

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 ENDED 30 SEPTEMBER 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.

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 has grown from 3 practices, when UPL first invested, to 145 practices in October 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 Dental Care (“**Portman**”) resulting in the merger of Dentex with Portman (the “**Transaction**”).

The last condition precedent outstanding is Competition and Markets Authorities approval in the UK and the purchase price will only be finalised upon completion of the Transaction.

Dentex continues to perform in line with expectations, having completed the acquisition of 15 practices since the merger with Portman was signed. Furthermore, the existing estate of practices is trading in line with expectations.

Consistent with the last quarter, in the short term, the Transaction will not have a material effect on the current valuation of Dentex as reflected in the Company’s accounts. 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 fair value of GBP 59.6m.

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.

During the financial year to 30 September 2022, Workwell continued to deliver on its strategy of being a consolidator of smaller businesses in the contractor payment services sector, along with diversifying its revenue streams by providing value-added services to the employment agencies that it services. Despite numerous challenges, including high inflation and a challenging economic environment, the business achieved its financial goals for the year and enters the new year in a strong position.

In the year ahead, Workwell plans to continue growing organically and by acquisition, with an attractive pipeline of acquisition targets under signed Heads of Terms and currently in due diligence.

During the reporting period, the sector experienced an unhelpful period of uncertainty on the legislative front. The UK government, led by Liz Truss, announced that it intended to reverse changes that were introduced to IR35 legislation in April 2021 with effect from April 2023. Jeremy Hunt, the new Chancellor of the Exchequer, subsequently reversed this decision with the existing IR35 rules remaining in place. Hopefully, all industry participants can look forward to a period of clarity and stability on the legislative front.

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, along with its Italian and South Korean banking subsidiaries.

During the quarter to 30 September 2022, its flagship Primary Investment Fund delivered three consecutive months of positive performance, a welcome turnaround after a period of negative performance. The Strategic Investment (“SI”) fund continued to show excellent returns which proved helpful in completing fundraising for a second SI fund that closed in July. Management has identified several attractive opportunities to deploy funds from SI 2 in the coming months. Depending on market conditions, fundraising for a European-focused fund will commence in the months ahead.

Despite difficult macro-economic conditions in South Korea, Cheoun Savings Bank performed in line with expectations. In Italy, Solution Bank has continued with its impressive turnaround and is well positioned to benefit from increased net interest margin as interest rates rise across the Eurozone.

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 security, digital, embedded software and energy sectors and assists clients with the placement of both permanent and contractor candidates.

As previously communicated, UPL advanced a further GBP 1.5m of shareholder loan funding in July 2022 and, in September 2022, committed to providing up to a further GBP 2.85m of shareholder loan funding, of which GBP 1.35m was advanced during September. The funds will be utilised to support the working capital in the business following significant growth in the contractor book.

To date, Net Fee Income and trading margins are holding up well, but constant vigilance of these areas is being exercised. A detailed review of the cost base and the management of working capital is underway and appropriate measures are being implemented. The board of Xcede believes that these actions will result in a more robust business that delivers increased profitability and cashflow.

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.

As previously reported 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 and, accordingly, we continue to value this investment at a nominal GBP 1.

FINANCIAL REVIEW

Interest income of GBP 175,711 mainly comprised of interest earned from the loan to Xcede.

During the quarter, UPL earned raising fees of GBP 57,500 for providing additional shareholder loans to Xcede.

Dividend income of GBP 165,973 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 valuation of Xcede should remain unchanged. Accordingly, an amount equal to the dividend accrual of GBP 165,973 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 1,386,022.

Management fees paid during the quarter amounted to GBP 558,758 incurred in terms of the investment management agreement between the Company and Argo. General and administrative expenses amounting to GBP 181,889 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 358,060.

The Company drew down an additional GBP 4.7 million from the Rand Merchant Bank (Mauritius) facility during the quarter in order to advance the Xcede loan. Interest accrued on the facility was GBP 162,057 for the quarter.

NET ASSET VALUE ("NAV")

The NAV per share as at 30 September 2022 was GBP 1.452 (30 June 2022: GBP 1.438).

EARNINGS PER SHARE

The earnings per share of 1.44 pence for the quarter ended 30 September 2022 and the loss per share of 0.39 pence for the quarter ended 30 September 2021 are based on a profit after tax of GBP 1,046,280 and a loss after tax of GBP 285,162 for the Company respectively. The weighted average number of shares in issue for the period was 72,786,163 (30 September 2021: 72,350,131).

DIVIDEND

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 quarter under review.

BASIS OF PREPARATION

The summarised unaudited financial statements for the quarter ended 30 September 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 2022.

