

AGM PRESENTATION

Final Results for the Year Ended 31 December 2018

25 June 2019



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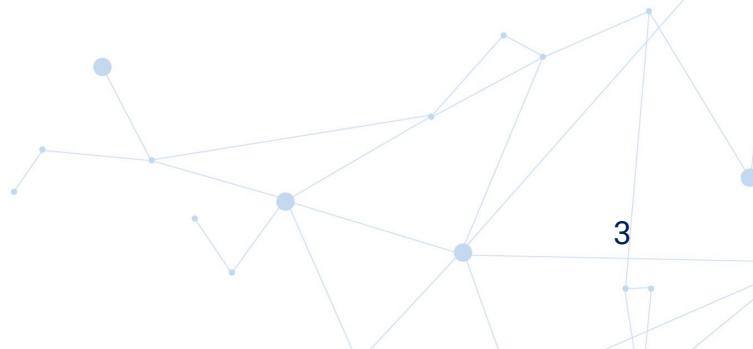
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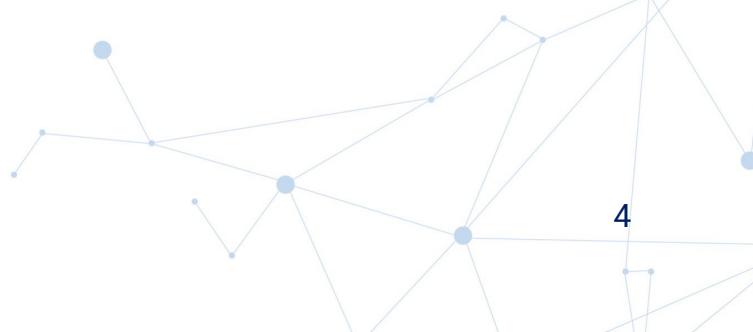
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1. Introduction

- Universe is an innovative and profitable British and Irish fintech developer of retail management solutions, payment and loyalty systems
- It creates its own software IP and uses that to provide cloud based services to major international petrol forecourt and convenience store retailers
- The Company's strategy is to maximise revenue and profit growth by cementing its position as a market leader in its chosen verticals in the UK and Ireland ahead of geographical and other vertical expansion



2. Business Overview



Designs, deploys and supports turn-key retail management solutions

- Pioneers new innovative technologies
- Operates to high Service Level Agreements - field engineers and helpdesk
- Has leading position in UK and Ireland forecourts and C-store sectors

Major innovative product offerings from own IP

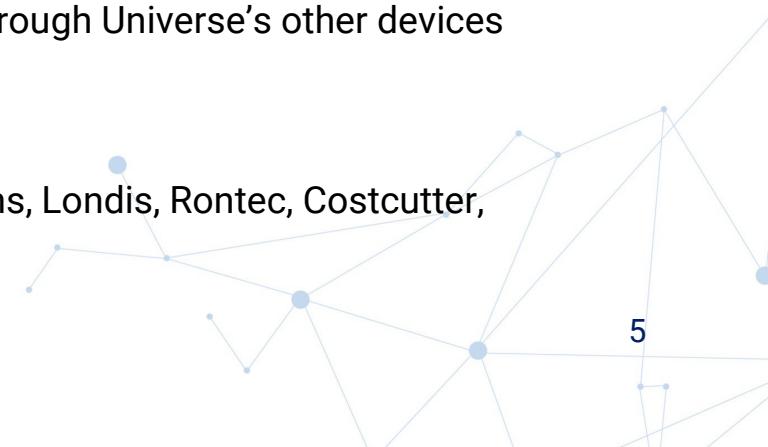
- Specialist payment terminals (Gempay, OPTs)
- Retail Management Solutions (*ab-initio*) and single site back office (Callisto)
- Cloud-based digital advertising platform (locaste)
- Automatic number plate recognition (Andromeda)
- On-line loyalty systems (OLL)
- Payment processing (GPS)

Mix of own in-house and cloud based data centres

- 6bn+ transactions pa including card payments of £5bn and over 900m+ loyalty transactions
- Fully PCI DSS Tier 1 compliant
- A further 700m+ payment transactions are processed through Universe's other devices
- 20,000 daily concurrent users

