THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Subject to the restrictions set out below, if you sell or transfer or have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-entitlement) held in certificated form prior to the date the shares are marked ex-entitlement, please send this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer will be or was effected for transmission to the purchaser or transferee, except that, subject to certain limited exceptions, such documents should not be distributed, forwarded or transmitted in or into any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations, including the United States and/or any of the other Excluded Territories. If you sell or transfer, or have sold or otherwise transferred, all or some of your Existing Ordinary Shares (other than ex-entitlement) held in uncertificated form prior to the date the shares are marked ex-entitlement, a claim transaction will automatically be generated by Euroclear UK which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. If you sell or transfer, or have sold or otherwise transferred, only part of your holding of Existing Ordinary Shares (other than ex-entitlement) held in certificated form before the date the shares are marked ex-entitlement, you should refer to the instruction regarding split applications in Part 2 (*Terms and conditions of the Open Offer*) of this document and in the Application Form.

N BROWN GROUP PLC

(incorporated in England and Wales with registered number 814103)

Placing and Open Offer of 174,666,053 Open Offer Shares at 57 pence per share

Proposed Delisting and Admission to AIM

Recommended proposals for the approval of a related party transaction

Amendments to the Articles of Association

Notice of General Meeting

Jefferies	Rothschild & Co	SHORE CAPITAL EXCELLENCE INTEGRATED
Jefferies **Global co-ordinator, joint sponsor, joint financial adviser and joint broker**	**Rothschild & Co** **Joint sponsor and lead financial adviser**	**Shore Capital** **Proposed nominated adviser and joint broker**

This document, which comprises (i) a prospectus relating to the New Ordinary Shares prepared for the purposes of article 3 of the Prospectus Regulation, and in accordance with the Prospectus Regulation and the Prospectus Regulation Rules, by N Brown Group plc (the "Company") and (ii) a circular prepared in accordance with the Listing Rules for the purposes of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document and relating to (a) the proposed cancellation of admission of the Existing Ordinary Shares to the premium listing segment of the Official List and to trading on the Main Market and (b) the admission of the Enlarged Share Capital to trading on AIM, the market of that name operated by the London Stock Exchange ("AIM"), has been approved by the Financial Conduct Authority (the "FCA") and has been made available to the public in accordance with the Prospectus Regulation Rules. This document has been drawn up as part of a simplified prospectus in accordance with Article 14 of the Prospectus Regulation. This document also constitutes an admission document drawn up in accordance with the AIM Rules for Companies.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this document.

The AIM Rules for Companies are less demanding than the rules which apply to companies the shares in which are admitted to the Official List.

This document has been approved by the FCA, as competent authority under the Prospectus Regulation. The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is, or the quality of the Ordinary Shares that are, the subject of this document. Investors should make their own assessment as to the suitability of investing in the Ordinary Shares.

The Directors and the Proposed Director, whose names appear on page 41 of this document, and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

The Takeover Panel has confirmed that, as the Substantial Shareholder and the Proposed Director have accepted responsibility for the information contained in this document, the remaining members of the Concert Party are not required to accept responsibility for the information contained in this document.

The Existing Ordinary Shares are currently admitted to the premium listing segment of the Official List and to trading on the Main Market. Application will be made for the Enlarged Share Capital to be admitted to trading on AIM ("Admission"). Subject to the passing of the Resolutions at the General Meeting, it is expected that Admission will become effective, and that dealings in the Ordinary Shares (including the New Ordinary Shares) will commence on AIM, at 8:00 a.m. on 23 December 2020. In the event that the Delisting takes effect and the Ordinary Shares are admitted to trading on AIM, the Ordinary Shares will not be admitted to the Official List or to trading on any investment exchange other than AIM.

Upon Admission, the New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares and will carry the right to receive all dividends and distributions declared, made or paid on or in respect of the Existing Ordinary Shares after Admission.

