

UNIVERSAL PARTNERS LIMITED

(Incorporated in the Republic of Mauritius)

(Registration number: 138035 C1/GBL)

SEM share code: UPL.N0000

JSE share code: UPL

ISIN: MU0526N00007

("Universal Partners" or "UPL" or "the Company")



UNIVERSAL PARTNERS

SUMMARISED AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

Universal Partners has a primary listing on the Official Market of the Stock Exchange of Mauritius Ltd ("SEM") and a secondary listing on the Alternative Exchange of the JSE Limited ("JSE").

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments in high quality, growth businesses across Europe, with a focus in the United Kingdom ("UK"). The Company's investment mandate also allows up to 20% of total funds at the time an investment is made to be invested outside the UK and Europe.

The Company's primary objective is to achieve strong capital appreciation in Pounds Sterling ("GBP") over the medium to long-term by investing in businesses that meet the investment criteria set out in the Company's investment policy.

In its ordinary course of business, the Company continually assesses various opportunities for new acquisitions as well as disposals of assets in its portfolio.

BUSINESS REVIEW

Since its listing on the SEM and the JSE, the Company has worked closely with its investment advisor, Argo Investment Managers ("Argo"), to identify potential investments that meet its investment criteria.

The Company has made six investments since listing and successfully concluded the first exit in the financial year ended 30 June 2022. Subsequent to the financial year end, the Company exited its second investment after a successful sales process.

On 23 August 2022, Dentex Healthcare Group Limited's ("Dentex") shareholders entered into definitive transaction agreements with Portman Dental Care ("Portman") resulting in a merger of Dentex with Portman (the "Transaction"). The Transaction will result in the disposal of the Company's entire shareholding in Dentex which will be settled through a combination of cash and shares in the merged business. The Transaction is subject to approval from the Competition and Markets Authority ("CMA") in the UK. The expected timing of completion of the Transaction is during the first half of 2023.

An update on investments held at the reporting date is presented below.

Dentex Healthcare Group Limited ("Dentex")

www.dentexhealth.co.uk

Dentex is a dental consolidation group focusing on acquiring dental practices in the UK. Dentex grew from 86 practices to 126 practices over the course of UPL's financial year ended 30 June 2022 and completed the acquisition of its 134th practice in September 2022. Around 85% of Dentex's revenue is generated from the private market, with the balance delivered from NHS services.

As per the announcement released on 25 August 2022, Dentex's shareholders have entered into definitive transaction agreements with Portman resulting in a merger of Dentex with Portman.

Portman was founded in 2009 by the CEO Sam Waley Cohen and is the largest private dental consolidator in the UK and one of the largest in Europe, with operations in Ireland, the Nordics, Benelux and France. Core Equity Holdings acquired a majority interest in Portman in 2018 and has supported the growth of the business to over 200 practices, taking the best learnings from retail, healthcare and digital businesses to transform the offering to their clinicians, patients and colleagues.

The merged entity will form the largest privately focused dental group in the UK and be one of Europe's pre-eminent dental platforms, with operations currently in 5 European countries and plans to expand further in future. In combination, the multi award winning groups will operate over 350 practices, with more than 2,000 clinicians and more than 4,000 employees and provide dental care for over 1.5 million patients per year.

In the short term, the Transaction will not have a material effect on the current valuation of Dentex as reflected in the Company's financial statements. However, as the Transaction progresses to completion, an increase in the value of Dentex is likely.

The price at which Dentex issues shares to dentists as part-payment for the purchase of their practices is currently GBP 2.40 per share. Accordingly, UPL has maintained the valuation of Dentex at GBP 2.40 per share, which equates to a book value of GBP 59.6m.

Workwell (“WW”) formerly JSA Services Limited

www.workwellsolutions.com

Workwell is one of the fastest-growing contractor accountancy and payroll solutions companies in the UK. Their services are designed to meet the unique needs of contractors and freelancers, from one-person businesses to large employment agencies. They also create bespoke solutions for temporary labour supply chains, helping their clients navigate the complexities of contractor payroll and compliance.

The quarter to June was a period of consolidation, with a continuation of the positive performance across payroll services, international and back-office outsourcing. The accounting services sector remains sluggish due to the lingering effects of IR35, although there are early signs of an increase in the number of joiners in this sector. While overheads remain well controlled, there are early signs of cost pressure as inflation continues to rise. WW met its performance and profitability targets for the quarter and for the nine months to June 2022.