The directors are not aware of any circumstances or matters arising after 30 September 2022 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 8 November 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

9 November 2022

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 30 SEPTEMBER 2022

	As at 30 September 2022 (Unaudited) GBP	As at 30 June 2022 (Audited) GBP
Assets		
Non-current assets		
Investments at fair value through profit or loss	110,686,012	109,299,990
Receivables	6,438,651	6,438,651
	<u>117,124,663</u>	<u>115,738,641</u>
Current assets		
Receivables and prepayments	5,177,004	2,059,621
Cash and cash equivalents	1,582,086	735,535
	<u>6,759,090</u>	<u>2,795,156</u>
Total assets	<u>123,883,753</u>	<u>118,533,797</u>
Equity		
Stated capital	72,481,860	72,481,860
Retained earnings	33,201,615	32,155,335
	<u>105,683,475</u>	<u>104,637,195</u>
Liabilities		
Non-current liabilities		
Borrowings	12,636,101	7,985,432
	<u>12,636,101</u>	<u>7,985,432</u>
Current liabilities		
Payables and accruals	5,564,177	5,911,170
	<u>5,564,177</u>	<u>5,911,170</u>
Total liabilities	<u>18,200,278</u>	<u>13,896,602</u>
Total equity and liabilities	<u>123,883,753</u>	<u>118,533,797</u>
NAV per share	1.452	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 ENDED 30 SEPTEMBER 2022

	Quarter ended 30 September 2022 (Unaudited) GBP	Quarter ended 30 September 2021 (Unaudited) GBP	Year ended 30 June 2022 (Audited) GBP
Income			
Interest income	175,711	63,287	333,998
Dividend income	165,973	152,570	624,657
Other income	57,500	-	-
Total income	399,184	215,857	958,655
Expenditure			
Management fees	(558,758)	(514,107)	(2,048,849)
Transaction costs	-	(8,125)	(8,125)
Performance fees (accrued but not paid)	358,060	68,323	(2,626,924)
Interest paid	(162,057)	(66,423)	(341,093)
Amortisation of structuring fee	(28,309)	(56,250)	(72,916)
General and administrative expenses	(181,889)	(66,772)	(393,609)
Total expenditure	(572,953)	(643,354)	(5,491,516)
Operating loss	(173,769)	(427,497)	(4,532,861)
Fair value gain on remeasurement of financial assets at fair value through profit or loss	-	-	19,665,967
Impairment loss	(165,973)	(152,570)	(2,657,657)
Net foreign exchange gain	1,386,022	294,905	1,501,822
Profit / (loss) before tax	1,046,280	(285,162)	13,977,271
Tax expense	-	-	-
Profit / (loss) for the quarter / year	1,046,280	(285,162)	13,977,271
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	1,046,280	(285,162)	13,977,271
Weighted average number of shares in issue	72,786,163	72,350,131	72,620,112
Basic and headline earnings / (loss) per share*	1.44	(0.39)	19.25

* The earnings per share for the quarter ended 30 September 2022 and the loss per share for the quarter ended 30 September 2021 are based on a profit after tax of GBP 1,046,280 and a loss after tax of GBP 285,162 for the Company respectively. The earnings per share for the year ended 30 June 2022 is based on a profit after tax of GBP 13,977,271 for the Company.

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 2022**

	Stated Capital	Retained earnings	Total
	GBP	GBP	GBP
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
Balance at 1 July 2022	72,481,860	32,155,335	104,637,195
Profit for the quarter	-	1,046,280	1,046,280
Other comprehensive income for the quarter	-	-	-
Transactions with shareholder	-	1,046,280	1,046,280
Balance at 30 September 2022	72,481,860	33,201,615	105,683,475

SUMMARISED UNAUDITED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 30 SEPTEMBER 2022

	Quarter ended 30 September 2022 (Unaudited) GBP	Quarter ended 30 September 2021 (Unaudited) GBP	Year ended 30 June 2022 (Audited) GBP
Operating activities			
Profit / (loss) for the quarter / year	1,046,280	(285,162)	13,977,271
Adjustments for:			
Fair value gain on remeasurement of investments at fair value through profit or loss	-	-	(19,665,967)
Impairment loss	165,973	152,570	2,657,657
Interest income accrued	(175,711)	(63,287)	(333,998)
Dividend income	(165,973)	(152,570)	(624,657)
Amortisation of structuring fee	28,309	56,250	72,916
Interest on borrowings accrued	162,057	66,423	341,093
Net foreign exchange gain	(1,386,022)	(294,903)	(1,505,124)
Raising fees (capitalised to loan)	(57,500)	-	-
Commitment fee payable	47,361	2,307	21,072
Net changes in working capital:			
Changes in receivables and prepayments	(9,612)	2,851	11,835
Changes in payables and accruals	(346,993)	(2,405,511)	(439,733)
Net cash flows utilised in operating activities	<u>(691,831)</u>	<u>(2,921,032)</u>	<u>(5,487,635)</u>
Investing activities			
Acquisition of investments	-	-	(10,050,000)
Proceeds received from sale of investment	-	35,446,756	36,367,477
Loans advanced to subsidiaries	(2,875,000)	-	-
Interest received	439	521	2,367
Net cash flows (utilised in) / generated from investing activities	<u>(2,874,561)</u>	<u>35,447,277</u>	<u>26,319,844</u>
Financing activities			
Loan received	4,700,000	-	8,000,000
Loan repaid	-	(14,655,215)	(14,655,214)
Interest paid	(162,057)	-	(274,670)
Payment of structuring fee	(125,000)	-	(50,000)
Dividends paid	-	-	(15,066,825)
Proceeds from issue of shares	-	-	634,696
Net cash flows generated from / (used in) financing activities	<u>4,412,943</u>	<u>(14,655,215)</u>	<u>(21,412,013)</u>
Net change in cash and cash equivalents	846,551	17,871,030	(579,804)
Cash and cash equivalents at the beginning of the quarter / year	735,535	1,315,339	1,315,339
Cash and cash equivalents at the end of the quarter / year	<u>1,582,086</u>	<u>19,186,369</u>	<u>735,535</u>