Jefferies International Limited ("Jefferies") has been appointed as global co-ordinator, joint sponsor, joint financial adviser and joint broker to the Company in connection with the arrangements described in this document. N.M. Rothschild & Sons Limited ("Rothschild & Co" and, together with Jefferies, the "Joint Sponsors") has been appointed as joint sponsor and lead financial adviser to the Company in connection with the arrangements described in this document. Shore Capital and Corporate Limited ("SCC") has been appointed as nominated adviser to the Company in connection with Admission. Shore Capital Stockbrokers Limited ("SCS") has been appointed as joint broker to the Company in connection with, and following, Admission. Each of Jefferies, Rothschild & Co, SCC and SCS (together, the "Banks"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively for the Company and no one else in connection with the arrangements described in, or information contained in, this document and will not regard any other person (whether or not a recipient of this document) as a client in relation to the arrangements described in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients nor for giving advice in relation to the arrangements described in this document, the contents of this document or any transaction or arrangement referred to in this document. The Banks and each of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to, the Company for which they would have received customary fees. The Banks and each of their respective affiliates may provide such services to the Company or members of the Group in the future.

SCC's responsibilities as the Company's nominated adviser under the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or the Proposed Director or to any other person in respect of such person's decision to acquire Ordinary Shares in reliance on any part of this document.

A Notice of General Meeting of the Company, to be held at Griffin House, 40 Lever Street, Manchester, M60 6ES at 10.00 a.m. on 23 November 2020, is set out at the end of this document. Whether or not you intend to be present at the General Meeting, you are asked to complete and return the enclosed Form of Proxy in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by the Registrar, Link Group, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, by not later than 10.00 a.m. on 19 November 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting) or, alternatively, you can submit your voting instruction via the registrars' website www.signalshares.com by not later than 10.00 a.m. on 19 November 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). If you are a member of CREST, you may be able to use the CREST electronic proxy appointment service. Proxies sent electronically must be sent as soon as possible and, in any event, so as to be received by not later than 10.00 a.m. on 19 November 2020 (or, in the case of an adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting). Completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting, should you so wish.

In light of public health advice in response to the COVID-19 outbreak, including to limit travel and public gatherings, the Company strongly encourages all Shareholders to submit their Form of Proxy in advance of the meeting, appointing the Chairman of the General Meeting as proxy rather than a named person. If the current Stay Alert Guidance continues to apply on the date of the General Meeting, Shareholders will not be allowed to attend the General Meeting in person and anyone who attempts to do so will be refused entry. This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. Any changes to the General Meeting (including any change to the location of the General Meeting) will be communicated to Shareholders before the meeting through our website at www.nbrown.co.uk and, where appropriate, by announcement made by the Company to a RIS.

The latest time and date for acceptance and payment in full for the New Ordinary Shares by Qualifying Shareholders is expected to be 11.00 a.m. on 14 December 2020. The procedures for acceptance and payment are set out in Part 2 (*Terms and conditions of the Open Offer*) of this document and, for Qualifying Non-CREST Shareholders only, also in the Application Form. Qualifying CREST Shareholders should also refer to Part 2 (*Terms and conditions of the Open Offer*) of this document.

Your attention is drawn to the letter from the Chairman which is set out in Part 1 (*Letter from the Chairman*) and which contains a recommendation from the Board that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below. You should read the whole of this document including the information incorporated by reference into this document and any accompanying document. Shareholders and any other persons contemplating an acquisition or subscription of Ordinary Shares should review the section of this document entitled "Risk Factors" for a discussion of certain risk factors which should be taken into account when considering the matters referred to in this document. For the reasons explained in this document, the Substantial Shareholder has not participated in the Board's decision to approve the Capital Raising or the Board's recommendation that Shareholders vote in favour of the Resolutions.

Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary prospectus or an update statement, as the case may be.

Recipients of this document are authorised solely to use this document for the purpose of considering an acquisition of, or subscription for, the New Ordinary Shares, and may not reproduce or distribute this document, in whole or in part, and may not disclose any of the contents of this document or use any information in it for any purpose other than considering an investment in the

New Ordinary Shares. Recipients of this document agree to the foregoing by accepting delivery of this document. This document is personal to each recipient and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire New Ordinary Shares.

