

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", "UPL" or "the Company")



UNIVERSAL PARTNERS

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

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

MANDATORY OFFER TO SHAREHOLDERS

With reference to the announcements released by the Company on the SEM's website and the Stock Exchange News Service of the JSE on Friday 29 April 2022 and Friday 6 May 2022, an Offer Document, which sets out the mandatory offer (the "offer") by Glenrock Lux PE No1 SCSp and Glenrock Lux PE No2 SCSp ("Glenrock") to acquire UPL shares not currently held by Glenrock, was posted to UPL shareholders on Friday 6 May 2022. The board of directors (the "Board") of UPL will distribute a reply document on or around 24 May 2022, in order to enable shareholders to reach an informed decision about the offer.

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 dental practices in the UK. Dentex completed the acquisition of its 123rd practice in April 2022, representing an increase of 13 practices since the previous quarterly results announcement. Around 85% of Dentex revenue is generated from the private market, with the balance delivered from NHS services. Dentex is the second largest private market focused dental corporate in the UK and is currently the only dental corporate that partners with dentists by offering them equity in the holding company.

Dentex traded ahead of budget in respect of the current financial year which ended on 31 March 2022, as demand for private dentistry remains high. Dentex benefits from a well invested central partner support function and has successfully acquired and integrated 52 practices since November 2020. Dentex has a further 16 practices under signed heads of terms that are currently in due diligence and has a significant pipeline of additional acquisition opportunities that it is evaluating.

The price at which Dentex issues shares to Dentists as part-payment for the purchase of their practices increased from GBP 2.10 to GBP 2.40 per share with effect from 31 March 2022. Accordingly, UPL has increased the valuation of Dentex to GBP 2.40 per share, which has increased the overall value of the UPL holding in Dentex by GBP 7.5 million during the quarter, from GBP 52.1 million to GBP 59.6 million.

Dentex is currently working with third party advisors to evaluate various strategic options to support the continued growth of the business.

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

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 March 2022 saw continued growth in the number of contractors paid and the level of back-office services provided to employment agencies. The acquisition of 6 Cats International at the end of January has provided a significant boost to the international activities of WW and further growth is expected in this area. In line with industry trends, there was a decline in the number of accounting services customers due to the ongoing effects of IR35 legislative changes, although there are early signs of a return to growth in this sector. WW met its performance and profitability targets for the quarter and for its half year to March 2022.

Beyond the acquisition of 6 Cats International, there were no further acquisitions during the quarter, although discussions continue with various potential target companies. After 6 months of detailed planning, the rebranding to Workwell was launched in March and has been well received by clients and staff. Management is focusing on integrating the various companies in the group and unlocking the synergies that exist between them.

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.

The financial year to December 2021 produced record results for the company, driven by strong increases in fee and trading income in the asset management business, combined with good performances from Choeun Savings Bank in Korea and Solution Bank in Italy.

In the new financial year, the SC Lowy Primary Investments Fund continued to be negatively impacted by exposure to Chinese debt securities. However, management remains confident that these positions will normalise and deliver improved returns in future. In contrast, the Strategic Investments fund 1 continues to deliver excellent returns. The raising and deployment of funds in Strategic Investments fund 2 are progressing well, and the company plans to launch an additional European-focused fund later this year, depending on market conditions.

Despite the current turbulence in the Chinese debt securities market, SC Lowy believes that this market presents a significant long-term opportunity and accordingly, has opened an office in Shenzhen to have a presence on the ground. Recent changes to Chinese government policy to attract offshore capital should assist this strategy.

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.

The business continues to deliver strong growth in profitability across all its core geographies as demand for specialist talent remains high. The group is investing in further headcount to service its growing customer base and has made excellent progress in the development of its global, central operating structures. Management has been focusing on cross selling the range of services that Xcede offers to its extensive international client base. As part of this initiative, an internal business unit called Xcede Group Solutions has been formed, with excellent results to date and strong prospects for the future. Xcede is evaluating options to increase its funding lines in different jurisdictions to support the growth of its contractor business.

Propelair

www.propelair.com

Constructive progress has been made in this quarter, 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.

During the 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

Interest income of GBP 90,393 for the quarter was mainly comprised of interest earned from the loan to Xcede.

Dividend income of GBP 155,620 relates to an accrual raised on the preferred shares subscribed for by Universal Partners in Xcede.

The Board is of the opinion that, at the end of the quarter under review, the valuations of WW, Xcede, SC Lowy and Propelair should remain unchanged.

In accordance with the explanation above, UPL has increased the valuation of Dentex to GBP 2.40 per share, which has increased the overall value of UPL's holding in Dentex by GBP 7.5 million, from GBP 52.1 million to GBP 59.6 million.