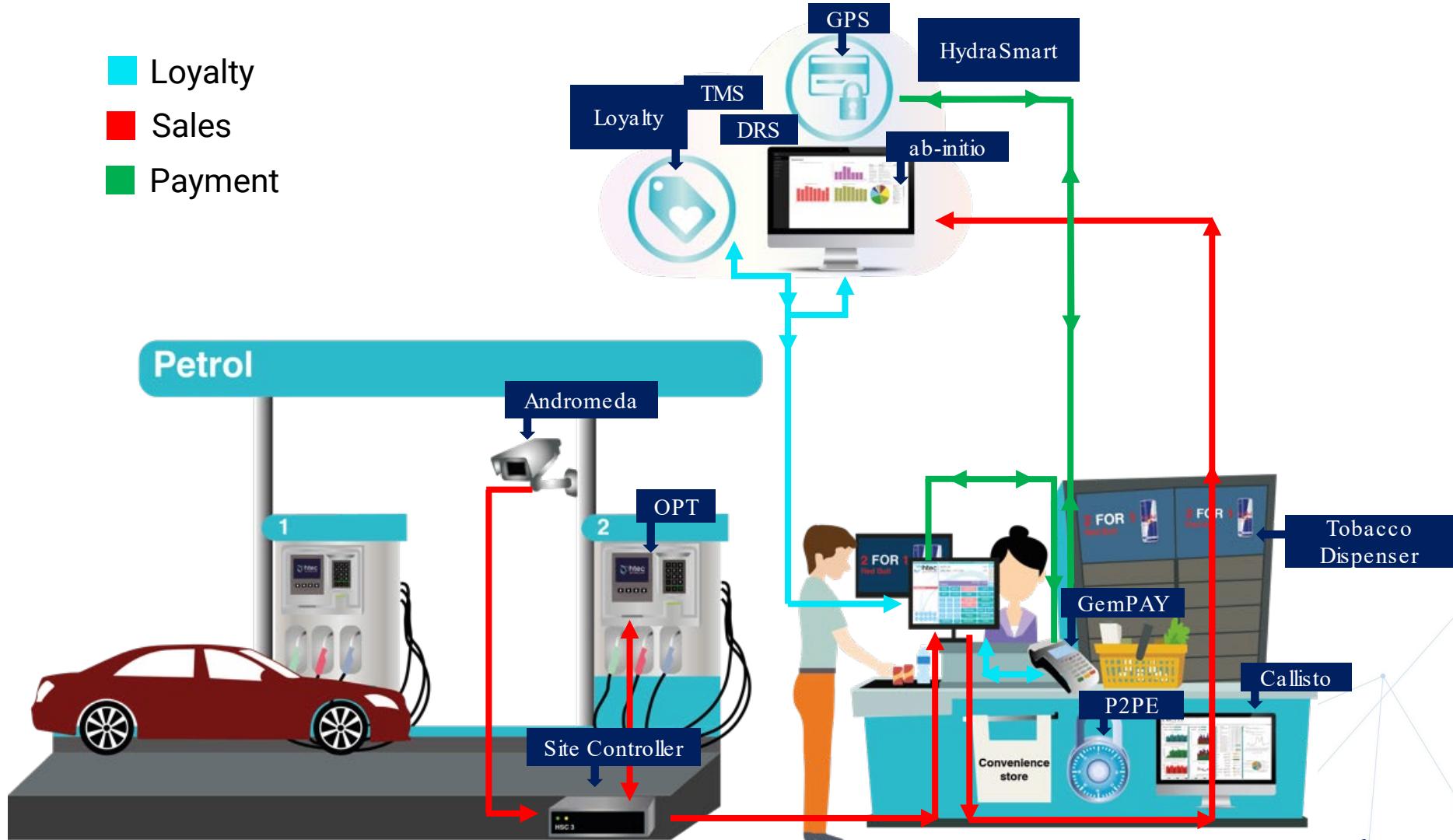
Long-standing blue-chip, sector-leading customers

- Clients are Morrisons, Asda, Exxon, Valero, MRH, Budgens, Londis, Rontec, Costcutter, Bestway, One Stop, MFG and various UK Co-ops



