

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 "the Company")



UNIVERSAL PARTNERS

SUMMARISED UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2021

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 on 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.

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 currently has five investments after it successfully concluded its first exit during the current reporting period.

The sale of YASA Limited ("YASA") to Mercedes-Benz AG ("MBAG") was completed in August 2021 for a total consideration of GBP 42.8 million. The deal resulted in gross proceeds of 3.00 times money invested and an Internal Rate of Return, after allowing for transaction fees and carried interest charges, of 27.6%. The board of directors of Universal Partners (the "Board") is pleased with the outcome of this transaction and the value it has created for shareholders in the period since the first investment in YASA was made in August 2017.

Dentex Healthcare Group Limited ("Dentex")
www.dentexhealth.co.uk

Dentex completed the acquisition of its 100th practice on 5 November 2021, a significant milestone for the business considering that the group owned 3 dental practices when Universal Partners invested in the business in 2017.

Dentex continues to trade ahead of budget and significantly ahead of pre-pandemic levels in respect of the current financial year, which ends on 31 March 2022. Demand for private dentistry remains high and we expect the strong trading to continue for the balance of the financial year. Dentex benefits from a well invested central partner support function, and has successfully acquired and integrated 28 practices in the last 12 months without significantly increasing central costs, resulting in higher profit margins for the business and economies of scale being achieved.

Dentex has a further 16 practices under signed heads of terms that are currently in due diligence. It is expected that these acquisitions, along with further pipeline opportunities, will be funded via an extension to the existing debt facilities. Discussions with current lenders are at an advanced stage and progressing well.

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 Korean banking subsidiaries.

The SC Lowy Primary Investments Fund delivered returns of c.14.7% from 1 January to 30 September 2021 net of management and performance fees. SC Lowy continued to deploy money in the Strategic Investments (Asia) Fund.

Performance fees, trading income and net profit continue to exceed budget for the year and remain above the full year profit from 2020.

SC Lowy management continue to see excellent opportunities arising from the normalisation of financial markets.

JSA Services Limited (“JSA”)

www.jsagroup.co.uk

JSA completed its financial year on 30 September 2021, delivering results that were marginally ahead of forecast. Although JSA faced disruptions from COVID and the implementation of IR35 tax legislation during the year, the business dealt with these challenges effectively and starts its new financial year with positive momentum.

The IR35 tax changes had the effect of significantly increasing the size of JSA’s agency employment base. As a result, the size of its umbrella customer base has grown substantially and management is focused on capitalising on the opportunities that this presents. The UK umbrella employment market is seeing good levels of activity and volumes across all the sectors that JSA serves, with the only exception being the construction sector where temporary labour shortages and supply chain issues are having a dampening effect. JSA management believe that the decline that has been evident in the Personal Service Company (“PSC”) sector is bottoming out and industry commentators are predicting a return to double digit growth next year. In the interim, JSA is taking steps to reduce the cost base of the PSC business so that it is well positioned when growth resumes.

JSA expects to complete a further new acquisition during November, and talks are at an advanced stage regarding a second acquisition opportunity.

Based on the excellent growth prospects that JSA sees over the next 3 to 4 years, Universal Partners is evaluating acquiring a larger interest in the business alongside selected co-investors.

TechStream (“TechStream”)

www.techstreamgroup.com

TechStream delivered another strong quarter of trading as demand for the scarce skills and services that TechStream provides to its customers internationally remains robust. The business is trading ahead of budget and is on track to deliver higher net fee income in the current financial year ending 31 December 2021 compared to pre-pandemic levels. The group is delivering strong growth in both permanent and contractor placements and new business metrics indicate that the business will continue to increase profitability.

TechStream’s management are simplifying the group structure post the merger of three different entities in January 2020, and have invested in their central platform to facilitate scaling the business in its core geographies.

Propelair

www.propelair.com

Propelair has been adversely impacted by COVID related disruptions, but has however, made good progress in developing new markets in the Gulf region. Property owners in water poor regions have a growing interest in mitigating the impact of water scarcity and increasing cost by testing Propelair’s technology and the number of active tests has increased over the quarter. Despite this strong interest, the long sales cycle continues to put Propelair under pressure.

FINANCIAL REVIEW

Interest income of GBP 63,287 included interest earned from providing a loan to TechStream.

Dividend income of GBP 152,570 relates to an accrual raised on the preferred shares subscribed for by Universal Partners in TechStream.

