimates and judgements

The preparation of this HFI requires judgements and estimates that affect the reported amounts of assets and liabilities at each Statement of Financial Position date and the reported amounts of income and expenses during the reporting periods to be made. Future results could differ from these estimates. Information about such judgements and estimations are contained in individual accounting policies. In addition to the items set out in note 1 to the HFI 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:

3.1. Inventory provisioning

The Target's Business sources, imports and sells housewares 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, the nature and condition of the inventory is considered, as well as applying assumptions around anticipated saleability of finished goods.

3.2. Customer rebates

The Target's Business makes estimates of the amounts likely to be paid to customers in respect of rebate arrangements. When making these estimates the contractual customer terms are considered as well as estimates of likely sales volumes to determine the rates at which rebates should be accrued in the financial statements.

3.3. Customer returns and credit notes

The Target's Business makes provisions for potential returns and credit notes to be issued to customers. In making such estimates known customer claims are taken into account as well as potential claims based on historical trends and experience within the business.

The key judgements made in the preparation of the HFI are disclosed below:

3.5. Compliance with the Listing Rules

The Directors have had to depart from IFRSs in certain areas in order to comply with the requirements of the Listing Rules. This has involved the use of judgement to ensure the HFI gives a true and fair view for the purposes of this document. More information explaining which IFRSs have departed from is given in note 1.

3.6. Carve-out allocations

The Directors have had to apply judgement in carving out the financial information in order to allocate income, expenses, assets and liabilities in such a manner as to show the HFI of the Target's Business separately from the wider European arm of the FKA Group of which the Target's Business has historically formed a part. More information explaining how the financial information has been carved out and allocated to the Target's Business is given in note 1.

4. Revenue

Analysis of revenue split by business line:

	Years ended 30 September		
	2018 £'000	2019 £'000	2020 £'000
Housewares	16,378	16,943	20,762
	16,378	16,943	20,762

Analysis of revenue split by major product line:

	Years ended 30 September		
	2018 £'000	2019 £'000	2020 £'000
Kitchen scales	7,099	7,037	8,468
Kitchen thermometers	390	363	516
Kitchen timers	301	260	333
Mills	92	424	706
Premium housewares / Small domestic appliances	143	236	155
Weight & health management	8,107	8,039	9,454
Diagnostic & health care	156	321	780
Others	90	263	350
	16,378	16,943	20,762

Geographical split by location:

	Years ended 30 September		
	2018 £'000	2019 £'000	2020 £'000
United Kingdom	13,092	13,564	16,682
Europe	2,102	2,185	3,018
Rest of World	1,184	1,194	1,062
	16,378	16,943	20,762

5. Profit before tax

The following items have been charged / (credited) in arriving at profit before tax:

	Years ended 30 September		
	2018	2019	2020
	£'000	£'000	£'000
The operating profit is stated after charging/(crediting) expenses as follows:			
Inventories recognised as an expense	9,218	9,924	12,071
Staff costs – note 6	811	918	836
Establishment and general:			
Foreign exchange loss/(gain)	13	(20)	(92)
Depreciation of owned property, plant and equipment	38	39	31
Depreciation of right of use assets	-	-	22
Royalty income	(872)	(1,107)	(1,329)
Amortisation of intangible assets	30	30	16

6. Staff and remuneration

6.1 Number of staff

	Years ended 30 September		
	2018	2019	2020
	No	No	No
Average number of employees:			
Sales staff	2	2	2
Administrative staff	17	19	23
	19	21	25

6.2 Remuneration

	Years ended 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Aggregate remuneration of staff:			
Wages and salaries	709	804	735
Social security costs	80	89	78
Other pension costs	22	25	23
	811	918	836

Staff and remuneration (continued)

6.3 Directors' remuneration and remuneration of key management personnel

The aggregate emoluments of directors and key management personnel in respect of qualifying services have not been disclosed in the HFI as none of the directors will be transferring over with the Target's Business as part of the Proposed Acquisition.

7. Finance expense

	Years ended 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Interest expense on lease liabilities	-	-	2

8. Taxation

Tax	Years ended 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Tax charge for the year	1,079	679	1,827

8.1. Factors affecting the tax charge

The tax expense recognised in the statement of comprehensive income can be reconciled to the standard rate of corporation tax as follows:

	Years ended 30 September		
	2018	2019	2020
	£'000	£'000	£'000
UK corporation tax rate	19%	19%	19%
Profit before taxation	4,695	4,523	5,903
Tax at the UK corporation tax rate	892	859	1,122
Impact of group effective tax rate	187	(180)	705
Total tax expense	1,079	679	1,827

9. Property, plant and equipment

	Fixtures, fittings and equipment £'000	Total £'000
Cost		
As at 1 October 2017	137	137
Additions	36	36
As at 30 September 2018	173	173
Additions	25	25
Disposals	(5)	(5)
As at 30 September 2019	193	193
Additions	1	1
Disposals	(47)	(47)
As at 30 September 2020	147	147
	Fixtures, fittings and equipment £'000	Total £'000
Accumulated depreciation:		
As at 1 October 2017	57	57
Charge for the year	38	38
As at 30 September 2018	95	95
Charge for the year	39	39
Disposals	(5)	(5)
As at 30 September 2019	129	129
Charge for the year	31	31
Disposals	(47)	(47)
As at 30 September 2020	113	113
Carrying amount:		
As at 30 September 2018	78	78
As at 30 September 2019	64	64
As at 30 September 2020	34	34

The depreciation charge for the period has been included in Administration Expenses in the Statement of Comprehensive Income.

10. Right of use assets

	Motor vehicles	Total
	£'000	£'000
Cost		
As at 1 October 2017*	-	-
As at 30 September 2018*	-	-
As at 30 September 2019*	-	-
Additions	101	101
As at 30 September 2020	101	101
	Motor vehicles	Total
	£'000	£'000
Accumulated depreciation:		
As at 1 October 2017*	-	-
As at 30 September 2018*	-	-
As at 30 September 2019*	-	-
Charge for the year	22	22
As at 30 September 2020	22	22
Carrying amount:		
As at 30 September 2018	-	-
As at 30 September 2019	-	-
As at 30 September 2020	79	79

* There were no movements in the years ended 30 September 2018 and 30 September 2019.

11. Intangible assets

	Software	Total
	£'000	£'000
Cost		
As at 1 October 2017*	94	94
As at 30 September 2018	94	94
Additions	44	44
As at 30 September 2019	138	138
As at 30 September 2020*	138	138
	Software	Total
	£'000	£'000
Accumulated amortisation:		
As at 1 October 2017	42	42
Charge for the period	30	30
As at 30 September 2018	72	72
Charge for the period	30	30
As at 30 September 2019	102	102
Charge for the period	16	16
As at 30 September 2020	118	118
Carrying amount:		
As at 30 September 2018	22	22
As at 30 September 2019	36	36
As at 30 September 2020	20	20

The amortisation charge for the period has been included in Administrative Expenses in the Statement of Comprehensive Income. The amortisation charge reflects the spreading of the cost of this asset's remaining expected useful life of 3 years.

* There were no additions or disposals during the years ended 30 September 2018 and 30 September 2020.

12. Inventories

As at 30 September			
	2018	2019	2020
	£'000	£'000	£'000
Goods for resale	3,604	3,418	3,421
	<u>3,604</u>	<u>3,418</u>	<u>3,421</u>

13. Trade and other receivables

As at 30 September			
	2018	2019	2020
	£'000	£'000	£'000
Trade receivables	3,003	3,116	5,136
Other receivables and prepayments	587	435	597
	<u>3,590</u>	<u>3,551</u>	<u>5,733</u>

The Directors believe that the carrying value of trade and other receivables represents their fair value. In determining the recoverability of a trade receivable the Target's Business considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date, taking into account the creditworthiness of the other party. Any expected credit loss is calculated based on the simplified approach as set out in IFRS 9. The concentration of credit risk is limited due to the customer base being large and unrelated. Credit insurance is also in place. The Directors have determined that there has not been an increased credit risk within the period covered by the HFI and no impairment charge has been recognised against these balances.

The largest trade receivables balance with an individual customer represents 28.4 per cent. of the total at 30 September 2020. The concentration of credit risk in relation to this is mitigated by credit insurance.

Trade receivables disclosed above include no material amounts which are past due at the reporting date.

Details of the business's credit risk management policies are shown in note 16.

Included within other receivables and prepayments are group receivables of £0.023m (2019 - £0.003m, 2018 - £0.149m), prepayments of £0.066m (2019 - £0.069m, 2018 - £0.068m), accrued income of £0.433m (2019 - £0.309m, 2018 - £0.311m) and other receivables of £0.075m (2019 - £0.054m, 2018 - £0.059m).

14. Trade and other payables

	As at 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Trade payables	2,041	2,344	4,536
Other payables, accruals and deferred income	884	866	1,072
Other tax and social security	81	52	88
	<u>3,006</u>	<u>3,262</u>	<u>5,696</u>

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 primarily denominated in US dollars. Financial risk management policies are 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.

15. Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date are as follows

	Due within one year	Due after one year	Total
	£'000	£'000	£'000
30 September 2018	-	-	-
30 September 2019	-	-	-
30 September 2020	17	63	80

The business leases motor vehicles for use within the business. The average remaining lease term for these motor vehicles is 3 years. Lease payments for these types of lease are generally fixed.

The movements in the lease liability during each year under review are shown below:

	Total
	£'000
Lease liability at 1 October 2017, 2018, 2019	-
Interest expense	2
Repayments made	(23)
Additions	101
Lease liability at 30 September 2020	<u>80</u>

The total cash outflow for leases during the year is equal to the repayments made.

16. Financial instruments

The Target's Business 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 below. Further quantitative information in respect of these risks is presented below and throughout this Historical Financial Information.

The principal financial instruments used by the Target's Business, from which financial instrument risk arises are as follows:

	As at 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Trade and other receivables	3,522	3,481	5,667
Trade and other payables	(2,925)	(3,210)	(5,608)

16.1. Financial assets

The Group held the following financial assets at amortised cost:

	As at 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Trade receivables	3,003	3,116	5,136
Other receivables	519	365	531
	3,522	3,481	5,667

16.2. Financial liabilities

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

	As at 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Trade payables	2,041	2,344	4,536
Other payables, accruals and deferred income	884	866	1,072
	2,925	3,210	5,608

16. Financial instruments (continued)

16.3. Financial assets/(liabilities)

Financial Risks and Risk Management

The Target's Business'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 Target's Business's financial performance. During the period covered by the HFI risk management was carried out by FKA group management, 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 competitor pricing, interest rates, foreign exchange rates.

(b) Credit risk

Credit risk is the financial loss to the Target's Business if a customer or counterparty to financial instruments fails to meet its contractual obligation. Credit risk arises from the Target's Business's cash and cash equivalents and receivables balances. Accordingly, the possibility of material loss arising in the event of non-performance by counterparties is considered to be unlikely.

(c) Liquidity risk

Liquidity risk is the risk that the Target's Business will not be able to meet its financial obligations as they fall due. This risk relates to the Target's Business's prudent liquidity risk management and implies maintaining sufficient cash. Rolling forecasts of the Target's Business's liquidity and cash and cash equivalents based on expected cash flow are monitored.

Market risk management

Competitive pressures remain a principal risk for the Target's Business. The risk is managed through focus on quality of product and service levels, coupled with continuous development of new products to offer uniqueness to the customer. Furthermore, the Target's Business's focus on offering its customers a branded product range provides some protection to its competitive position in the market. Stock obsolescence risk is managed through closely monitoring slow moving lines and prompt action to manage such lines through the various distribution channels available to the Target's Business.

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

Credit risk management

The Target's Business's sales are primarily made with credit terms, exposing the Target's Business to the risk of non-payment by customers. The Target's Business 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 Target's Business maintains a suitable level of credit insurance against its debtor book.

Liquidity risk management

At 30 September 2020 and prior periods there are no significant long-term liabilities recognised by the Target's Business. Liquidity risk has been managed through the movement in liquid assets.

Foreign currency risk management

Foreign currency risk is managed on a worldwide FKA group basis and as such no derivatives were held specific to the Target's Business. The group bought forward rate contracts in order to mitigate the risk of currency fluctuations, although this has no direct impact on the results presented for Target's Business.

16. Financial instruments (continued)

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

	Years ended 30 September		
	2018	2019	2020
	\$'000	\$'000	\$'000
Trade receivables	818	977	894
Trade payables	(2,662)	(2,890)	(5,864)
	(1,844)	(1,913)	(4,970)

The effect of a 20 per cent. strengthening of Sterling at each year end 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 £0.641m, (2019 - £0.259m, 2018 - £0.236m). A 20 per cent. 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 £0.769m, (2019 - £0.310m, 2018 - £0.283m).

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

	Years ended 30 September		
	2018	2019	2020
	€'000	€'000	€'000
Trade receivables	1,073	821	2,206
	1,073	821	2,206

The effect of a 20 per cent. strengthening of Sterling at each year end 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 £0.333m, (2019 - £0.121m, 2018 - £0.159m). A 20 per cent. 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 £0.400m, (2019 - £0.145m, 2018 - £0.191m).

The Directors have shown a sensitivity movement of 20 per cent. as due to the current uncertainty given the current economic environment this is deemed to be the largest potential movement in currency which could occur in the near future.

Maturity of financial assets and liabilities

All of the Target's Business's non-derivative financial liabilities and its financial assets at the reporting date are either payable or receivable within one year, except for lease liabilities as disclosed in note 15.

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.

17. Equity reserves

Equity represents the entire cumulative reserves of the Target's Business.

18. Ultimate controlling party

The ultimate parent undertaking and controlling party throughout the period covered by the HFI and to date is FKA Distributing Co, a USA Limited Liability Partnership.

19. Related party transactions

19.1. Transactions and balances with related companies and businesses

	Years ended 30 September		
	2018	2019	2020
	£'000	£'000	£'000
Transactions with related companies:			
Sales to Homedics Australia Pty Ltd	171	235	257
Purchases from Homedics Australia Pty Ltd	(166)	(224)	(245)
Royalties from Homedics Australia Pty Ltd	24	25	33
Amounts owed by Homedics Australia Pty Ltd	23	3	149

The above companies are related due to common control and directors.

PART 4

SUMMARY OF THE PRINCIPAL TERMS OF THE ACQUISITION AGREEMENT

1. PARTIES AND STRUCTURE

The Acquisition Agreement was entered into on 24 June 2021 between the Company and the Seller for the sale and purchase, on the terms and subject to the conditions of the Acquisition Agreement, of the entire issued share capital of the Target. The Acquisition Agreement is governed by English law.

2. CONSIDERATION

The consideration for the Proposed Acquisition is an amount in cash not exceeding £34.0 million. The consideration comprises a base consideration of

- an Initial Consideration of £32.0 million, on cash free debt free basis, payable in cash on Completion;
- Deferred Consideration of £2.0 million, to be settled in cash in four equal tranches of £0.5 million every six months from Completion.

The base consideration is subject to adjustments in accordance with schedule 3 of the Acquisition Agreement, which provides for a completion accounts preparation and review process, and an adjustment based on the actual levels of cash, debt and working capital in excess of the target working capital specified in the Acquisition Agreement at Completion (of which the aggregate estimated adjustment is anticipated to be £79,688.90 such estimated amount being paid by the Company to the Seller on Completion in addition to the Initial Consideration). The actual levels of cash, debt and excess working capital and the resulting adjustment are derived from the completion accounts. The Seller has an obligation to deliver draft completion accounts within 20 business days of the Completion under the Acquisition Agreement. Finalisation of the completion accounts is subject to a dispute mechanism.

On Completion, the Buyer shall loan £32.0 million to the Target by way of an on demand interest free loan to enable the Target to redeem the Loan Notes issued by it to the Seller pursuant to the Asset Purchase Agreement (“**Completion Loan**”). The Initial Consideration payable by the Company to the Seller shall be reduced by an amount equal to the Completion Loan.

3. CONDITIONS PRECEDENT

The Acquisition Agreement is conditional, *inter alia*, on (i) the approval of Shareholders, (ii) the receipt of the proceeds of the Fundraising and the Additional Banking Facility and (iii) the unconditional release of all encumbrances granted by the Seller in favour of Bank of America N.A. (to the extent that such encumbrances relate to the shares in the capital of the Target) (“**Security Releases**”). The conditions must be satisfied by 31 July 2021.

4. CONDUCT PENDING COMPLETION

The Seller is subject to certain customary restrictions and obligations in the period up to Completion in relation to the conduct of the business and operations of the Target and the Target's Business. These include an obligation on the Seller to conduct the business of the Target and the Target's Business in the normal course, and not to (without the prior written consent of the Company, not to be unreasonably withheld, conditioned or delayed) undertake certain actions which include termination or amendment of certain material contracts, incurring certain additional borrowings or capex, and termination of certain personnel contracts.

5. WARRANTIES AND INDEMNITIES

The Acquisition Agreement contains customary warranties in relation to title and capacity of the Seller as well as certain warranties in relation to the nature and operations of the Target and the Target's Business. A narrower set of warranties are then repeated by the Seller on Completion.

The warranties given on exchange are subject to the disclosures set out in the Disclosure Letter. Specific taxation indemnities are included in schedule 5 of the Acquisition Agreement (Tax Covenant).