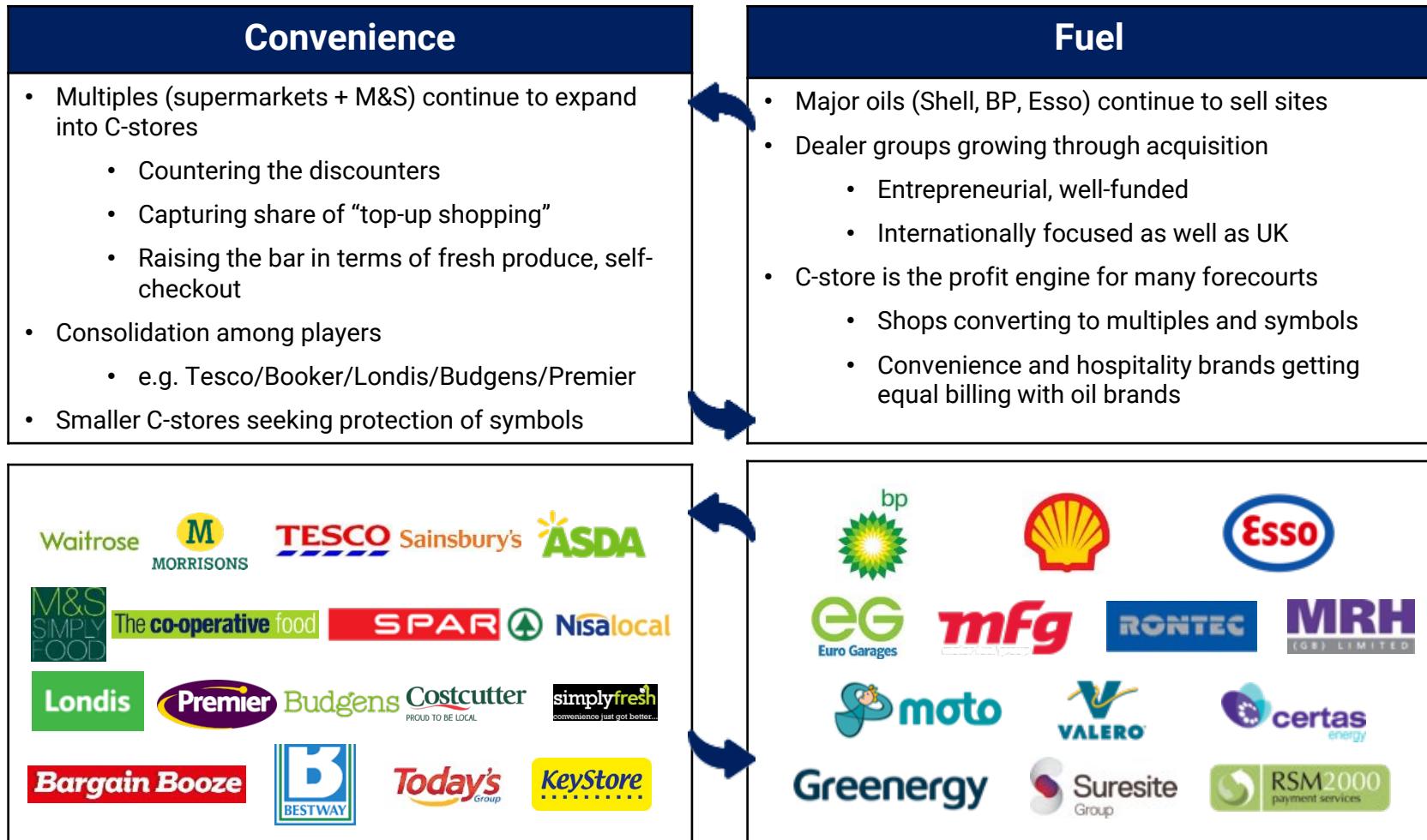
3. The Products

- Loyalty
- Sales
- Payment



4. Markets

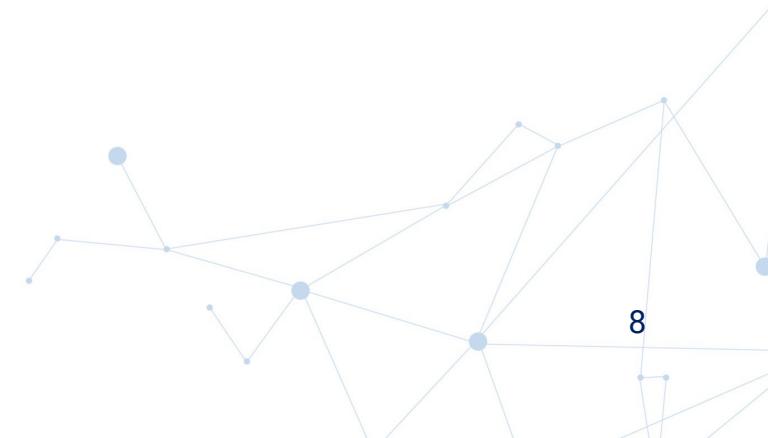
The UK Fuel and Convenience verticals are becoming ever more closely intertwined, and are attracting significant new investment



5. Operational Progress 2018



- Absorbed impact and still grew revenues following the well-known demise of customer, Conviviality Plc, and the loss of a planned £2million point of sale installation
- Gempay 3 installed base now 2,930 devices
- New customer wins for payment processing services e.g. Euro Garages
- Launched partnerships with P97 and Ubamarket in the fields of mobile and in-car marketing and payment solutions and in-store scan-and-go applications
- Post year-end on 3 April 2019, acquired Dublin based Camden Technology Investments trading as Celtech, a class-leading developer of cloud-based retail and wholesale management solutions, for £4.96 million



6. Acquisition of Celtech - Summary



Acquisition of Celtech Software Group

- Class leading, cloud-based, developer of retail and wholesale business management solutions ("RMS")
- Profitable / cash generative business
- Significant proportion of recurring revenues (60+%)

Commercial Rationale

- Future proofs Universe's RMS offering, allows retirement of multiple legacy systems
- Broadens F&C customer base in UK and extends to Ireland with new high-profile retailers
- Gives rise to development and support costs synergies
- Deepens and broadens offering into head office, wholesaling and customer engagement areas which are important for multi-site clients
