

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 UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2023

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.

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 predominantly private dental practices in the UK. As per the announcement released by UPL on 14 April 2023, Dentex concluded a merger with Portman Dental Care (“Portman”), with Portman acquiring 100% of the ordinary equity in Dentex for a combination of cash, loan notes and equity in the merged business. Universal Partners’ share of the consideration, net of transaction fees and costs, is £65.5m, payable as follows:

- £30.3m cash;
- £35.2m worth of shareholder loan notes and ordinary shares in Portman.

The management teams of both companies are working on the integration of the merged business. In combination, the group will operate over 350 practices in the UK, with more than 2,000 clinicians and more than 4,000 employees. The group will provide dental care to over 1.5 million patients per year.

The merger was completed after the quarter end, so there was no impact on the financial statements during the quarter under review. In compliance with the terms of the debt facility agreement with RMB, circa £19m of the cash proceeds received from the merger will be used to settle the facility in full. Discussions regarding a replacement facility are at an advanced stage.

Workwell (formerly JSA Services Limited) (“WW”)

www.workwellsolutions.com

WW 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.

In December 2022 and January 2023, UPL and certain other shareholders of WW subscribed for GBP 9 million worth of convertible loan notes (“CLN”) in WW. UPL invested GBP 5 million in the capital raise. The CLNs are convertible into equity at UPL’s election at any time before 30 June 2023. The strike price for the conversion into equity is at a 13% premium to UPL’s current carrying value of WW.

This additional capital was raised to fund the purchase of two further bolt-on acquisitions – Whitefin (a fast-growing international contractor management group headquartered in Barcelona, acquired in December 2022) and TBOS (a specialist provider of outsourced middle and back-office services to recruitment businesses, acquired in February 2023). The process of integrating these acquisitions into the group is underway and is progressing according to plan.

Despite a challenging operating environment, WW ended its second quarter to March on plan, with marginally lower net fee income largely offset by lower overhead expenses. The outlook for the second half of the financial year is positive, with WW forecasting to be substantially on plan for the year to September 2023.

SC Lowy Partners (“SC Lowy”)

www.sclowy.com

SC Lowy is a specialist financial group covering high-yield and distressed debt market-making and investment management. SC Lowy also owns two banks – Solution Bank in Italy and Cheoun Savings Bank in South Korea.

The quarter to 31 March 2023 saw continued improvement in the performance of the flagship Primary Investments (“PI”) fund, with a net positive return of 3.75% for the quarter. The performance of the two Strategic Investment funds continues to be very satisfactory. Rising interest rates create opportunities for specialist operators such as SC Lowy in the private debt space, so market conditions remain supportive. However, current levels of global uncertainty mean that fundraising continues to be challenging.

Solution Bank in Italy and Cheoun Savings Bank in South Korea performed in line with expectations during the quarter. Overall, SC Lowy experienced a solid start to their new financial year with an increase in profits compared to the prior year.

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

www.xcedegroup.com

Xcede is a global recruitment specialist operating across the UK, Europe, North America, Africa and Asia. It delivers technology and energy talent solutions in permanent and contractor markets enabling companies to innovate and grow.

As previously communicated, UPL committed to providing a further GBP 2.85 million of shareholder loan funding in September 2022, of which the final amount of GBP 425,000 was advanced during February 2023. The funds have been used to support the working capital of the business following significant growth in the contractor book.

The quarter ended 31 March 2023 has been challenging on several fronts. Market conditions for recruiters are favourable in the energy sector, while in technology, roles are taking longer to fill but requirements for permanent and contractor staff remain strong. In line with the tougher trading conditions, Xcede has reduced its headcount and other operating costs, which will support profitability and cash generation in the future.

The senior leadership team has been streamlined and strengthened by the addition of a new CFO, who has 20 years of experience in the recruitment sector. Clear objectives have been agreed upon with this team that will result in a simpler but improved business model.

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 hygienic 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.

Even though constructive progress has been made, particularly in relation to the sale of units in the Middle East and South Africa, they were slightly behind budget due to delayed installation dates. This is expected to be caught up later in the year. However, the company is still significantly behind its original business plan and, accordingly, we continue to value this investment at a nominal GBP 1.

FINANCIAL REVIEW

Interest income of GBP 330,100 during the quarter mainly comprised of interest earned from the loan to Xcede.

In addition to the interest earned from Xcede, UPL earned raising fees of GBP 8,500 for providing additional shareholder loans to Xcede during the quarter.

Dividend income of GBP 169,637 relates to an accrual raised on the preferred shares subscribed for by Universal Partners in Xcede.