The Company's investment in SC Lowy is reflected at its original cost, which 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 303,455.

Management fees accrued during the quarter amounted to GBP 513,737 incurred in terms of the investment management agreement between the Company and Argo. General and administrative expenses amounting to GBP 88,004 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 quarter under review, an additional performance fee accrual of GBP 1,168,653 was raised due to the increased valuation of Dentex.

The Company incurred interest of GBP 107,235 during the quarter on the RMB term loan facility.

NET ASSET VALUE ("NAV")

The NAV per share as at 31 March 2022 was GBP 1.458 (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 of 8.18 pence for the quarter ended 31 March 2022 and the earnings per share of 21.32 pence for the nine months ended 31 March 2022 are based on a profit after tax of GBP 5,955,367 and a profit after tax of GBP 15,471,249 for the Company respectively. The weighted average number of shares in issue for the quarter was 72,786,163 and for the nine months was 72,564,964.

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 period under review.

DIRECTORATE CHANGES

Andrew Birrell resigned from the Board with effect from 31 March 2022 in order to devote more time to other interests. Andrew joined Universal Partners at inception and, prior to his departure, represented the Company on the Workwell board. He also represented Universal Partners on the board of Yasa at the time of the sale to Mercedes Benz. Pierre Joubert is an existing director of Workwell and Justin Rodrigues has been appointed to the Workwell board in Andrew's place. Pierre will assume the role as the Company's representative in respect of SC Lowy.

The Board wishes to thank Andrew for his valuable contribution to the success of the Company during his tenure on the Board and wishes him every success with his future endeavours.

BASIS OF PREPARATION

The summarised unaudited financial statements for the quarter and nine months ended 31 March 2022 (“**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 31 March 2022 that require any additional disclosure or adjustment to these summarised unaudited financial statements.

These summarised unaudited financial statements were approved by the Board on 10 May 2022. 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 May 2022

Intercontinental Trust Limited

Company secretary

For further information please contact:

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Company Secretary

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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 2022

	As at 31 March 2022 (Unaudited) GBP	As at 30 June 2021 (Audited) GBP
Assets		
Non-current assets		
Investments at fair value through profit or loss	110,419,925	80,111,899
Receivables	6,438,651	-
	<u>116,858,576</u>	<u>80,111,899</u>
Current assets		
Investments at fair value through profit or loss	-	42,806,128
Receivables and prepayments	1,967,801	1,739,825
Cash and cash equivalents	1,479,232	1,315,339
	<u>3,447,033</u>	<u>45,861,292</u>
Total assets	<u>120,305,609</u>	<u>125,973,191</u>
Equity		
Stated capital	72,481,860	71,847,164
Retained earnings	33,649,313	33,244,889
	<u>106,131,173</u>	<u>105,092,053</u>
Liabilities		
Non-current liabilities		
Borrowings	7,971,745	-
Current liabilities		
Borrowings	-	14,530,235
Payables and accruals	6,202,691	6,350,903
	<u>6,202,691</u>	<u>20,881,138</u>
Total liabilities	<u>14,174,436</u>	<u>20,881,138</u>
Total equity and liabilities	<u>120,305,609</u>	<u>125,973,191</u>
NAV per share	1.458	1.453
Number of shares in issue	72,786,163	72,350,131

The NAV per share as at 31 March 2022 was GBP 1.458 (30 June 2021: GBP 1.453), post payment of the dividend of GBP 0.207 per share in November 2021.

SUMMARISED UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND NINE MONTHS ENDED 31 MARCH 2022