- Establishes major presence in EU

Purchase Price and Funding

- £5.0m (€5.8m) consideration; £3.8m cash, plus 22.8m shares (8.9% of enlarged group)
- FY18 Celtech revenues were £1.9m (FY17: £3.3m) and loss after tax of £0.6m (FY17: profit after tax of £0.5m) following a year of significant investment in product and systems development. Net assets at FY18 were £0.8m (FY17: £1.3m)
- Multiples are 2.6x FY18 Revenues (1.5x FY17 Revenues) and 10.0x FY17 PAT
- £3.8m cash for acquisition met out of £1.9m net cash resources at 31 December 2018 and new 3 and 4 year facilities totally £5.0m from HSBC

Impact

- Expected to be earnings enhancing in first full year of ownership



6. Acquisition of Celtech – Core Product



Master Data



Customer Personalisation



Inventory



Store Operations



Digital



Reporting & analytics

Product Management

Price Management
Range Management
News Management
Rental Management
Traded-items Management
Serial-tracking Management

Customer Management

Personalised Pricing
Promotions Management
Coupon Management (Standard)
Smart-Coupon Management
Customer Loyalty
Customer Surveys
GDPR Management

Supplier Management

Warehouse & Store
Stock Management
Requisitions, Ordering, Receiving & Returns
Transfers & Adjustments
Stocktaking / PI
Gap checking
Forecasting & Auto Replenishment
Invoice Matching
Stock Accounting, Reconciliation and Reporting

Point of Sale / Point of Service

Fuel Management
Home News Delivery
Cash Management
Wastage and Markdown Management
Price Releasing & Label Management
Non-conformance auditing
Click and Collect
My View – Customer Portal