Neither this document nor the Application Form constitutes, or forms part of, any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful or restricted by law and, in particular, neither this document nor the Application Form is for distribution in Australia, Canada, Japan, the Republic of South Africa, New Zealand or the United States. The Ordinary Shares have not been, and will not be, registered under the Securities Act, or with any securities regulatory authority of any state or jurisdiction of the United States or under applicable securities laws of any state, province or territory of any of Australia, Canada, Japan, the Republic of South Africa or New Zealand. The Ordinary Shares offered by this document may not be offered or sold, directly or indirectly, in or into the United States or to, or for the account or benefit of, any persons within the United States except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Ordinary Shares are being offered and sold outside the United States in "offshore" transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S, or another exemption from, or in, a transaction not subject to the registration requirements of the Securities Act. There will be no public offering of the Ordinary Shares in the United States.

The Ordinary Shares offered by this document have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the Capital Raising or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Unless otherwise determined by the Company in its sole discretion and permitted by applicable law and regulation, this document and the accompanying Form of Proxy are not being, nor may they be, directly or indirectly, mailed, transmitted or otherwise forwarded, distributed, or sent outside of the United Kingdom, including in or into the United States or any of the other Excluded Territories, and persons receiving this document and the accompanying Form of Proxy (including, without limitation, trustees, nominees or custodians) must not send them outside of the United Kingdom, including in or into the United States or any of the other Excluded Territories, as to do so may constitute a violation of the securities laws of any such jurisdictions. Any person (including, without limitation, trustees, nominees or custodians) who would or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and the accompanying Form of Proxy to any jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

Apart from the responsibilities and liabilities, if any, that may be imposed on the Banks by FSMA or the regulatory regime established under it, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, no Bank, nor any of their respective affiliates, directors, officers, employees or representatives, accepts any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of, this document, including its accuracy and completeness, or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares, the Capital Raising, the Delisting or the Move to AIM and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. The Banks and their respective affiliates, directors, officers, employees and representatives accordingly disclaim, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement. No representation or warranty, express or implied, is made by any of the Banks or any of their respective affiliates, directors, officers, employees or representatives as to the accuracy, completeness, verification or sufficiency of the information set out in this document, and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future.

Prior to making any decision as to whether to invest in the Ordinary Shares, prospective investors should read this document in its entirety. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company, the Ordinary Shares and the terms

of the Capital Raising, including the merits and risks involved. Prospective investors also acknowledge that: (i) they have not relied on any of the Banks or any person affiliated with any of the Banks in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (ii) they have relied only on the information contained in this document.

No person has been authorised to give any information or make any representations other than those contained in this document and the Application Form and, if given or made, such information or representations must not be relied on as having been so authorised by, or on behalf of, the Company, any of the Banks, the officers or employees of the Company or any other person. Neither the delivery of this document nor any subscription, sale or purchase made under it shall, under any circumstances, create any implication that there has been no change in the business affairs of the Company or the Group since the date of this document or that the information in this document is correct as of any time subsequent to its date.

None of the Company, any of the Banks or any of their respective affiliates or representatives is making any representation to any prospective investor in the Ordinary Shares regarding the legality of an investment in the Ordinary Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this document should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

In connection with the arrangements described in this document, each of the Banks and/or any of its or their affiliates acting as an investor for its or their own account(s) may subscribe for or purchase Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Ordinary Shares, any other securities of the Company or other related investments in connection with the Capital Raising or otherwise. Accordingly, references in this document to the Ordinary Shares being issued, offered, subscribed, sold, purchased, placed or otherwise dealt with should be read as including any issue, offer or sale to, or subscription, purchase, placement or dealing by, each of the Banks or any of its or their affiliates acting as an investor for its or their own account(s). None of the Banks intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Without limitation, the contents of the Group's website do not form part of this document (including the contents of any websites accessible from the hyperlinks of such website, other than the information incorporated by reference into this document).

Capitalised terms have the meanings ascribed to them in the Definitions set out at the end of this document.