The warranties and indemnities are given subject to certain customary limitations. These include (i) subject to (ii), a cap on aggregate liability of the Seller in connection with claims under or in connection with the Acquisition Agreement, Asset Purchase Agreement and Loan Note Instrument equal to £32.0 million, (ii) a cap on the Seller's liability in connection with claims under or in connection with the Acquisition Agreement, Asset Purchase Agreement and Loan Note Instrument (other than the claims for breach of certain fundamental warranties specified in the Agreement ("**Fundamental Warranties**") and breach of the restrictive covenants) at £10.0 million; (iii) a time limit for the bringing of claims of four years following completion in respect of the tax warranties and tax indemnities; and (iv) in respect of the other warranties, a time limit for the bringing of claims of the earlier of the date that is one calendar month after the financial statements of the Target for the financial year ended immediately prior to 31 December 2022 are signed by the Target and the second anniversary of Completion.

6. TERMINATION

The Acquisition Agreement contains certain rights of the Company to terminate the Acquisition Agreement for either (i) any act or omission or event being discovered which renders any of the Fundamental Warranties untrue, inaccurate or misleading as at the date of the Acquisition Agreement (and, if capable of remedy, such matter has not been remedied to the satisfaction of the Buyer prior to the Long Stop Date), (ii) any act or omission or event shall occur which renders any of the Fundamental Warranties untrue, inaccurate or misleading if the Fundamental Warranties were to be repeated at Completion by reference to the facts and circumstances existing at that date (and, if capable of remedy, such matter has not been remedied to the satisfaction of the Buyer prior to the Long Stop Date), (iii) the Placing Agreement is terminated by Shore Capital and SCS pursuant to clause 14.1 of the Placing Agreement, or (iv) the Additional Banking Facility is not available for utilisation by the Company as a result of certain conditions precedent under the Additional Banking Facility not being satisfied.

If the Acquisition Agreement is terminated for any reason (other than as a result of (i) failure of the Seller to obtain the Security Releases or (ii) a breach of the Fundamental Warranties), the Company has agreed to reimburse the Seller for all of its costs and expenses (including legal and other professional expenses and any VAT thereon) reasonably and properly incurred in connection with the Proposed Acquisition up to a maximum of £0.25 million plus VAT.

7. RESTRICTIVE COVENANTS

Under the Acquisition Agreement, the Seller has given customary restrictive covenants in relation to the business and operations of the Target's Business and its employees, for a period of up to 30 months following Completion. These covenants include non-solicitation of senior employees and non-compete covenants, subject to a number of specified exemptions (including, without limitation, licensing the right to use certain "Salter" international trademarks (registered in the US and Canada) to persons in the US, Canada and/or Mexico).

8. GUARANTEES

FKA Distributing Co. LLC (a limited liability corporation incorporated and registered in Michigan with company number 801648042) (the "**Guarantor**") has guaranteed any due amount owed by the Seller to the Company under or otherwise arising out of the Acquisition Agreement. The Guarantor has also undertaken to pay any such due amount to the Company to the extent that the Seller has not already paid such amount.

The Company has guaranteed the punctual performance of all the obligations and liabilities of the Target under or otherwise arising out of or in connection with any and all of the Asset Purchase Agreement (and the ancillary documentation entered into pursuant thereto), Loan Note Instrument and the Acquisition Agreement (and the ancillary documentation entered into pursuant thereto). The Company has also undertaken to indemnify the Seller against all losses which the Seller may suffer or incur as a result of any failure or delay by the Company in the punctual performance of any such obligations and liabilities.

9. TRANSITIONAL SERVICES AGREEMENT

Pursuant to the Acquisition Agreement, the Target and the Company will enter into a transitional services agreement with the Seller under which the Seller will provide certain services to the Target and/or the Company on a transitional basis to facilitate the operation of the Target Business. The services will principally relate to: (i) general assistance / information provision, (ii) data and data

transfers, (iii) personnel, (iv) intellectual property, (v) customer contracts, (vi) customer services arrangements, (vii) product returns, (viii) supplier contracts, (xi) warehousing and logistics, (x) ongoing contracts / distribution agreements, (xi) intellectual property licences, (xii) website hosting and administration, and (xiii) finance and accounting.

The services will be provided to the Target's Business for certain specified periods depending on the service being provided (subject to certain customary termination rights). The Company has agreed to pay certain service charges to the Seller in consideration for the services.

The Seller has given certain customary undertakings to the Target and the Company in connection with the provision of the services pursuant to the Transitional Services Agreement. Subject to certain exceptions, either party's liability under the Transitional Services Agreement is limited to £100,000 or (in the case of the Seller) the total service charges paid by the Target to the Seller (if lower).

10. IPR LICENCE

Pursuant to the Acquisition Agreement, the Target will enter into a licence agreement with the Seller pursuant to which the Seller will be permitted to use certain intellectual property rights of the Target ("**IPR Licence**"). Pursuant to the IPR Licence, the Target grants each of the following to the Seller: (i) a non-exclusive, royalty free, perpetual licence to use the intellectual property rights in the manufacture of products anywhere in the world (provided that such products are only sold or distributed in North America, Canada and Mexico); (ii) a sole, royalty-free, perpetual licence to use the intellectual property rights to sell, distribute and advertise products in North America, Canada and Mexico (but only to the extent necessary to continue the business of the Seller in such territories as at the date of the IPR Licence); (iii) a non-exclusive, royalty-free licence to use the intellectual property rights to sell, distribute and advertise (anywhere in the world) certain stock held or owned by the Seller exclusively in respect of the Target's Business which is either (a) Fulfilment by Amazon stock, under the control or in the possession of Amazon; or (b) located in Belgium, in each case as at 11:59pm (London time) on 14 June 2021 (the "**Excluded Stock**"), until such Excluded Stock has been sold or destroyed (and provided that the Excluded Stock located in Belgium is only sold to the Company in accordance with the terms of the Acquisition Agreement); and (iv) a non-exclusive, royalty-free licence to use the intellectual property rights to perform certain ongoing customer and distribution contracts for the duration of the relevant notice period for each ongoing contract.

11. DEED OF VARIATION AND TERMINATION

Pursuant to the Acquisition Agreement, the Target will enter into a deed of variation and termination with the Seller pursuant to which the APA Licences and the Mi-Body Licence granted pursuant to the IPR Assignment shall be terminated ("**Deed of Variation and Termination**"). Pursuant to the Deed of Variation and Termination, the Target and the Seller shall irrevocably and unconditionally release the other party from each and every obligation, undertaking and agreement set out in the IPR Assignment relating to the APA Licences and the Mi-Body Licence and, to the extent that the Asset Purchase Agreement includes any reference to the APA Licences, the Asset Purchase Agreement shall be varied to refer to the licences granted pursuant to the IPR Licence.

PART 5

DOCUMENTS INCORPORATED BY REFERENCE

1. RELEVANT DOCUMENTATION

The following documentation, which was sent to Shareholders at the relevant time and/or is available for inspection in accordance with paragraph 14 of Part 6 of this document, contains information which is relevant to this document.

2. DOCUMENTATION INCORPORATED BY REFERENCE

The table below sets out the documentation incorporated by reference into this document to ensure that Shareholders and others are aware of all information which, according to the particular nature of the Company, is necessary to enable Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company. For the avoidance of any doubt, no information incorporated by reference in such documentation shall be incorporated by reference into this document.

This document should be read and construed in conjunction with these documents, each of which has been previously published or are published simultaneously with this document and that have been filed with the National Storage Mechanism. Those parts of these documents that are not incorporated by reference are either not relevant for investors or covered elsewhere in this document.

Any information not listed below, but included in the documents incorporated by reference, is given for information purposes only. Any documents referred to below may themselves incorporate by reference or refer to any other documents or information ("**Daisy-Chained Information**"). Any such Daisy-Chained Information is not incorporated by reference into, or otherwise form part of, this document.

Reference Document	Information incorporated by reference	Page number in Reference Document Page Reference
<i>Annual Report and Accounts for the Group for the year ended 31 July 2020</i>	Independent auditors' reports	110-117
	Consolidated income statement	118
	Consolidated statement of comprehensive income	119
	Consolidated Statement of Financial Position	120-121
	Company statement of financial position	122-123
	Consolidated statement of changes in equity	124-125
	Company statement of changes in equity	126-127
	Consolidated statement of cash flows	128-129
	Company statement of cash flows	130
	Notes to the Financial Statements	131 - 182
	Note 29 of the Notes to the Financial Statements regarding related party transactions	164 – 165
<i>Annual Report and Accounts for the Group for the year ended 31 July 2018</i>	Note 29 of the Notes to the Financial Statements regarding related party transactions	148 - 149

PART 6

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Company and the Directors, whose names appear at paragraph 2 of this Part 6, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS AND REGISTERED OFFICE

Directors

James McCarthy Non-Executive Chairman

Simon Showman Chief Executive Officer

Andrew Gossage Managing Director

Graham Screawn Chief Financial Officer

Alan Rigby Senior Independent Director

Robbie Bell Non-Executive Director

Jill Easterbrook Non-Executive Director

Christine Adshead Non-Executive Director

The Company is domiciled in the United Kingdom with its registered office and principal place of business at Manor Mill, Victoria Street Chadderton, Oldham, OL9 0DD. The telephone number of the Company's registered office is +44 (0)161 627 1400.