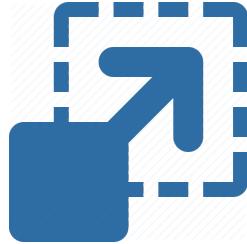
eReceipts and eCoupons

eWallet
Sales Order Processing
Web Ordering
Click and Collect

Live View

Insights, enquiries, reporting, extracts

6. Acquisition of Celtech – Benefits of Acquisition



Time

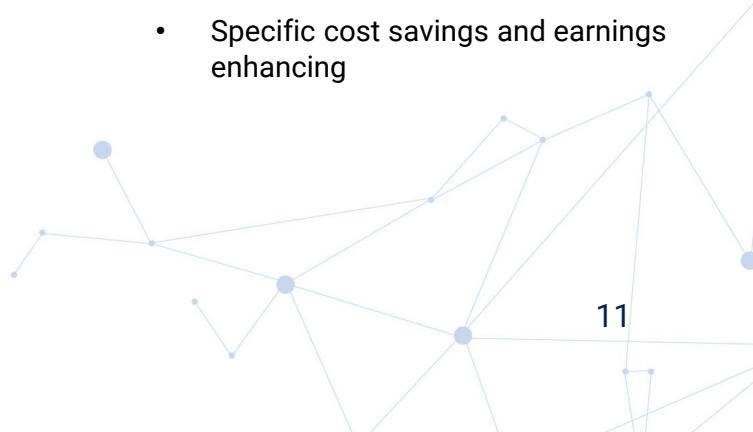
- Acquiring cloud-based, modular system today, shortening time to market considerably
- Accelerates move to SaaS model and subscription charging
- Brings ability to deploy internationally

Scale

- Brings 6 new major customers (e.g. Bestway, One Stop and 3 Co-ops)
- Gives instant access to new markets and deepens penetration into verticals
- Expands footprint in Ireland
- Establishes EU presence

Efficiency

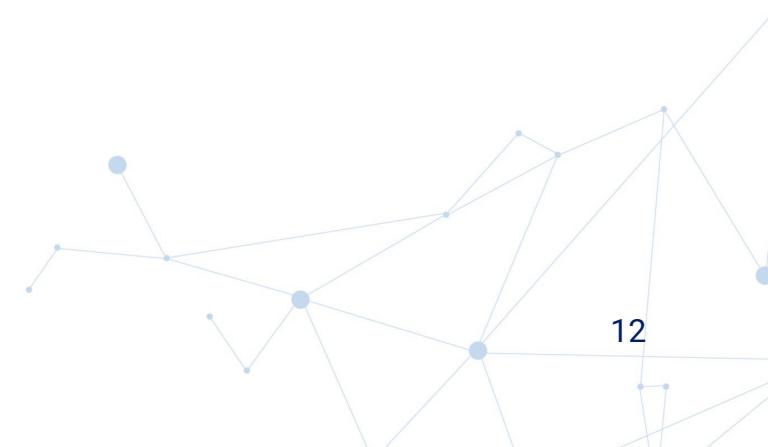
- Establishes an excellent long-term platform
- Allows end of life to a number of HTEC legacy products
- Reduces ongoing support costs as products and technology are rationalised
- Pools all data in single database facilitating business intelligence
- Specific cost savings and earnings enhancing



7. Financial Results 2018 - Highlights



- Results in line with Trading Update given in September 2018
- Total revenues of £19.89 million (2017: £19.62 million)
- Gross profit margin steady at 48.2% (2017: 47.6%)
- Adjusted EBITDA £2.65 million (2017: £2.77 million)
- Operating profit £0.91 million (2017: £0.88 million)
- Profit after tax £0.80 million (2017: £0.63 million)
- Statutory diluted earnings per share up 26.9% at 0.33p (2017: 0.26p)
- Net cash at year end £1.92 million (31 December 2017: £1.86 million)