NOTICE TO CERTAIN INVESTORS

The Ordinary Shares are subject to selling and transfer restrictions in certain jurisdictions. Prospective investors should read the restrictions described under Part 2 (*Terms and conditions of the Open Offer*) of this document. Each investor in the New Ordinary Shares will be deemed to have made the relevant representations described in that paragraph.

The distribution of this document, any other offering or publicity material relating to the Capital Raising and/or any Application Form and/or the offer or transfer of the Ordinary Shares and/or Excess Entitlements in certain jurisdictions other than the United Kingdom may be restricted by law or regulation, and therefore persons into whose possession this document and/or accompanying documents come should inform themselves of such restrictions. Other than in the United Kingdom, no action has been or will be taken by the Company or any of the Banks to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this document (or any other offering or publicity materials in connection therewith). In particular, no actions have been taken to allow for a public offering of the Ordinary Shares under the applicable securities laws of Australia, Canada, Japan, the Republic of South Africa, New Zealand or the United States. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this document comes should inform

themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/ EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Ordinary Shares have been subject to a product approval process, which has determined that the New Ordinary Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Ordinary Shares may decline and investors could lose all or part of their investment; the New Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the New Ordinary Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Capital Raising.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Ordinary Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the New Ordinary Shares and determining appropriate distribution channels.

The date of this document is 5 November 2020.

CONTENTS

SUMMARY

1. Introduction, containing warnings

The securities which the Company intends to issue are ordinary shares of the Company of 11 1/19 pence each, registered with ISIN GB00B1P6ZR11.

The issuer is N Brown Group plc, a public limited company incorporated in England and Wales with registered number 814103 and can be contacted by writing to its registered office, Griffin House, 40 Lever Street, Manchester, M60 6ES, or by calling within business hours +44 (0)161 236 8256. The Company's LEI is 213800QFPJQF2NUVAP09.

This document was approved on 5 November 2020 by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN, as competent authority under the Prospectus Regulation. Contact information for the Financial Conduct Authority can be found at https://www.fca.org.uk/contact.

This summary should be read as an introduction to this document and any decision to invest in Ordinary Shares should be based on consideration of this document as a whole by the investor. The investor could lose all or part of their invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in Ordinary Shares.

2. Key information on the issuer

2.1 Who is the issuer of the securities?

N Brown Group plc is a public company limited by shares incorporated in England and Wales under the 2006 Act with registered number 814103 and is domiciled in the United Kingdom. The Company's LEI is 213800QFPJQF2NUVAP09.

The Company's principal activities are as follows:

N Brown is a top 10 UK clothing & footwear digital retailer, focusing on the needs of the under-served customer groups. The Group's wealth of experience over the past 160 years in making its customers look and feel amazing has led to it becoming a leader in fashion for plus size and older customers.

The Group operates through a portfolio of five main brands; three womenswear brands being JD Williams, Simply Be and Ambrose Wilson, one menswear brand, Jacamo and the Group's recently launched stand-alone homeware brand, Home Essentials. The Group employs over 2,000 colleagues and is headquartered in Manchester, with the main distribution centre being in Oldham.

N Brown also operates a financial services offering. This is an important part of the Group's overall proposition, strengthening customer loyalty and further enabling the retail business to thrive. In order to offer customers convenience and flexibility, the Group allows customers to pay either immediately or utilise a credit account for their purchases, spreading the cost of their purchase over time.

The articles of association of the Company provide that the Company has unlimited objects.

As at the close of business on 4 November 2020 (being the latest practicable date before publication of this document), the following persons each hold, directly or indirectly, 3 per cent. or more of the issued share capital of the Company (being the threshold for notification under the Disclosure Guidance and Transparency Rules):

Shareholder	*Number of Shares*	*% of issued ordinary share capital*
Lord Alliance of Manchester CBE (together with his associates)	96,643,694	33.81
Schroder Investment Management	34,395,900	12.03
Nigel Alliance (together with his associates)	31,489,256	11.02
Hargreaves Lansdown Asset Management	16,217,095	5.67
Norges Bank	8,592,089	3.01

The Company is not aware of any person, who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

The Company's key managing directors are Steve Johnson (Chief Executive Officer) and Rachel Izzard (Chief Financial Officer).