The board of directors of UPL (the “**Board**”) is of the opinion that, at the end of the quarter under review, the valuation of Xcede should remain unchanged. Accordingly, an amount equal to the dividend accrual of GBP 169,637 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 loss of GBP 293,555.

Management fees for the quarter amounted to GBP 591,678 incurred in terms of the investment management agreement between the Company and Argo. General and administrative expenses amounting to GBP 119,505 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 380,973.

The Company drew down an additional GBP 425,000 from the Rand Merchant Bank (Mauritius) facility during the quarter to advance an additional loan to Xcede. Interest accrued on the facility for the quarter was GBP 406,598.

On 23 March 2023, the Company received GBP 3.98 million from YASA Limited (“**YASA**”), being the next instalment of the deferred proceeds from the sale of YASA, which was concluded in August 2021. The balance of the proceeds of GBP 2.4 million, reflected under Receivables, will be paid over a period of four years, to be released according to a pre-agreed schedule.

NET ASSET VALUE (“NAV”)

The NAV per share as at 31 March 2023 was GBP 1.420 (30 June 2022: GBP 1.438).

LOSS PER SHARE

The loss per share of 0.99 pence for the quarter ended 31 March 2023 and the loss per share of 1.80 pence for the nine months ended 31 March 2023 are based on a loss after tax of GBP 720,072 and a loss after tax of GBP 1,311,252 for the Company respectively. The weighted average number of shares in issue was 72,786,163.

DIVIDEND

The Board is pleased to announce that a dividend of 10 GBP pence per share was approved at the board meeting held on 9 May 2023. Further information regarding the proposed dividend will be announced by the Company in due course.

BASIS OF PREPARATION

The summarised unaudited financial statements for the quarter and nine months ended 31 March 2023 (“**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 2022.

The directors are not aware of any circumstances or matters arising after 31 March 2023 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 9 May 2023. 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

10 May 2023

Intercontinental Trust Limited

Company secretary

For further information please contact:

South African corporate advisor and JSE sponsor

Java Capital

+27 11 722 3050

SEM authorised representative and sponsor

Perigeum Capital Ltd

+230 402 0890

Company Secretary

Intercontinental Trust Limited

+230 403 0800

NOTES

Copies of these summarised unaudited 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 12.19 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 31 MARCH 2023

	As at 31 March 2023 (Unaudited) GBP	As at 30 June 2022 (Audited) GBP
Assets		
Non-current assets		
Investments at fair value through profit or loss	114,107,987	109,299,990
Receivables	2,459,709	6,438,651
	116,567,696	115,738,641
Current assets		
Receivables and prepayments	7,276,776	2,059,621
Cash and cash equivalents	2,821,442	735,535
	10,098,218	2,795,156
Total assets	126,665,914	118,533,797
Equity		
Stated capital	72,481,860	72,481,860
Retained earnings	30,844,083	32,155,335
	103,325,943	104,637,195
Liabilities		
Non-current liabilities		
Borrowings	19,109,942	7,985,432
	19,109,942	7,985,432
Current liabilities		
Payables and accruals	4,230,029	5,911,170
	4,230,029	5,911,170
Total liabilities	23,339,971	13,896,602
Total equity and liabilities	126,665,914	118,533,797
NAV per share	1.420	1.438
Number of shares in issue	72,786,163	72,786,163

SUMMARISED UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2023

	Quarter ended 31 March 2023 (Unaudited) GBP	Quarter ended 31 March 2022 (Unaudited) GBP	Nine months ended 31 March 2023 (Unaudited) GBP	Nine months ended 31 March 2022 (Unaudited) GBP
Income				
Interest income	330,100	90,393	780,699	238,460
Dividend income	169,637	155,620	505,252	463,972
Other income	8,500	-	87,000	-
Total income	508,237	246,013	1,372,951	702,432
Expenditure				
Management fees	(591,678)	(513,737)	(1,735,012)	(1,490,733)
Transaction costs	-	-	-	(8,125)
Performance fees (accrued but not paid)	380,973	(1,168,653)	1,101,704	(2,976,493)
Interest paid	(406,598)	(107,235)	(833,240)	(222,361)
Amortisation of structuring fee	(28,309)	(6,250)	(84,927)	(66,667)
General and administrative expenses	(119,505)	(88,004)	(435,473)	(260,859)
Total expenditure	(765,117)	(1,883,879)	(1,986,948)	(5,025,238)
Operating loss	(256,880)	(1,637,866)	(613,997)	(4,322,806)
Fair value gain on remeasurement of financial assets at fair value through profit or loss	-	7,445,398	-	19,665,967
Impairment loss	(169,637)	(155,620)	(505,252)	(463,972)
Net foreign exchange (loss) / gain	(293,555)	303,455	(192,003)	592,060
(Loss) / profit before tax	(720,072)	5,955,367	(1,311,252)	15,471,249
Tax expense	-	-	-	-
(Loss) / profit for the quarter / period	(720,072)	5,955,367	(1,311,252)	15,471,249
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 / period, net of tax	-	-	-	-
Total comprehensive income for the quarter / period	(720,072)	5,955,367	(1,311,252)	15,471,249
	Pence	Pence	Pence	Pence
Basic and headline (loss) / earnings per share (pence)*	(0.99)	8.18	(1.80)	21.32