WW has an exciting pipeline of acquisitions, with Heads of Terms signed with four potential target companies. Due diligence exercises have commenced and are at varying stages of completion.

SC Lowy Partners (“SC Lowy”)

www.sclowy.com

SC Lowy Partners is a specialist financial group covering high yield and distressed debt market-making and investment management, along with its Italian and South Korean banking subsidiaries.

During the quarter to June 2022, its flagship Primary Investment Fund continued to be negatively impacted by exposure to Chinese debt securities. These positions have been reduced substantially and the fund returned to positive performance in July. The performance of the Strategic Investment (SI) Fund remains excellent, and fund raising for a second SI fund was completed during July, with the amount raised exceeding expectations. The company intends to launch a new European-focused fund towards the end of the year, depending on market conditions.

The performance of the two banks, Cheoun Savings Bank in South Korea and Solution Bank in Italy, was in line with expectations. The banking entities continue to provide valuable insight and access to distressed debt opportunities for the larger SC Lowy group.

Xcede Group (Formerly Techstream Group) (“Xcede”)

www.xcede.com

Xcede is a global recruitment specialist operating across the UK, Europe, North America, Africa and Asia. It specialises in the data analytics, technology, cyber, digital, embedded software and energy sectors and assists clients with the placement of both permanent and contractor candidates.

At a Net Fee Income (NFI) level, Xcede experienced a good quarter and half-year to June, with NFI for the half year ahead of budget. Unfortunately, the associated expenses were above budget, resulting in a lower-than-expected EBITDA for the half year. This, coupled with growth in the contractor side of the business, has resulted in cash flow pressures.

We view these current cash flow pressures as temporary and the shareholders and debt providers remain supportive. A detailed review of the systems and controls in Xcede is underway, along with the implementation of a cost reduction programme. We expect the benefits of these steps to be visible during the coming months.

In order to support the business, the shareholders have committed up to GBP 2.85 million worth of shareholder loan funding which will be provided as required over the coming months.

As a result of the below budget performance, we have reviewed the valuation of Xcede which has resulted in a lower valuation than that previously recognised in the Company's financial statements.

Propelair

www.propelair.com

Propelair has reinvented the toilet to deliver, through its unique IP and design, one of the most water efficient, economical and hygiene systems available. The Propelair toilet utilises 1.5 litres of water per flush versus a traditional toilet that uses around 9 litres of water per flush. In addition, through its vacuum system it significantly reduces pathogen distribution and improves health and hygiene.

Constructive progress has been made in this year, particularly in relation to the sale of units in the Middle East and South Africa, where they have traded ahead of budget. However, the Company is still significantly behind its original business plan.

As communicated in the previous quarter, Propelair concluded a successful capital raise whereby £3m of additional equity was invested to support continued investment in the product and the distribution network. Due to the significant underperformance to date, UPL decided not to participate in this capital raise. We continue to value this investment at a nominal £1.

FINANCIAL REVIEW

For the year under review, interest income of GBP 333,998 mainly comprised of interest earned from the loan to Xcede.

Dividend income of GBP 624,657 relates to an accrual raised on the preferred shares subscribed for by Universal Partners in Xcede.

The Company assesses the valuations of its investments on a bi-annual basis. During the year, the investments in Dentex and Workwell were increased by GBP 17,372,595 and GBP 2,293,372 respectively. As mentioned, the Company raised an impairment provision against its investment in Xcede of GBP 2,657,657 to reflect the current valuation.

The Company's investment in SC Lowy is reflected at its original cost, which is denominated in US Dollars ("USD"). During the year, the translation effect of exchange rate movements between the USD and the GBP resulted in a foreign exchange gain of GBP 1,505,124.

Management fees accrued during the year amounted to GBP 2,048,849 incurred in terms of the investment management agreement between the Company and Argo. General and administrative expenses amounting to GBP 393,609 were incurred. The accrual for performance fees is calculated on the revaluation of the Company's investments. These fees, which are recalculated quarterly, only become payable to Argo if the Company realises the expected profit on disposal of the investments. No performance fees are payable to Argo until a successful exit of an investment has been achieved. During the year under review, an additional performance fee accrual of GBP 2,626,924 was raised due to the increased valuations of Dentex and Workwell.