The statutory auditor of the Company is KPMG LLP of 1 St Peter's Square, Manchester, M2 3AE and the Company's financial statements for the 52 weeks ended 29 February 2020 were audited by KPMG LLP.

2.2 What is the key financial information regarding the issuer?

Selected historical key financial information for the Company as at and for the 52 weeks ended 29 February 2020 and as at and for the 26 weeks ended 29 August 2020 and unaudited *pro forma* financial information is set out below. Investors should read the whole of this document and not rely solely on the summarised financial information set out below.

The selected historical key financial information set out below has been extracted without material adjustment from the audited financial statements of the Company.

Consolidated Income statement

	26 weeks ended 29 August 2020 (unaudited)			26 weeks ended 31 August 2019 (unaudited)			52 weeks ended 29 February 2020			52 weeks ended 2 March 2019		
	Before exceptional items £m	**Exceptional items £m**	**Total £m**	**Before exceptional items £m**	**Exceptional items £m**	**Total £m**	**Before exceptional items £m**	**Exceptional items £m**	**Total £m**	**Before exceptional items £m**	**Exceptional items £m**	**Total £m**
Revenue	**234.7**	**—**	**234.7**	296.3	—	296.3	**594.9**	**—**	**594.9**	647.2	—	647.2
Credit account interest	**122.0**	**—**	**122.0**	136.6	—	136.6	**263.3**	**—**	**263.3**	267.2	—	267.2
Total revenue (including credit interest)	**356.7**	**—**	**356.7**	432.9	—	432.9	**858.2**	**—**	**858.2**	914.4	—	914.4
Cost of sales	**(125.7)**		**(125.7)**	(138.6)	—	(138.6)	**(290.7)**	**(0.3)**	**(291.0)**	(308.4)	—	(308.4)
Impairment losses on customer receivables	**(77.3)**	**—**	**(77.3)**	(64.4)	—	(64.4)	**(133.9)**	**—**	**(133.9)**	(119.0)	—	(119.0)
Profit on sale of customer receivables	**—**	**—**	**—**	—	—	1.9	**6.3**	**—**	**6.3**	10.7	—	10.7
Net impairment charge	**(77.3)**	**—**	**(77.3)**	**—**	**—**	**—**	**(127.6)**	**—**	**(127.6)**	(108.3)	—	(108.3)
Gross profit	**153.7**	**—**	**153.7**	231.8	—	231.8	**439.9**	**(0.3)**	**439.6**	497.7	—	497.7
Operating profit/(loss)	**31.0**	**(4.5)**	**26.5**	39.7	(25.0)	14.7	**76.6**	**(28.5)**	**48.1**	97.9	(145.6)	(47.7)
Finance costs	(8.4)	—	(8.4)	(7.9)	—	(7.9)	**(17.1)**	**—**	**(17.1)**	(14.3)	—	(14.3)
Profit/(Loss) before taxation and fair value adjustments to financial instruments	**22.6**	**(4.5)**	**18.1**	31.8	(25.0)	6.8	**59.5**	**(28.5)**	**31.0**	83.6	(145.6)	(62.0)
Fair value adjustments to financial instruments	**(4.0)**	**—**	**(4.0)**	12.0	—	12.0	**4.7**	**—**	**4.7**	4.5	—	4.5
Profit/(Loss) before taxation	**18.6**	**(4.5)**	**14.1**	43.8	(25.0)	18.8	**64.2**	**(28.5)**	**35.7**	88.1	(145.6)	(57.5)
Taxation	**(2.7)**	**0.9**	**(1.8)**	(8.8)	4.1	(4.7)	**(13.8)**	**5.5**	**(8.3)**	(23.7)	22.9	(0.8)
Profit/(Loss) for the period	**15.9**	**(3.6)**	**12.3**	35.0	(20.9)	14.1	**50.4**	**(23.0)**	**27.4**	64.4	(122.7)	(58.3)
Profit/(Loss) attributable to equity holders of the parent	**15.9**	**(3.6)**	**12.3**	35.0	(20.9)	14.1	**50.4**	**(23.0)**	**27.4**	64.4	(122.7)	(58.3)
Earnings/(Loss) per share from continuing operations												
Basic			4.33p			4.95p			**9.63p**			(20.50)p
Diluted			**4.32p**			4.93p			**9.62p**			(20.50)p