The Company was incorporated and registered in England and Wales on 21 April 2005 as a private limited company limited by shares with the name INHOCO 3201 Limited and the registered number 05432142. By a special resolution, the Company changed its name to Ultimate Products Holdings Limited on 11 August 2005, and then, by further special resolution, changed its name to UP Global Sourcing Holdings Limited on 8 October 2012. By a further special resolution, the Company converted to a public limited company limited by shares on 13 February 2017.

The principal legislation under which the Company operates is the Act and the regulations made thereunder.

3. FINANCIAL INFORMATION

Unless otherwise stated financial information relating to the Company has been extracted without material adjustment from the audited consolidated financial statements of the Company incorporated by reference, in Part 5 (Documents Incorporated by Reference) of this document;

4. WORKING CAPITAL

The Company is of the opinion that the Enlarged Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

5. DIRECTORS' INTERESTS AND SERVICE AGREEMENTS

- a) As at the Latest Practicable Date, the interests (including the options mentioned below) of the Directors and their respective spouses or civil partners or any minor children which would be treated as interests in the Existing Ordinary Shares for the purposes of s.820 of the Act, all of which are beneficial were as follows:

Name	Number of shares	Percentage of issued share capital	No of Shares under Option	Percentage of issued share capital
Executive Directors				
Simon Showman	18,530,600	22.55%	-	-
Andrew Gossage	8,052,400	9.80%	-	-
Graham Screawn	428,145	0.52%	239,962	0.29 %
Non-executive Directors				
James McCarthy	935,000	1.14%	-	-
Alan Rigby	25,000	0.03%	-	-
Robbie Bell	402,144	0.49%	-	-
Jill Easterbrook	-	-	-	-
Christine Adshead	-	-	-	-

Name	Date of Grant	Exercise period	Exercise price	Option money paid/received	No of Shares under Option
Simon Showman	N/A	N/A	N/A	N/A	N/A
Total for Simon Showman		-	-	-	N/A

Name	Date of Grant	Exercise period	Exercise price	Option money paid/received	No of Shares under Option
Andrew Gossage	N/A	N/A	N/A	N/A	N/A
Total for Andrew Gossage		-	-	-	N/A

Name	Scheme	Date of Grant	Exercise period	Exercise price	Option money paid/received	No of Shares under Option
Graham Screawn	SAYE Scheme	13/02/2019	01/03/2022 – 30/09/2022	39.5	-	22,784
	PSP	11/03/2019	*	0.25	-	125,000
	SAYE Scheme	02/12/2020	01/01/2024 – 30.06.2024	73.9	-	12,178
	PSP	14/12/2020	^	0.25	-	80,000
Total for Graham Screawn			-	-	-	239,962

* Following a three-year performance period, which commenced on 1 August 2019 and ends on 31 July 2022, the options may then vest over a two-year period commencing on the assessment by the Remuneration Committee of the performance conditions, and lapse on the tenth anniversary of the date of grant. The options are subject to rigorous financial performance conditions (including an earnings per share target) and continued employment with the Company.

^ Following a three-year performance period, which commenced on 1 August 2020 and ends on 31 July 2023, the options may then vest over a two-year period commencing on the assessment by the Remuneration Committee of the performance conditions, and lapse on the tenth anniversary of the date of grant. The options are subject to rigorous financial performance conditions (including an earnings per share target) and continued employment with the Company.

All such options set out above were either granted under the Company's Save As You Earn Scheme ("SAYE Scheme") or the Performance Share Plan ("PSP") as indicated above.

Management Incentive Scheme ("MIP")

Simon Showman, Andrew Gossage and Graham Screawn also hold 48, 32 and 8 MIP Shares respectively under the Company's MIP. The MIP Participants have the right to sell all of their MIP Shares to the Company at the end of the Vesting Period (being 28 February 2020). The Company also has a corresponding call right at the end of this Vesting Period. If the MIP Shares have not been purchased by the Company by the specified MIP Long Stop Date (being 28 February 2024), the Company has the ability to buy back the MIP Shares at nominal value. The value of the MIP Shares, as a whole, at the Exercise Date (i.e. the date on which the MIP Participant exercises its right to sell the MIP Shares or the Company exercises its corresponding right to purchase the MIP Shares) will be the Relevant Percentage (i.e. 15 per cent.) multiplied by the amount by which the Share price exceeds the Hurdle (based on the 90 day average share price of the Shares prior to the Exercise Date) multiplied by the number of issued Shares in the Company at 1 March 2017. The Company may, at its discretion, purchase the MIP Shares for cash or by issuing Shares. The number of Shares which would be acquired would be based on the MIP Share value and the share price of the Shares on the Exercise Date (calculated as set out above). The maximum number of Shares which can be issued on exercise of MIP awards will be set at 6.25 per cent. of the Issued Share Capital. If the MIP awards are settled in cash, the value of the cash amount paid to the MIP Participants will also be subject to this cap (i.e. it will be limited to the value of Shares equating to 6.25 per cent. of the Issued Share Capital and the value of the Shares will be the Share price at the Exercise Date (based on the 90 day average share price of the Shares). If the Company chooses to settle the MIP Shares by issuing Shares, the MIP Participants will be restricted from selling 50 per cent. of the Shares they receive prior to the fourth anniversary of the date the MIP Shares were issued to the MIP Participant.

- b) Save as set out in paragraph 3(a) above, no Director (nor any of their spouses civil partners, or minor children) has any interest, whether beneficial or non-beneficial, in the Existing Ordinary Shares.
- c) Directors' Service Agreements

No benefit, payment or compensation of any kind is payable to any Director upon termination of his or her employment under the terms of any service contract entered into with a Director. Information on the terms of the Directors' service contracts and letters of appointment have been published prior to the date of this document and are set out at pages 92 to 99 of the Company's Annual Report and Accounts for the year ended 31 July 2020.

6. SUBSTANTIAL INTERESTS

As at the Latest Practicable Date, so far as is known to the Company the following persons (other than a director) were directly or indirectly interested in 3 per cent. or more of the issued share capital of the Company:

Name	Number of Shares	Percentage of issued share capital
Schroders plc	12,305,063	14.98%
Barry Franks	7,270,400	8.85%
Ennismore Fund Management Limited	5,169,231	6.29%
UP Global Sourcing Employee Benefit Trust	4,052,738	4.94%
Hargreave Lansdown Stockbrokers	2,876,214	3.50%

Save as disclosed in this paragraph 6, the Company is not aware of and has not been notified of any shareholding representing, directly or indirectly, 3 per cent. or more of the share capital of the Company. The Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise, control over the Company.

7. MATERIAL CONTRACTS

- a) The Group

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by companies in the Group within the two years immediately preceding the date of this

document and are, or may be, material or have been entered into at any time and which contain any provisions under which any member of the Group has any obligations or entitlements which are material to the Group as at the date of this document:

1. The Acquisition Agreement summarised in Part 4 of this document.
2. The Additional Banking Facility

The Company has conditionally entered into an additional £10.0 million term loan running to 1 October 2024 with HSBC to part finance the Initial Consideration. This will sit alongside the Group's existing bank facilities, including but not limited to the RCF.

The Additional Banking Facility is subject to financial covenants that will be tested by reference to the Borrower's annual and quarterly financial statements. The following covenants are used for the purposes of the Additional Banking Facility:

- cashflow to debt service;
- interest cover;
- total debt (excluding invoice financing debt) to EBITDA leverage;
- the Senior Leverage; and
- capital expenditure.

Interest on the Additional Banking Facility is calculated as being 2.75 per cent. per annum (the "**Margin**") plus SONIA compounded in arrears, however, the Margin is subject to a ratchet (provided no default has occurred under the Additional Banking Facility) which will decrease to 2.55 per cent. when Senior Leverage is less than or equal to 1.5:1 and further decreases to 2.2 per cent. per annum where Senior Leverage is less than or equal to 1:1.

The Company and its subsidiary, UPGS UK, have joint and severally guaranteed their obligations under the Additional Banking Facility. The Company and UPGS UK have each granted debentures comprising of fixed and floating charges over all of their assets and undertaking in favour of HSBC. The Company and UPGS UK have also each granted general pledges pursuant to which the documents referred to therein (e.g. bills of lading, negotiable instruments, dock warrants, bills of exchange) and the goods associated with such documents are pledged to HSBC.

3. The Placing Agreement

On 24 June 2021, the Company, Shore Capital and SCS entered into a conditional placing agreement pursuant to which SCS was appointed sole bookrunner in relation to the placing of up to a maximum of 6,904,762 Placing Shares. Pursuant to the terms and conditions of the placing agreement, SCS agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers. The Placing Agreement also contains, amongst other things, certain obligations on the Company, which are customary, including that the Company agrees to comply with the Listing Rules.

In connection with the placing, the Company agreed to pay SCS a corporate finance fee and a commission on the aggregate value of the Placing Shares. The Company gave customary representations, warranties and undertakings to Shore Capital as to the accuracy of the information contained in the relevant placing documents, and in other matters relating to the Company and the Target's Business. In addition, the Company gave customary indemnities to Shore Capital and SCS and certain persons connected with them.