The Company incurred interest of GBP 341,093 during the year on the RMB term loan facility.

NET ASSET VALUE ("NAV")

The NAV per share as at 30 June 2022 was GBP 1.438 (30 June 2021: GBP 1.453), post payment of the dividend of GBP 0.207 per share in November 2021.

EARNINGS PER SHARE

The earnings per share for the year ended 30 June 2022 and 30 June 2021 are based on a profit after tax of GBP 13,977,271 (2021: GBP 25,897,867) and the weighted average number of shares in issue of 72,620,112 (2021: 72,350,131).

DIVIDEND

A cash distribution of GBP 15 million (GBP 0.207 per share) in relation to the financial year ended 30 June 2021 was paid to shareholders on 29 November 2021.

In line with the Company's investment strategy to achieve long-term growth in NAV, dividends are not declared on a regular basis. Accordingly, no dividend has been declared for the year under review.

BASIS OF PREPARATION

The summarised audited financial statements for the year ended 30 June 2022 ("**summarised audited financial statements**") have been prepared using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by

the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standard (IAS) 34 – Interim Financial Reporting, the SEM Listing Rules and the JSE Listings Requirements.

The accounting policies and methods of computation adopted in the preparation of these summarised audited financial statements are consistent with those applied in the preparation of the audited financial statements for the year ended 30 June 2021.

The directors are not aware of any circumstances or matters arising after 30 June 2022 that require any additional disclosure or adjustment to these summarised audited financial statements.

AUDITORS

These summarised audited financial statements were approved by Board on 14 September 2022. Grant Thornton, the external auditors, have issued an unmodified audit opinion on the Company’s audited financial statements for the year ended 30 June 2022.

By order of the Board

15 September 2022

Intercontinental Trust Limited

Company secretary

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Company Secretary

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NOTES

Copies of these summarised audited financial statements are available to the public upon request to the Company Secretary at the registered office of the Company at c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius.

This announcement is issued pursuant to the SEM Listing Rule 12.14 and the JSE Listings Requirements.

The Board accepts full responsibility for the preparation of these summarised audited financial statements and for ensuring that the financial information has been correctly extracted from the underlying audited financial statements.

SUMMARISED AUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	As at 30 June 2022 (Audited) GBP	As at 30 June 2021 (Audited) GBP
Assets		
Non-current assets		
Investments at fair value through profit or loss	109,299,990	80,111,899
Receivables	6,438,651	-
	115,738,641	80,111,899
Current assets		
Investments at fair value through profit or loss	-	42,806,128
Receivables and prepayments	2,059,621	1,739,825
Cash and cash equivalents	735,535	1,315,339
	2,795,156	45,861,292
Total assets	118,533,797	125,973,191
Equity		
Stated capital	72,481,860	71,847,164
Retained earnings	32,155,335	33,244,889
	104,637,195	105,092,053
Liabilities		
Non-current liabilities		
Borrowings	7,985,432	-
Current liabilities		
Borrowings	-	14,530,235
Payables and accruals	5,911,170	6,350,903
	5,911,170	20,881,138
Total liabilities	13,896,602	20,881,138
Total equity and liabilities	118,533,797	125,973,191
NAV per share	1.438	1.453
Number of shares in issue	72,786,163	72,350,131

The NAV per share as at 30 June 2022 was GBP 1.438 (30 June 2021: GBP 1.453), post payment of the dividend of GBP 0.207 per share in November 2021.