The Board is of the opinion that, at the end of the quarter under review, the valuation of TechStream should remain unchanged. Accordingly, an amount equal to the dividend accrual of GBP 152,570 has been provided for during the quarter.

The Company’s investment in SC Lowy is reflected at its original cost and is denominated in US Dollars (“USD”). During the quarter, the translation effect of exchange rate movements between the USD and the GBP resulted in a foreign exchange gain of GBP 294,905.

Management fees paid during the quarter amounted to GBP 514,107 incurred in terms of the investment management agreement between the Company and Argo. General and administrative expenses amounting to GBP 66,772 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. These fees are paid as and when each investment is exited. During the quarter under review, there was a partial reversal of the accrual previously recognised, which had a positive impact on the income statement of GBP 68,323.

The Company incurred interest of GBP 66,423 during the quarter on the RMB term loan facility. This facility was repaid in full, in accordance with the facility agreements, post completion of the YASA disposal. The remaining portion of the structuring fee was fully amortised during the current period as a result of the facility having been fully settled.

NET ASSET VALUE ("NAV")

The NAV per share as at 30 September 2021 was GBP 1.449 (30 June 2021: GBP 1.453).

LOSS PER SHARE

The loss per share of 0.39 pence for the quarter ended 30 September 2021 and the loss per share of 1.24 pence for the quarter ended 30 September 2020 are based on a loss after tax of GBP 285,162 and a loss after tax of GBP 894,739 for the Company respectively. The weighted average number of shares in issue for each period was 72,350,131.

DECLARATION OF CASH DISTRIBUTION

The Board is pleased to announce that a cash distribution of GBP 15 million, equating to 20.7 pence per share, for the year ended 30 June 2021 was approved by the Board on 13 September 2021.

As per the announcement made on the SEM and JSE on 29 October 2021, the distribution will be paid on 29 November 2021.

BASIS OF PREPARATION

The summarised unaudited financial statements for the quarter ended 30 September 2021 ("**summarised unaudited 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 unaudited 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 September 2021 that require any additional disclosure or adjustment to these summarised unaudited financial statements.

AUDITORS

These summarised unaudited financial statements were approved by the Board on 10 November 2021. These summarised unaudited financial statements have not been reviewed or reported on by the Company's external auditors, Grant Thornton.

By order of the Board

11 November 2021

Intercontinental Trust Limited

Company secretary

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NOTES

Copies of these summarised unaudited financial statements as well as copies of the statement of direct or indirect interests of the Senior Officers of the Company pursuant to Rule 8(2)(m) of the Securities (Disclosure of Obligations of Reporting Issuers) Rules 2007 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 12.19 and the JSE Listings Requirements.

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

SUMMARISED UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021

	As at 30 September 2021 (Unaudited) GBP	As at 30 June 2021 (Audited) GBP
Assets		
Non-current assets		
Investments at fair value through profit or loss	80,406,802	80,111,899
Receivables	7,359,372	-
	87,766,174	80,111,899
Current assets		
Investments at fair value through profit or loss	-	42,806,128
Receivables and prepayments	1,799,740	1,739,825
Cash and cash equivalents	19,186,369	1,315,339
	20,986,109	45,861,292
Total assets	108,752,283	125,973,191
Equity		
Stated capital	71,847,164	71,847,164
Retained earnings	32,959,727	33,244,889
	104,806,891	105,092,053
Liabilities		
Current liabilities		
Borrowings	-	14,530,235
Payables and accruals	3,945,392	6,350,903
	3,945,392	20,881,138
Total liabilities	3,945,392	20,881,138
Total equity and liabilities	108,752,283	125,973,191
NAV per share	1.449	1.453
Number of shares in issue	72,350,131	72,350,131