Shore Capital and SCS have the right to terminate the Placing Agreement in certain circumstances prior to Admission, including (*inter alia*): (i) if any of the warranties given in the Placing Agreement was untrue, inaccurate or misleading when made or any such warranties

have ceased to be true or accurate or have become misleading in each case by reference to the facts subsisting at that time, (ii) if there has been a breach of the warranties, agreements or undertakings or other obligations on the part of the Seller under the Acquisition Agreement which is material in the context of the Placing and/or the Acquisition Agreement is terminated in accordance with its terms, (iii) the failure of the Company to comply in any material respect with its obligations under the Placing Agreement, or (iv) the occurrence of a force majeure event which in Shore Capital and SCS's opinion would be likely to prejudice the success of the Placing or which makes it impractical or inadvisable to proceed with the Placing, or (v) there has been a material adverse change affecting the financial position or business or prospects of the Company or its Group or there is a fact, circumstance of development reasonably likely to result in a material adverse change.

4. The PrimaryBid Engagement Letter

On 24 June 2021, the Company and PrimaryBid entered into an engagement letter ("**PrimaryBid Engagement Letter**") pursuant to which (among other things) PrimaryBid (a) agreed to be the arranger (concurrently with the Placing) of a separate retail offer of the Retail Shares to be undertaken by it at the Issue Price to registered users of its online hosted PrimaryBid.com platform (the "**Retail Offer**"); (b) agreed that it would consult and agree with the Company the basis upon which it would allocate New Ordinary Shares among subscribers (the "**PrimaryBid Subscribers**") in respect of the Retail Offer; (c) in respect thereof, and subject to the satisfactory completion of any necessary work, agreed to approve (with the Company's assistance) the announcement of the Retail Offer also made by the Company on 24 June 2021 for the purposes of section 21 of FSMA; and (d) represented, warranted and undertook to the Company that it would comply with all laws, regulations, requirements, practices and guidelines relevant to the Retail Offer and not cause the Company to make an offer of Ordinary Shares to the public in any Member State of the European Economic Area or the United Kingdom, other than an offer to the public in the UK under the exemption contained in section 86(1)(e) of FSMA.

The Company also gave certain confirmations to PrimaryBid in respect of the New Ordinary Shares to be issued by it pursuant to the Retail Offer.

Subject to Admission and receipt by PrimaryBid of the proceeds of the Retail Offer, the Company shall pay to PrimaryBid an agreed broker fee (plus any applicable VAT).

PrimaryBid (in respect of the Retail Offer) and the Company (in respect of the Placing) have given various warranties in favour of the other in respect of their compliance with applicable securities laws in the United States.

In addition, PrimaryBid has given the Company an indemnity relating to any losses and liabilities which may be incurred by the Company in connection with any breach by PrimaryBid of certain of its obligations arising out of its engagement. Under the terms of a separate subscription letter of the same date sent by it to the Company, PrimaryBid, acting in its capacity as nominee for the PrimaryBid Subscribers, has agreed (among other things) to subscribe, conditional upon Placing Shares Admission, for New Ordinary Shares having an aggregate maximum value at the Issue Price of up to £0.5 million.

b) The Target

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by companies in the Group within the two years immediately preceding the date of this document and are, or may be, material or have been entered into at any time and which contain any provisions under which any member of the Group has any obligations or entitlements which are material to the Group as at the date of this document:

1. Asset Purchase Agreement

The Target entered into an asset transfer agreement with the Seller on 14 June 2021 pursuant to which the Target acquired the Seller's business of developing and selling kitchen and bathroom scales, kitchen products (being knife blocks, bakeware, cookware, kitchen utensils,

chopping boards, cutlery, knives, slicers and dicers, ironing boards, bins and steam mops), small domestic appliances (being for food and beverage preparation, cooking, ironing, garment care, cleaning and portable heating) and health diagnostic appliances, in each case under the name of “Salter” (and/or under any of the trademarks listed in Part 1 of Schedule 4 of the Asset Purchase Agreement (“**Trademarks**”)) carried on by the Seller at 11.59 (London time) on 14 June 2021; but excluding: (i) any and all other business carried out by the Seller or the Seller’s Group under any brand other than “Salter” or the Trademarks (such exclusion including the “HoMedics” brand) at such date; or (ii) under any business carried on under “Salter” or otherwise in North America, Canada and/or Mexico. The consideration for such transfer was £32.0 million which was satisfied by the Target agreeing to issue £32.0 million unsecured loan notes (“**Loan Notes**”) to the Seller pursuant to the Loan Note Instrument.

Pursuant to the Asset Purchase Agreement, the Seller gave certain customary warranties to the Target in relation to its title to the assets transferred to the Target and its capacity to enter into the Asset Purchase Agreement and transaction documentation pursuant to that agreement. The Seller and the Target also gave certain customary undertakings in respect of the transfer of the Target Business pursuant to the Asset Purchase Agreement.

Certain assets are excluded from the Asset Purchase Agreement including (inter alia): (i) the Seller’s cash-in-hand, (ii) certain excluded stock, (iii) book debts; (iv) certain intellectual property rights (including certain “Salter” trademarks registered in the US and Canada), (v) certain IT contracts and systems; (vi) all distribution and logistics contracts; and (vii) certain non-exclusive business contracts (as set out in Schedules 5 and 6 of the Asset Purchase Agreement (“**Non-Exclusive Business Contracts**”)).

The Non-Exclusive Business Contracts have not been assigned or transferred to the Target. To the extent that the Non-Exclusive Business Contracts are customer contracts which account for 1 per cent. or more of the purchases made from the Target Business in the 12 month period ending on the date of the Asset Purchase Agreement or is a contract with John Lewis Plc (“**Relevant Contracts**”), then the Seller shall (during the four month period from the date of the Asset Purchase Agreement (“**Interim Period**”)) provide such reasonable assistance as the Target may reasonably require for the purposes of assisting it in the negotiation of new contracts with such customers and / or suppliers. During the Interim Period (to the extent that any Relevant Contract relates to the Target Business), the Seller shall hold any monies, goods or other benefits received by the Seller under such arrangements as trustee for the Target until 5pm on the final day of the Interim Period (upon which such trust arrangement shall terminate and cease).

The Asset Purchase Agreement also granted the Seller a non-exclusive, fully paid up, transferable right and licence in perpetuity to use the Target’s proprietary technology solution known as the “Mi-Body App” (“**Mi-Body Licence**”). The Target shall enter into the Deed of Variation and Termination on Completion pursuant to which the Mi-Body Licence shall be terminated. Please refer to paragraph 11 of Part 4 of this document for further details.

On 14 June 2021, the Target also entered into various ancillary documents with the Seller to give effect to the Asset Purchase Agreement including: (i) a data sharing agreement, (ii) a goodwill assignment and (iii) the IPR Assignment (see paragraph 3 below).

2. Loan Note Instrument

On 14 June 2021, the Target entered into the Loan Note Instrument constituting £32,000,000 Loan Notes, which were issued to the Seller pursuant to the Asset Purchase Agreement. The Target is obliged to redeem all of the principal amount of the Loan Notes immediately on the earlier of demand by the holders of the Loan Notes and the acquisition of control of the Target by any person or persons acting concert. Save for default interest on late payments (which accrues at a rate of 8 per cent. per annum), there is no interest payable by the Target on the Loan Notes. The Acquisition Agreement provides that the Loan Notes will be redeemed as part of the Proposed Acquisition.

3. IPR Assignment

On 14 June 2021, the Target entered into the IPR Assignment with the Seller pursuant to which the Seller assigned certain intellectual property rights to the Target. The Target also granted the Seller the following licences in relation to such intellectual property rights to: (i) a sole royalty free, irrevocable and transferable licence to use the intellectual property rights to manufacture (anywhere in the world) products under the “Salter” name and to sell, distribute and advertise those products in North America, Canada and Mexico; (ii) a non-exclusive, royalty free, irrevocable and transferable licence to use the intellectual property rights to sell, distribute and advertise certain stock relating to Fulfilment by Amazon and stock located in Belgium; and (iii) a sole royalty free, irrevocable and transferable licence to use the intellectual property rights to perform certain ongoing customer and distribution contracts during the relevant notice periods for such contracts (“**APA Licences**”). The Target shall enter into the Deed of Variation and Termination on Completion pursuant to which the APA Licences shall be terminated. Please refer to paragraph 11 of Part 4 of this document for further details.

8. RELATED PARTY TRANSACTIONS

Save as already published in the annual reports of the Group for the financial years ended 31 July 2018, 2019 and 2020 which are incorporated by reference into this document and as set out in notes to financial statements pages 148 to 149, pages 164 to 165 and pages 175 to 176 respectively, there are no further related party transactions entered into by the Group for these financial years.