7. Financial Results 2018 - Income Statement



	2018 £'m	2017 £'m	2016 £'m	%
				Inc/(dec)
Comprehensive income statement				
Revenue	19.9	19.6	19.7	1.4%
Cost of sales	(10.3)	(10.3)	(10.3)	0.1%
Gross profit	9.6	9.3	9.5	2.8%
Gross margin %	48.2%	47.6%	48.0%	
Administrative expenses	(8.7)	(8.5)	(7.4)	2.7%
Operating profit	0.9	0.9	2.0	3.9%
Finance income	0.0	0.0	0.1	
Finance expense	(0.1)	(0.1)	(0.1)	
Profit before taxation	0.8	0.8	2.0	7.3%
Taxation	(0.0)	(0.1)	(0.2)	
Profit and total comprehensive income for the year	0.8	0.6	1.8	27.0%
 Operating profit and adjusted EBITDA				
Operating profit	0.9	0.9	2.0	3.9%
Add back:				
Depreciation	0.7	0.7	0.9	0.4%
Amortisation	1.0	0.8	0.7	34.9%
Share-based payments	0.0	0.0	0.1	(44.4%)
Adjusted EBITDA	2.7	2.4	3.8	12.1%
 Earnings per share				
Basic EPS	0.35	0.27	0.79	29.6%
Diluted EPS	0.33	0.26	0.76	26.9%
 Disaggregation of revenue				
Software licences and hardware	3.6	3.9	4.7	(7.0%)
Service and installations	8.2	7.9	7.2	3.6%
Data services	4.1	4.0	4.0	1.9%
Consultancy and software licence maintenance	3.9	3.8	3.8	4.8%
	19.9	19.6	19.7	1.4%

7. Financial Results 2018 – Cash Flow Statement



	2018 £'000	2017 £'000	2016 £'001
Net cash flows from operating activities			
Profit/(loss) before taxation	0.8	0.8	2.0
Depreciation and amortisation	1.7	1.5	1.6
Share option charge	0.0	0.0	0.1
Net finance expense	0.1	0.1	0.0
	2.7	2.4	3.8
Decrease/(increase) in inventories	0.2	(0.3)	(0.2)
Increase in receivables	(0.7)	(0.4)	(0.9)
Increase in payables	0.3	0.1	0.0
Interest paid	(0.1)	(0.1)	(0.1)
Tax received/(paid)	-	(0.0)	(0.3)
Net cash inflow from operating activities	2.4	1.6	2.4
Cash flows from investing activities:			
Deferred and contingent consideration arising on the acquisition of subsidiary undertakings	-	(0.1)	(0.3)
Purchase of property, plant and equipment	(0.1)	(0.4)	(0.4)
Expenditure on capitalised product development	(1.6)	(1.4)	(1.0)
Net cash outflow from investing activities	(1.7)	(1.8)	(1.7)
Cash flow from financing activities:			
Proceeds from issue of shares	0.0	0.0	0.0
Repayments of obligations under finance leases	(0.8)	(0.3)	(0.6)
Repayment of loans	(0.1)	-	-
Net cash (outflow)/inflow from financing activities	(0.9)	(0.3)	(0.6)
(Decrease)/increase in cash and cash equivalents	(0.2)	(0.5)	0.0
Cash and cash equivalents at beginning of year	2.9	3.4	3.4
Cash and cash equivalents at end of year	2.7	2.9	3.4

7. Financial Results 2018 - Balance Sheet



	2018 £'000	2017 £'000	2016 £'001
Non-current assets			
Goodwill and other intangibles	13.9	13.9	13.9
Development costs	4.1	3.4	2.7
Property, plant and equipment	2.1	2.1	2.4
	20.0	19.4	19.1
Current assets			
Inventories	1.2	1.4	1.1
Trade and other receivables	6.3	5.6	5.2
Current tax asset	0.2	-	-
Cash and cash equivalents	2.7	2.9	3.4
	10.4	9.8	9.6
Total assets	30.4	29.3	28.7
Current liabilities			
Trade and other payables	(4.9)	(4.6)	(4.6)
Borrowings	(0.6)	(0.7)	(0.7)
	(5.5)	(5.2)	(5.3)
Non-current liabilities			
Borrowings	(0.2)	(0.4)	(0.6)
Deferred tax	(0.7)	(0.5)	(0.3)
	(0.9)	(0.9)	(0.9)
Total liabilities	(6.4)	(6.1)	(6.2)
Net assets	24.0	23.2	22.5

8. Summary

- Robust balance sheet reflects positive cash flows
- Revenues from hosted services/maintenance give quality earnings (60% recurring revenues pa)
- Successful launch of new products such as, Callisto, GPS, Gempay 3 and OPT
- New key customer wins in 2018 such as Euro Garages
- Earnings enhancing strategic acquisition of Celtech
- New *ab-initio* platform brings major customers, accelerates product innovation, allows retirement of legacy systems and opens new growth avenues
- New £5.0m facilities from HSBC to fund growth

Market-leading, innovative cloud-based, profitable, fintech software business with strong growth potential