	Quarter ended 31 March 2022 (Unaudited) GBP	Quarter ended 31 March 2021 (Unaudited) GBP	Nine months ended 31 March 2022 (Unaudited) GBP	Nine months ended 31 March 2021 (Unaudited) GBP
Income				
Interest income	90,393	49,630	238,460	49,886
Dividend income	155,620	143,344	463,972	426,681
Other income	-	30,000	-	30,000
Total income	<u>246,013</u>	<u>222,974</u>	<u>702,432</u>	<u>506,567</u>
Expenditure				
Management fees	(513,737)	(442,846)	(1,490,733)	(1,318,937)
Transaction costs	-	-	(8,125)	(2,932)
Performance fees (accrued but not paid)	(1,168,653)	149,618	(2,976,493)	529,784
Interest paid	(107,235)	(115,145)	(222,361)	(266,284)
Amortisation of structuring fee	(6,250)	(28,125)	(66,667)	(84,375)
General and administrative expenses	(88,004)	(77,476)	(260,859)	(250,744)
Total expenditure	<u>(1,883,879)</u>	<u>(513,974)</u>	<u>(5,025,238)</u>	<u>(1,393,488)</u>
Operating loss	(1,637,866)	(291,000)	(4,322,806)	(886,921)
Fair value gain / (loss) on remeasurement of financial assets at fair value through profit or loss	7,289,778	(143,344)	19,201,995	(426,681)
Net foreign exchange gain / (loss)	303,455	(136,502)	592,060	(1,261,220)
Profit / (loss) before tax	<u>5,955,367</u>	<u>(570,846)</u>	<u>15,471,249</u>	<u>(2,574,822)</u>
Tax expense	-	-	-	-
Profit / (loss) for the quarter / period	<u>5,955,367</u>	<u>(570,846)</u>	<u>15,471,249</u>	<u>(2,574,822)</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 quarter / period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the quarter / period	<u><u>5,955,367</u></u>	<u><u>(570,846)</u></u>	<u><u>15,471,249</u></u>	<u><u>(2,574,822)</u></u>
	Pence	Pence	Pence	Pence
Basic and headline earnings / (loss) per share (pence)*	<u><u>8.18</u></u>	<u><u>(0.79)</u></u>	<u><u>21.32</u></u>	<u><u>(3.56)</u></u>

* The earnings per share for the quarter ended 31 March 2022 and earnings per share for the nine months ended 31 March 2022 are based on a profit after tax of GBP 5,955,367 and a profit after tax of GBP 15,471,249 for the Company respectively and the weighted average number of shares in issue of 72,786,163 for the quarter and 72,564,964 for nine months (31 March 2021: Based on a loss after tax of GBP 2,574,822 and the weighted average number of shares in issue of 72,350,131).

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 2022

	Stated capital	Retained earnings	Total
	GBP	GBP	GBP
Balance at 1 July 2020	71,847,164	7,347,022	79,194,186
Loss for the period	-	(2,574,822)	(2,574,822)
Other comprehensive income for the period	-	-	-
Transactions with shareholders	-	(2,574,822)	(2,574,822)
Balance at 31 March 2021	71,847,164	4,772,200	76,619,364
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 period	-	-	-
Total comprehensive income for the period	-	15,471,249	15,471,249
Balance at 31 March 2022	72,481,860	33,649,313	106,131,173

SUMMARISED UNAUDITED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS ENDED 31 MARCH 2022

	Nine months ended 31 March 2022 (Unaudited) GBP	Nine months ended 31 March 2021 (Unaudited) GBP	Year ended 30 June 2021 (Audited) GBP
Operating activities			
Profit / (loss) for the period / year	15,471,249	(2,574,822)	25,897,867
Adjustments for:			
Fair value (gain) / loss on remeasurement of investments at fair value through profit or loss	(19,201,995)	426,681	(33,378,947)
Interest income	(1,930)	(49,886)	(109,753)
Dividend income	(463,972)	(426,681)	(574,540)
Dividend paid	(15,066,825)	-	-
Amortisation of structuring fee	66,667	84,375	112,500
Interest on borrowings	222,361	266,284	390,773
Net foreign exchange (gain) / loss	(592,490)	1,261,172	1,341,471
Raising fees	-	-	(30,000)
Commitment fee	13,635	7,435	46,851
Net changes in working capital:			
Changes in receivables and prepayments	(227,976)	4,609	(4,309)
Changes in payables and accruals	486,484	(98,087)	4,691,622
Net cash flows utilised in operating activities	<u>(19,294,792)</u>	<u>(1,098,920)</u>	<u>(1,616,465)</u>
Investing activities			
Acquisition of investments	(10,050,000)	(2,500,000)	(2,500,000)
Proceeds received from sale of investment	36,367,477	-	-
Loans advanced	-	(1,530,000)	(1,500,000)
Interest received	1,930	326	383
Net cash flows generated from / (used in) investing activities	<u>26,319,407</u>	<u>(4,029,674)</u>	<u>(3,999,617)</u>
Financing activities			
Loan received	8,000,000	6,534,319	6,500,000
Loan structuring fee paid	(50,000)	-	-
Loan repaid	(14,300,000)	-	-
Interest paid	(511,153)	(151,139)	(151,139)
Net cash flows (used in) / generated from financing activities	<u>(6,861,153)</u>	<u>6,383,180</u>	<u>6,348,861</u>
Net change in cash and cash equivalents	163,462	1,254,586	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	431	50	-
Cash and cash equivalents at the end of the quarter / year	<u>1,479,232</u>	<u>1,837,196</u>	<u>1,315,339</u>