Since the financial year ended 31 July 2020 until the Latest Practicable Date, there has been the no related party transactions.

9. LITIGATION AND ARBITRATION

a) The Company

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Directors are aware) which may have, or have had during the 12 months prior to the date of this documents, a significant effect on the Group or the financial position or profitability of the Group.

b) The Target

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Directors are aware) which may have, or have had during the 12 months prior to the date of this document, a significant effect on the Target financial position or profitability of the Target.

10. SIGNIFICANT CHANGES

- a) There has been no significant change in the financial position or financial performance of the Group since 31 January 2021, the date to which the last financial period for which unaudited consolidated interim financial statements for the Company have been published.
- b) There has been no significant change in the financial position or financial performance of the Target's Business since 30 September 2020, the date to which the financial information set out in Part 3 has been prepared.
- c) The Seller has given a warranty to the Buyer in the Acquisition Agreement confirming that there has been no material adverse change in the turnover or financial position in respect of the Target since 30 September 2020.

11. PROFIT FORECAST

Profit Forecast

- a) The Company has provided the following trading update within this document *“The Board anticipates that its performance in FY21 will be in line with current expectations, with revenues forecast to be in excess of £133 million (FY20 – £115.7 million). While the Group has seen an increase in shipping rates, the Board nevertheless currently expects that underlying EBITDA for FY21 will be in excess of £13.0 million (FY20 – £10.4 million) with underlying profit before tax in excess of £10.8 million (FY20 – £8.2 million).”*
- b) These words together are deemed to constitute a profit forecast (the “**Profit Forecast**”) for the purposes of the Listing Rules.
- c) The Directors have considered and confirm that the Profit Forecast remains valid at the date of this document based on the (a) the unaudited management accounts for the Group for the ten months ended 31 May 2021; and (c) a Directors’ forecast for the two months ending 31 July 2021.

Basis of Preparation

- d) The Profit Forecast has been properly compiled on the basis of the assumptions stated below, on a basis consistent with the accounting policies of the Company, which are in accordance with IFRS and are those which will be applicable for the financial year ending 31 July 2021.
- e) The Directors prepared the Profit Forecast based on: (a) the audited financial statements for the year ended 31 July 2020; (b) the unaudited management accounts for the Group for the ten months ended 31 May 2021; and (c) a Directors’ forecast for the two months ending 31 July 2021.
- f) The Profit Forecast in respect of underlying EBITDA constitutes a non-GAAP financial measure. Underlying EBITDA represents profit from operations before depreciation and amortisation, adjusted for the share-based payment charges and other non underlying items. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, or superior to financial measures prepared under IFRS.

Profit Forecast assumptions

The principal assumptions upon which the Profit Forecast are based are:

- g) Factors affecting the Profit Forecast that are outside the influence or control of the Directors:
 - a. there will be no material change in the political and/or economic environment that would materially affect the Group;
 - b. there will be no material change in legislation or regulation impacting on the Group’s operations or its accounting policies;
 - c. there will be no business disruptions that materially affect the Group, its customers or operations, including supply chain disruptions, cyber-attacks, technological issues, natural disasters, pandemics, epidemics, other disease, acts of terrorism or other material disruption;
 - d. there will be no material change in inflation, interest in the principal markets and regions in which the Group operates compared with the Group’s budgeted forecast;
 - e. exchange rates and tax rates remain materially unchanged from the prevailing rates;
 - f. there will be no material changes in Group’s principal markets or for the Group’s products;
 - g. there will be no material change in the management or control of the Group; or

- h. there will be no adverse event that will have an impact on the Group's financial performance which is material in the context of the Profit Forecast.
- h) Factors affecting the Profit Forecast that are within the influence or control of the Directors:

Prior to 31 July 2021:

- a. save as set out in this document, there will be no material acquisitions or disposals by the Group;
- b. there will be no material change in the management of the Group's business or in the operational strategy of the Group; or
- c. there are no material strategic investments over and above those currently planned by the Group.

Although the Company expects Completion to occur in June 2021, the Profit Forecast assumes that Completion has not occurred by 31 July 2021 in order for Shareholders to assess the performance of the Company on a standalone basis.

12. NATURE OF FINANCIAL INFORMATION

The financial information set out in this document does not constitute statutory accounts within the meaning of section 434 of the Act. Statutory group accounts for the Group for each of the three years ended 31 July 2018, 2019 and 2020 have been delivered to the Registrar of Companies. The Company's auditors made unqualified reports under section 495 of the Act on all such accounts. None of the reports was qualified or contained a statement under section 498(2) or (3) of that Act.

13. CONSENTS

- a) Shore Capital and SCS have each given and not withdrawn their written consent to the inclusion in this document of the references to their name in the form and context in which they appear.
- b) BDO LLP has given and has not withdrawn its written consent to the inclusion in this document of its Accountant's Report in respect of the Historical Financial Information relating to the Target's Business set out in Section A of Part 3 of this document, in the form and context in which it is included.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection for a period of 12 months on the Company's website at www.upgs.com and at the registered office of the Company, Manor Mill, Victoria Street Chadderton, Oldham, OL9 0DD and at the offices of Hill Dickinson LLP, 50 Fountain Street, Manchester M2 2AS during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) until the conclusion of the General Meeting (or any adjournment thereof):

- (a) the memorandum and articles of association of the Company;
- (b) the audited consolidated financial statements of the Group for the financial years ended 31 July 2020, 31 July 2019 and 31 July 2018;
- (c) the unaudited interim financial statements of the Group for the six months ended 31 January 2021 and 31 January 2020;
- (d) the report of BDO LLP set out in Part 3 of this document;
- (e) the letters of consent referred to in paragraph 13 of this Part 6;
- (f) the Form of Proxy; and
- (g) this document.

Inspection of these documents may only take place in accordance with measures imposed by the UK Government in connection with the COVID-19 pandemic. The Company has its own procedures in place

to comply with those measures. Accordingly, if you wish to inspect any of these documents, you should email 2021gm@upgs.com to arrange an appointment.

A copy of the Acquisition Agreement will also be available for inspection by prior arrangement by emailing 2021gm@upgs.com, during normal business hours on any business day during the period beginning with (and including) the date of this document and ending on (and including) the date of the General Meeting at the Company's registered office at Manor Mill, Victoria Street Chadderton, Oldham, OL9 0DD. If a Shareholder is not able to travel to or access either location due to the UK Government's restrictions in response to the COVID-19 pandemic, and would otherwise like to inspect the Acquisition Agreement, they may email 2021gm@upgs.com to make alternative arrangements.

Dated: 25 June 2021

DEFINITIONS

The following terms have the following meanings throughout this document and the Form of Proxy unless the context otherwise requires:

“Act”		the UK Companies Act 2006, as amended from time to time
“Additional Facility”	Banking	the new banking facility entered into between HSBC and the Company, further described in paragraph 7(a)(2) of Part 6
“Admission”		admission of the Placing Shares (“ Placing Shares Admission ”) and the Retail Shares to listing on the premium listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange
“Acquisition Agreement” or “SPA”		the conditional sale and purchase agreement between the Company and FKA Brands dated 24 June 2021 (as amended, modified, restated or supplemented from time to time) relating to the Proposed Acquisition further details of which are set out in this document
“APA Licences”		the intellectual property licences granted by the Target to the Seller pursuant to the IPR Assignment
“Articles”		the articles of association of the Company
“Asset Purchase Agreement”	Purchase	the asset purchase agreement entered into between the Target and the Seller on 14 June 2021
“Bank” or “HSBC”		HSBC UK Bank plc
“Board”		the board of Directors of the Company
“Company” or “Ultimate Products”		UP Global Sourcing Holdings plc, a company incorporated in England and Wales with registered number 05432142
“Completion”		completion of the Proposed Acquisition
“Class 1 Resolution”		resolution 1 set out in the Notice of General Meeting
“CMA”		the UK Competition and Markets Authority
“CREST”		the system of paperless settlement of trades in listed securities of which Euroclear UK & Ireland Limited is the operator
“CREST Proxy Instruction”		has the meaning given to it in the Notice of General Meeting appended to this document
“Deferred Consideration”		the £2.0 million payable in cash by the Company to the Seller over 24 months in four equal tranches from the date of Completion in accordance with the terms of the Acquisition Agreement
“Disclosure Guidance and Transparency Rules”		the disclosure guidance and transparency rules made by the FCA under Part 6 of the FSMA
“Directors”		the directors of the Company whose names appear at paragraph 2 of Part 6 of this document
“Enlarged Group”		the Group as enlarged by the acquisition of the Target following Completion
“Enlarged Share Capital”		the issued share capital of the Company as enlarged by the New Ordinary Shares
“EU Market Abuse Regulation” or “EU MAR”		Market Abuse Regulation 596/2014/EU, as amended from time to time
“Euroclear”		Euroclear UK & Ireland Limited, the operator of CREST