SUMMARISED UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Quarter ended 30 September 2021 (Unaudited) GBP	Quarter ended 30 September 2020 (Unaudited) GBP	Year ended 30 June 2021 (Audited) GBP
Income			
Interest income	63,287	67	109,753
Dividend income	152,570	139,697	574,540
Other income	-	-	30,000
Total income	215,857	139,764	714,293
Expenditure			
Management fees	(514,107)	(439,593)	(1,770,416)
Transaction costs	(8,125)	-	(2,932)
Performance fees (accrued but not paid)	68,323	228,132	(4,240,144)
Interest paid	(66,423)	(64,927)	(390,773)
Amortisation of structuring fee	(56,250)	(28,125)	(112,500)
General and administrative expenses	(66,772)	(84,101)	(337,137)
Total expenditure	(643,354)	(388,614)	(6,853,902)
Operating loss	(427,497)	(248,850)	(6,139,609)
Fair value gain on remeasurement of financial assets at fair value through profit or loss	-	-	33,953,487
Impairment loss	(152,570)	(139,697)	(574,540)
Net foreign exchange gain / (loss)	294,905	(506,192)	(1,341,471)
(Loss) / profit before tax	(285,162)	(894,739)	25,897,867
Tax expense	-	-	-
(Loss) / profit for the quarter / year	(285,162)	(894,739)	25,897,867
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 quarter / year, net of tax	-	-	-
Total comprehensive income for the quarter / year	(285,162)	(894,739)	25,897,867
	Pence	Pence	Pence
Basic and headline (loss) / profit per share*	(0.39)	(1.24)	35.80

* The loss per share for the quarter ended 30 September 2021 and the loss per share for the quarter ended 30 September 2020 are based on a loss after tax of GBP 285,162 and a loss after tax of GBP 894,739 for the Company respectively. The profit per share for the year ended 30 June 2021 is based on a profit after tax of GBP 25,897,867 for the Company. The weighted average number of shares in issue for each period was 72,350,131.

There were no dilutive shares in issue. There were no reconciling items between the basic and headline loss/earnings per share.

SUMMARISED UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER
ENDED 30 SEPTEMBER 2021

	Stated Capital GBP	Retained earnings GBP	Total GBP
Balance at 1 July 2020	71,847,164	7,347,022	79,194,186
Loss for the quarter	-	(894,739)	(894,739)
Other comprehensive income for the quarter	-	-	-
Transactions with shareholder	-	(894,739)	(894,739)
Balance at 30 September 2020	71,847,164	6,452,283	78,299,447
Balance at 1 July 2021	71,847,164	33,244,889	105,092,053
Loss for the quarter	-	(285,162)	(285,162)
Other comprehensive income for the quarter	-	-	-
Transactions with shareholder	-	(285,162)	(285,162)
Balance at 30 September 2021	71,847,164	32,959,727	104,806,891

SUMMARISED UNAUDITED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Quarter ended 30 September 2021 (Unaudited) GBP	Quarter ended 30 September 2020 (Unaudited) GBP	Year ended 30 June 2021 (Audited) GBP
Operating activities			
(Loss) / profit for the quarter / year	(285,162)	(894,739)	25,897,867
Adjustments for:			
Fair value gain on remeasurement of investments at fair value through profit or loss	-	-	(33,953,487)
Impairment loss	152,570	139,697	574,540
Interest income	(63,287)	(67)	(109,753)
Dividend income	(152,570)	(139,697)	(574,540)
Amortisation of structuring fee	56,250	28,125	112,500
Interest on borrowings	66,423	64,927	390,773
Net foreign exchange (gain) / loss	(294,903)	506,259	1,341,471
Raising fees	-	-	(30,000)
Commitment fee	2,307	-	46,851
Net changes in working capital:			
Changes in receivables and prepayments	2,851	1,536	(4,309)
Changes in payables and accruals	(2,405,511)	(240,023)	4,691,622
Net cash flows utilised in operating activities	<u>(2,921,032)</u>	<u>(533,982)</u>	<u>(1,616,465)</u>
Investing activities			
Acquisition of investments	-	-	(2,500,000)
Proceeds received from sale of investment	35,446,756	-	-
Loans advanced	-	-	(1,500,000)
Interest received	521	-	383
Net cash flows generated from / (used in) investing activities	<u>35,447,277</u>	<u>-</u>	<u>(3,999,617)</u>
Financing activities			
Loan (repaid) / received	(14,655,215)	2,520,901	6,500,000
Interest paid	-	-	(151,139)
Net cash flows (used in) / generated from financing activities	<u>(14,655,215)</u>	<u>2,520,901</u>	<u>6,348,861</u>
Net change in cash and cash equivalents	17,871,030	1,986,919	732,779
Cash and cash equivalents at the beginning of the quarter / year	1,315,339	582,560	582,560
Effect of exchange rate changes on cash and cash equivalents	-	67	-
Cash and cash equivalents at the end of the quarter / year	<u>19,186,369</u>	<u>2,569,546</u>	<u>1,315,339</u>