* The loss per share for the quarter ended 31 March 2023 and loss per share for the nine months ended 31 March 2023 are based on a loss after tax of GBP 720,072 and a loss after tax of GBP 1,311,252 for the Company respectively and the weighted average number of shares in issue of 72,786,163 (31 March 2022: Based on a profit after tax of GBP 15,471,249 and the weighted average number of shares in issue of 72,564,964).

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

SUMMARISED UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 31 MARCH 2023

	Stated capital	Retained earnings	Total
	GBP	GBP	GBP
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 period	-	15,471,249	15,471,249
Other comprehensive income for the quarter	-	-	-
Transactions with shareholder	-	15,471,249	15,471,249
Balance at 31 March 2022	72,481,860	33,649,313	106,131,173
Balance at 1 July 2022	72,481,860	32,155,335	104,637,195
Issue of ordinary shares	-	-	-
Cash distribution	-	-	-
Transactions with shareholders	-	-	-
Loss for the period	-	(1,311,252)	(1,311,252)
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	(1,311,252)	(1,311,252)
Balance at 31 March 2023	72,481,860	30,844,083	103,325,943

SUMMARISED UNAUDITED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 31 MARCH 2023

	Nine months ended 31 March 2023 (Unaudited) GBP	Nine months ended 31 March 2022 (Unaudited) GBP	Year ended 30 June 2022 (Audited) GBP
Operating activities			
(Loss) / profit for the period / year	(1,311,252)	15,471,249	13,977,271
Adjustments for:			
Fair value gain on remeasurement of investments at fair value through profit or loss	-	(19,665,967)	(19,665,967)
Other income accrued	(87,000)	-	-
Impairment loss	505,252	463,972	2,657,657
Interest income accrued	(780,699)	(1,930)	(333,998)
Dividend income	(505,252)	(463,972)	(624,657)
Dividend paid	-	(15,066,825)	-
Amortisation of structuring fee	84,927	66,667	72,916
Interest on borrowings accrued	833,240	222,361	341,093
Net foreign exchange loss / (gain)	192,003	(592,490)	(1,505,124)
Commitment fee	82,984	13,635	21,072
Net changes in working capital:			
Changes in receivables and prepayments	(1,381)	(227,976)	11,835
Changes in payables and accruals	(1,681,141)	486,484	(439,733)
Net cash flows utilised in operating activities	<u>(2,668,319)</u>	<u>(19,294,792)</u>	<u>(5,487,635)</u>
Investing activities			
Acquisition of investments	-	(10,050,000)	(10,050,000)
Subscription for convertible loan notes	(5,000,000)	-	-
Proceeds received from sale of investment	3,978,942	36,367,477	36,367,477
Loans advanced	(4,350,000)	-	-
Interest received	1,925	1,930	2,367
Net cash flows (used in) / generated from investing activities	<u>(5,369,133)</u>	<u>26,319,407</u>	<u>26,319,844</u>
Financing activities			
Loan received	10,675,000	8,000,000	8,000,000
Loan repaid	-	(14,300,000)	(14,655,214)
Interest paid	(426,641)	(511,153)	(274,670)
Payment of structuring fee	(125,000)	-	(50,000)
Dividend paid	-	-	(15,066,825)
Proceeds from issue of shares	-	-	634,696
Net cash flows generated from / (used in) financing activities	<u>10,123,359</u>	<u>(6,811,153)</u>	<u>(21,412,013)</u>
Net change in cash and cash equivalents	2,085,907	213,462	(579,804)
Cash and cash equivalents at the beginning of the quarter / year	735,535	1,315,339	1,315,339
Effect of exchange rate changes on cash and cash equivalents	-	431	-
Cash and cash equivalents at the end of the quarter / year	<u>2,821,442</u>	<u>1,529,232</u>	<u>735,535</u>