**SUMMARISED AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022**

	Year ended 30 June 2022 (Audited) GBP	Year ended 30 June 2021 (Audited) GBP
Income		
Interest income	333,998	109,753
Dividend income	624,657	574,540
Other income	-	30,000
Total income	<u>958,655</u>	<u>714,293</u>
Expenditure		
Management fees	(2,048,849)	(1,770,416)
Transaction costs	(8,125)	(2,932)
Performance fees (accrued but not paid)	(2,626,924)	(4,240,144)
Interest paid	(341,093)	(390,773)
Amortisation of structuring fee	(72,916)	(112,500)
General and administrative expenses	(393,609)	(337,137)
Total expenditure	<u>(5,491,516)</u>	<u>(6,853,902)</u>
Operating loss	(4,532,861)	(6,139,609)
Fair value gain on remeasurement of investments at fair value through profit or loss	19,665,967	33,953,487
Impairment loss	(2,657,657)	(574,540)
Net foreign exchange gain / (loss)	1,501,822	(1,341,471)
Profit before tax	<u>13,977,271</u>	<u>25,897,867</u>
Taxation	-	-
Profit for the year	<u>13,977,271</u>	<u>25,897,867</u>
Other comprehensive income		
Items that will not be reclassified subsequently to profit and loss	-	-
Items that will be reclassified subsequently to profit and loss	-	-
Other comprehensive income for the year net of tax	-	-
Total comprehensive income for the year	<u><u>13,977,271</u></u>	<u><u>25,897,867</u></u>
	Pence	Pence
Basic and headline earnings per share*	<u><u>19.25</u></u>	<u><u>35.80</u></u>

* The earnings per share for the year ended 30 June 2022 and for the year ended 30 June 2021 are based on a profit after tax of GBP 13,977,271 and a profit after tax of GBP 25,897,867 for the Company respectively and the weighted average number of shares in issue of 72,620,112 (2021: 72,350,131)

There were no dilutive shares in issue. There were no reconciling items between the basic and headline

SUMMARISED AUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

	Stated capital GBP	Retained earnings GBP	Total GBP
Balance at 1 July 2020	71,847,164	7,347,022	79,194,186
Profit for the year	-	25,897,867	25,897,867
Other comprehensive income for the year	-	-	-
Transactions with shareholders	-	25,897,867	25,897,867
Balance at 30 June 2021	71,847,164	33,244,889	105,092,053
Balance at 1 July 2021	71,847,164	33,244,889	105,092,053
Issue of ordinary shares	634,696	-	634,696
Cash distribution	-	(15,066,825)	(15,066,825)
Transactions with shareholders	634,696	(15,066,825)	(14,432,129)
Profit for the year	-	13,977,271	13,977,271
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	13,977,271	13,977,271
Balance at 30 June 2022	72,481,860	32,155,335	104,637,195

SUMMARISED AUDITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
30 JUNE 2022

	Year ended 30 June 2022 (Audited) GBP	Year ended 30 June 2021 (Audited) GBP
Operating activities		
Profit for the year	13,977,271	25,897,867
<i>Adjustments for:</i>		
Impairment loss	2,657,657	574,540
Fair value gain on remeasurement of investments at fair value through profit or loss	(19,665,967)	(33,953,487)
Interest on borrowings accrued	341,093	390,773
Commitment fee payable	21,072	46,851
Interest income accrued	(333,998)	(109,753)
Dividend income accrued	(624,657)	(574,540)
Net foreign exchange (gains) / loss	(1,505,124)	1,341,471
Raising fees (capitalised to loan)	-	(30,000)
Amortisation of structuring fee	72,916	112,500
<i>Net changes in working capital:</i>		
Changes in receivables and prepayments	11,835	(4,309)
Changes in payables and accruals	(439,733)	4,691,622
Net cash flows utilised in operating activities	<u>(5,487,635)</u>	<u>(1,616,465)</u>
Investing activities		
Acquisition of investments	(10,050,000)	(2,500,000)
Proceeds from sale of investment	36,367,477	-
Loan advanced to subsidiaries	-	(1,500,000)
Interest received	2,367	383
Net cash flows from / (utilised in) investing activities	<u>26,319,844</u>	<u>(3,999,617)</u>
Financing activities		
Loan received	8,000,000	6,500,000
Loan repaid	(14,655,214)	-
Interest paid	(274,670)	(151,139)
Payment of structuring fee	(50,000)	-
Dividends paid	(15,066,825)	-
Proceeds from issue of shares	634,696	-
Net cash flows (utilised in) / generated from financing activities	<u>(21,412,013)</u>	<u>6,348,861</u>
Net change in cash and cash equivalents	(579,804)	732,779
Cash and cash equivalents at the beginning of the year	<u>1,315,339</u>	<u>582,560</u>
Cash and cash equivalents at the end of the year	<u>735,535</u>	<u>1,315,339</u>