“Exercise Date”	the date on which the MIP Participant exercises its right to sell the MIP Shares or the Company exercises its corresponding right to purchase the MIP Shares
“Existing Ordinary Shares”	the 82,169,600 Shares in issue at the date of this document
“FCA”	the Financial Conduct Authority acting as the competent authority for the purposes of Part VI Financial Services and Markets Act 2000
“FKA Brands” or the “Seller”	FKA Brands Limited, a company incorporated in England and Wales with registered number 04353765
“FSMA”	the UK Financial Services and Markets Act 2000, as amended from time to time
“Form of Proxy”	the form of proxy for use in connection with the General Meeting accompanying this document
“Fundraising”	together, the Placing and the PrimaryBid Offer
“Fundraising Resolutions”	resolutions 2 and 4 set out in the Notice of General Meeting
“FY”	the financial year ending 31 July in respect of the Company and the financial year ending 30 September in respect of the Target, as the context requires
“General Meeting” or “GM”	the general meeting of the Company convened by the notice of meeting to be held on 13 July 2021 at 10 a.m. or any reconvened meeting following any adjournment thereof
“Group” or “Ultimate Products Group”	the Company and its subsidiaries as at the date of this document;
“Hive Documentation”	Down the Asset Purchase Agreement and the ancillary documentation entered into by the Target and the Seller pursuant to the Asset Purchase Agreement
“HMRC”	HM Revenue & Customs
“Hurdle”	a 30 per cent. premium to the market capitalisation of the Company on 1 March 2017
“IFRS”	International Financial Reporting Standards as adopted by the United Kingdom
“Initial Consideration”	the £32.0 million in cash due payable by the Company to the Seller on Completion
“IPR Assignment”	the deed of assignment of intellectual property rights entered into between the Seller and the Target on 14 June 2021 in connection with the Asset Purchase Agreement
“IPR Licence”	the licence of intellectual property rights to be entered into by the Seller and the Target pursuant to the Acquisition Agreement on Completion
“Issue Price”	210 pence per New Ordinary Share
“Issued Share Capital”	the 82,169,600 Shares in issue as at the date of this Circular
“Latest Practicable Date”	24 June 2021 (being the latest practicable date prior to the publication of this document)
“Listing Rules”	the listing rules made by the FCA under Part 6 of FSMA
“Loan Note Instrument”	the loan note instrument entered into by the Target on 14 June 2021 constituting £32.0 million unsecured loan notes

“Loan Notes”	the loan notes issued by the Target pursuant to the Loan Note Instrument
“London Stock Exchange”	London Stock Exchange Plc
“Long Stop Date”	31 July 2021
“MIP”	the UP Group Management Incentive Plan under which shares in UPGS UK were issued to the MIP Participants
“MIP Long Stop Date”	the date being seven years from the date of an award of MIP Shares under the MIP
“MIP Participants”	the participants (including Simon Showman, Andrew Gossage and Graham Screawn) who subscribed for A ordinary shares in the capital of UPGS UK pursuant to the MIP
“MIP Shares”	the A ordinary shares in UPGS UK pursuant to the MIP
“New Ordinary Shares”	together, the Placing Shares and the Retail Shares
“Notice of General Meeting”	the notice for the General Meeting as set out on page 64 of this document
“Placing”	the conditional placing of the Placing Shares by SCS, as agent on behalf of the Company, pursuant to the Placing Agreement, further details of which are set out in this document
“Placing Agreement”	the conditional agreement dated 24 June 2021 and made between (1) the Company (2) Shore Capital and (3) SCS in relation to the Placing, further details of which are set out in this document
“Placing Shares”	the 6,904,762 new Shares to be issued and allotted by the Company pursuant to the Placing
“Premier Brands”	Beldray, Salter, Russell Hobbs, Intempo, Progress and Kleeneze
“PrimaryBid”	PrimaryBid Limited (registered number 08092575), which is authorised and regulated by the FCA with register number 779021
“PrimaryBid Offer”	the conditional offer for subscription at the Issue Price of the Retail Shares conducted by PrimaryBid pursuant to those agreements, further details of which are set out in this document
“Proposed Acquisition”	the proposed acquisition of the entire issued share capital of the Target on the terms and subject to the conditions set out in Acquisition Agreement
“Prospectus Rules”	the Prospectus Regulation Rules made by the FCA pursuant to section 73A of FSMA
“PSP”	the Company’s Performance Share Plan adopted on 15 December 2017
“Registrars”	Equiniti Limited
“Relevant Percentage”	the percentage increase of shareholder value over the Hurdle, subject to a maximum of 15 per cent.
“Remuneration Committee”	the remuneration committee of the Board
“Resolutions”	together, the Fundraising Resolutions and the Class 1 Resolution (as the context may require)
“Retail Shares”	the 238,095 new Shares proposed to be issued and allotted in connection with the PrimaryBid Offer
“SAYE Scheme”	the Company’s Save As You Earn Scheme

"Seller's Group"	the Seller and its group companies as at the date of this document
"Shareholder"	a registered holder of Existing Ordinary Shares
"Shares"	ordinary shares of £0.0025 each in the capital of the Company
"SCS"	Shore Capital Stockbrokers Limited, a company incorporated in England and Wales with registered number 01850105, the Company's broker and bookrunner
"SONIA"	Sterling Over Night Indexed Average
"Senior Leverage"	has the meaning given in paragraph 9 of Part 1 of this document (Additional Banking Facility)
"Shore Capital"	Shore Capital and Corporate Limited, a company incorporated in England and Wales with registered number 02083043, the Company's sponsor
"Target" or "Salter Brands"	Salter Brands Limited, a company incorporated in England and Wales with registered number 13242896
"Target's Business"	the business of the Target transferred to it pursuant to the Hive Down Documentation
"UK Market Abuse Regulation" or "UK MAR"	the EU Market Abuse Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018
"Underlying PBT"	the underlying profit before tax of the Target (excluding amortisation charges arising from the Proposed Acquisition)
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"UPGS UK"	UP Global Sourcing UK Limited, a company incorporated in England and Wales with registered number 03357718
"Vesting Period"	the three year period from the date of the award of the MIP Shares

UP GLOBAL SOURCING HOLDINGS PLC

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a General Meeting of the UP Global Sourcing Holdings plc (the "**Company**") will be held at Manor Mill, Victoria Street Chadderton, Oldham, OL9 0DD at 10 a.m. on 13 July 2021 to consider and, if thought fit, pass the following resolutions, which will be proposed as, in the case of resolutions 1, 2 and 3, ordinary resolutions and, in the case of resolutions 4 and 5, special resolutions:-

ORDINARY RESOLUTIONS

1. THAT the acquisition by the Company of the Target (as defined in the circular to the shareholders of the Company dated 25 June 2021 (the "**Circular**")) substantially on the terms and subject to the conditions set out in the share purchase agreement between the Company and FKA Brands Limited dated 24 June 2021 (as amended, modified, restated or supplemented from time to time) (the "**Acquisition Agreement**") (the "**Proposed Acquisition**"), together with all other agreements and ancillary arrangements contemplated by the Acquisition Agreement, be and is hereby approved, and that the directors of the Company (the "**Directors**") (or a duly authorised person) be authorised to make any amendments, variations, waivers or extensions to the terms of the Proposed Acquisition or the Acquisition Agreement (providing such amendments, variations, waivers or extensions are not of a material nature) which they in their absolute discretion consider necessary, appropriate or desirable and to take all such steps and to do all such things which they consider necessary, appropriate or desirable to implement, or in connection with, the Proposed Acquisition.
2. THAT, subject to the passing of resolutions 1 and 4, the Directors of the Company be generally and unconditionally authorised (in addition to any existing authorities) for the purpose of section 551 of the Companies Act 2006 (the "**Act**") to exercise all or any of the powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and rights being together referred to as "**relevant securities**") in connection with the Placing and/or the PrimaryBid Offer (as defined in the Circular) up to an aggregate nominal value of £17,858 to such persons at such times and generally on such terms and conditions as the Directors may determine (subject always to the articles of association of the Company), provided that this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire on 31 January 2022 or, if earlier, at the conclusion of the next annual general meeting after the passing of this resolution, save that the Directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors of the Company may allot relevant securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.
3. THAT, subject to the passing of resolutions 1, 2 and 4, in accordance with section 551 of the Act, the Directors be generally and unconditionally authorised to allot relevant securities:
 - (i) comprising equity securities (as defined by section 560 of the CA 2006) up to an aggregate nominal amount of £147,366 (such amount to be reduced by the nominal amount of any relevant securities allotted pursuant the authority in paragraph 3(ii) below) in connection with an offer by way of a rights issue:
 - (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (b) to holders of other equity securities (if any) as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(ii) in any other case, up to an aggregate nominal amount of £73,683 (such amount to be reduced by the nominal amount of any equity securities allotted pursuant to the authority in paragraph 3(i) above in excess of £73,683),

provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 31 January 2022 or, if earlier, the date of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

If passed, this resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot relevant securities (other than resolutions 2 and 4 in this Notice of General Meeting) but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTION

4. THAT, subject to the passing of resolutions 1 and 2 above, the Directors of the Company be authorised (in addition to any existing authorities) to allot equity securities for cash and/or to sell equity securities held by the Company as treasury shares for cash under the authority given by that Resolution 2 as if section 561 of the Act did not apply to any such allotment or sale, such authority to be limited to the allotment of equity securities in connection with the Placing and/or the PrimaryBid Offer up to an aggregate nominal amount of £17,858, representing approximately 8 per cent. of the Enlarged Share Capital of the Company, such authority to expire on 31 January 2022 or, if earlier, at the end of the next annual general meeting following the passing of this resolution save that, prior to its expiry, the Company may make offers and enter into agreements which would, or might, require equity securities to be allotted after the authority expires, and the Directors of the Company may allot equity securities under any such offer or agreement as if the authority had not expired.
5. THAT, subject to the passing of resolutions 1, 2, 3 and 4, the Directors be authorised to allot equity securities (as defined in section 560 of the Act) for cash under the authority conferred by that resolution and/or to sell ordinary shares held by the Company as treasury shares as if section 561 of the Act did not apply to any such allotment or sale, provided that such authority shall be limited to:
 - (i) the allotment of equity securities in connection with an offer of equity securities (but, in the case of the authority granted under resolution 3(i), by way of a rights issue only):
 - (a) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - (b) to holders of other equity securities (if any) as required by the rights of those securities,but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - (ii) the allotment of equity securities or sale of treasury shares (otherwise than pursuant to paragraph 5(i) of this resolution) to any person up to an aggregate nominal amount of £11,165.

The authority granted by this resolution will expire on 31 January 2022 or, if earlier, at the conclusion of the Company's next annual general meeting after the passing of this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted (or treasury shares to be sold) after the authority expires and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offer or agreement as if the authority had not expired.

BY ORDER OF THE BOARD

Graham Screawn

Company Secretary

Dated: 25 June 2021

Registered Office:

Manor Mill, Victoria Street Chadderton, Oldham, OL9 0DD

NOTICE OF GENERAL MEETING

Notes:

The continuing situation in relation to COVID-19 and related governmental restrictions may significantly impact the ability of shareholders to attend the General Meeting. Shareholders are strongly encouraged to very carefully consider public health and government advice at the time of the General Meeting and to exercise their right to cast their votes in respect of the business of the General Meeting by voting via proxy. Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy. It is currently expected that the General Meeting will be held as a physical meeting at the venue specified above, but this may be subject to change. Shareholders should regularly check the Company's website for updates in relation to the General Meeting and such updates will also be announced via Regulation Information Service.

If you are planning to attend the meeting, please register with 2021gm@upgs.com by 6.30 p.m. on 9 July 2021 so that we know that you will be attending the meeting in person and we can plan to take measures to ensure your safety and to apply any social distancing guidelines in place. You will also be issued with the Company's COVID-19 safety protocol for attending the meeting following registration. Shareholders who do not register in advance by 6.30 p.m. on 9 July 2021 may not be permitted to attend the meeting in person to ensure the safety of other attendees and social distancing compliance.

If you are permitted to attend the General Meeting in person, you should arrive at the venue for the General Meeting in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Equiniti Limited (the **Registrar**), prior to being admitted to the General Meeting.

2. Appointment of proxies

Shareholders are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the General Meeting. A proxy need not be a Shareholder of the Company but must attend the General Meeting to represent a Shareholder. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. To be validly appointed, a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying Proxy Form. **Given the ongoing situation in relation to COVID-19, Shareholders are strongly encouraged to appoint the Chairman of the General Meeting as their proxy as arrangements may change such that Shareholders, proxies, corporate representatives or other persons may not be permitted to attend in person.**

Details of how to appoint the Chairman of the General Meeting as your proxy using the Proxy Form are set out in the notes to the Proxy Form. Such an appointment can be made using the Proxy Form accompanying this notice of General Meeting or through CREST.

Shareholders can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Shareholders cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a Shareholder wishes to appoint more than one proxy, they should contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6DA.

A Shareholder may instruct their proxy to abstain from voting on a particular resolution to be considered at the General Meeting by marking the "Withheld" option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes "For" or "Against" the resolution.

The appointment of a proxy will not prevent a Shareholder from attending the General Meeting and voting in person if he or she wishes. However, all attendees (including proxies) must register with 2021gm@upgs.com by 6.30 p.m. on 9 July 2021 so that we know that who will be attending the meeting in person and we can plan to take measures to ensure your safety and to apply any social distancing guidelines in place. You will also be issued with the Company's COVID-19 safety protocol for attending the meeting following registration. Shareholders or proxies who do not register in advance by 6.30 p.m. on 9 July 2021 may not be permitted to attend the meeting in person to ensure the safety of other attendees and social distancing compliance.

A person who is not a Shareholder of the Company but who has been nominated by a Shareholder to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

3. Appointment of a proxy using a Proxy Form

A Proxy Form for use in connection with the General Meeting is enclosed. To be valid, any Proxy Form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post to the Registrar at Equiniti Limited, Aspect House, Spencer Road,

Lancing BN99 6DA at least 48 hours (excluding non-working days) before the time of the GM or any adjournment of that meeting.

If you do not have a Proxy Form and believe that you should have one, or you require additional Proxy Forms, please contact the Registrar, Equiniti Limited. On the helpline number +44 371 384 2050.

4. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to: www.euroclear.com. CREST personal members or other CREST sponsored members and those CREST members who have appointed (a) voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Registrar (ID R021) no later than 48 hours before the time of the General Meeting or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting system provider(s) are referred to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

All attendees (including proxies) must register with 2021gm@upgs.com by 6.30 p.m. on 9 July 2021 so that we know that who will be attending the meeting in person and we can plan to take measures to ensure your safety and to apply any social distancing guidelines in place. You will also be issued with the Company's COVID-19 safety protocol for attending the meeting following registration. Proxies who do not register in advance by 6.30 p.m. on 9 July 2021 may not be permitted to attend the meeting in person to ensure the safety of other attendees and social distancing compliance.

5. Appointment of a proxy by joint holders

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. Corporate representatives

Any corporation which is a Shareholder can appoint one or more corporate representatives. Shareholders can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Shareholders cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

7. Entitlement to attend and vote

To be entitled to attend and vote at the General Meeting (and for the purpose of determining the votes they may cast), Shareholders must be registered in the Company's register of members at 6.30 p.m. on 9 July 2021 (or, if the General Meeting is adjourned, at 6.30 p.m. on the day two days prior to the adjourned meeting) (excluding non-working days). Any changes to the Company's register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the General Meeting.

Please refer to section 1 above in respect of the requirements for any person to attend the General Meeting.

8. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the CA 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between him/her and the Shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the Shareholder as to the exercise of voting rights.

9. Website giving information regarding the GM

Information regarding the GM, including information required by section 311A of the CA 2006, and a copy of this notice of GM is available from www.upgs.com.

10. Audit concerns

Shareholders should note that it is possible that, pursuant to requests made by shareholders of the Company under section 527 of the CA 2006, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company’s accounts (including the auditor’s report and the conduct of the audit) that are to be laid before the General Meeting; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the CA 2006. The Company may not require the Shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the CA 2006. Where the Company is required to place a statement on a website under section 527 of the CA 2006, it must forward the statement to the Company’s auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the General Meeting includes any statement that the Company has been required under section 527 of the CA 2006 to publish on a website.

11. Voting rights

As at the Latest Practicable Date, the Company’s issued share capital consisted of 82,169,600 Shares, carrying one vote each. As at the Latest Practicable Date, the Company did not hold any treasury shares. Therefore, the total voting rights in the Company as the Latest Practicable Date were 82,169,600 votes. Of such issued share capital, 4,052,738 Shares are held by RBC Cees Trustee Limited (incorporated and registered in Jersey with registered number 68138) (“**RBC**”), as trustee of the UP Global Sourcing Employee Benefit Trust (“**EBT**”). Unless the Company directs that the RBC may vote on a particular occasion, RBC shall abstain from voting in respect of the shares it holds for the benefit of the EBT. If the Company directs that RBC may vote, RBC may vote, or abstain from voting, in the manner that it thinks fit in its absolute discretion.

12. Notification of shareholdings

Any person holding 3 per cent. or more of the total voting rights of the Company who appoints a person other than the Chairman of the General Meeting as his/her proxy will need to ensure that both he/she, and his/her proxy, comply with their respective disclosure obligations under the UK Disclosure Rules and Transparency Rules.

13. Further questions and communication

Any Shareholder attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

14. Documents available for inspection

The following documents will be available for inspection on the day of the General Meeting at the registered office of the Company at, Manor Mill, Victoria Street, Chadderton, Oldham, OL9 0DD from 9.15 a.m. until the conclusion of the GM:

14.1 copies of the service contracts of the Company’s executive directors; and

14.2 copies of the letters of appointment of the Company’s non-executive directors.