Consolidated Balance sheet

	As at 29 August 2020 (unaudited) £m	**As at 31 August 2019 (unaudited) (restated*) £m**	**As at 29 February 2020 £m**	**As at 2 March 2019 (restated*) £m**	**As at 4 March 2018 (restated*) £m**
Non-current assets					
Intangible assets	**145.0**	150.6	**151.4**	145.2	156.0
Property, plant and equipment	**61.8**	60.6	**62.6**	59.4	67.4
Right-of-use assets	**4.7**	5.4	**5.6**	—	—
Retirement benefit surplus	**31.0**	24.4	**26.3**	23.9	19.3
Derivative financial instruments	**0.6**	—	**1.3**	—	—
Deferred tax assets	**13.2**	15.5	**13.2**	18.8	2.8
	256.3	256.5	**260.4**	247.3	245.5
Current assets					
Inventories	**80.5**	118.0	**94.9**	112.3	126.8
Trade and other receivables	**568.7**	617.6	**614.4**	619.8	652.7
Derivative financial instruments	**1.3**	10.4	**4.0**	—	—
Cash and cash equivalents	**44.8**	58.0	**47.5**	43.7	58.2
	695.3	804.0	**760.8**	775.8	837.7
Total assets	**951.6**	1,060.5	**1,021.2**	1,023.1	1,083.2
Current liabilities					
Bank overdraft	**—**	(0.5)	**—**	(11.4)	—
Provisions	**(7.2)**	(35.1)	**(11.1)**	(24.8)	(43.8)
Trade and other payables	**(112.2)**	(145.6)	**(110.5)**	(152.2)	(147.9)
Lease liability	**(2.2)**	(2.0)	**(2.2)**	—	—
Derivative financial instruments	**(1.5)**	—	**(1.3)**	(1.5)	(6.0)
Current tax liability	**(17.6)**	(5.4)	**(13.8)**	(7.1)	(3.3)
	(140.7)	(188.6)	**(138.9)**	(197.0)	(201.0)
Net current assets	**554.6**	615.4	**621.9**	578.8	636.7
Non-current liabilities					

	As at 29 August 2020 (unaudited) £m	As at 31 August 2019 (unaudited) (restated*) £m	As at 29 February 2020 £m	As at 2 March 2019 (restated*) £m	As at 4 March 2018 (restated*) £m
Bank loans	**(455.9)**	(539.1)	**(544.6)**	(500.2)	(405.0)
Lease liability	**(3.8)**	(5.7)	**(4.7)**	—	—
Provisions	**—**	—	**—**	—	(5.4)
Derivative financial instruments	**(1.5)**	—	**(0.9)**	—	—
Deferred tax liabilities	**(16.4)**	(16.4)	**(14.6)**	(14.5)	(12.2)
	(477.6)	(561.2)	**(564.8)**	(514.7)	(422.6)
Total liabilities	**(618.3)**	(749.8)	**(703.7)**	(711.7)	(623.6)
Net assets	**333.3**	310.7	**317.5**	311.4	459.6
Equity attributable to equity holders of the parent					
Share capital	**31.4**	31.4	**31.4**	31.4	31.4
Share premium account	**11.0**	11.0	**11.0**	11.0	11.0
Own shares	**(0.3)**	(0.3)	**(0.3)**	(0.3)	(0.2)
Foreign currency translation reserve	**3.5**	1.3	**3.0**	2.8	2.1
Retained earnings	**287.7**	267.3	**272.4**	266.5	415.3
Total equity	**333.3**	310.7	**317.5**	311.4	459.6

** The consolidated balance sheet as at both 2 March 2019 and 4 March 2018 were restated in the Annual Report and Accounts of N Brown for the 52 weeks ended 29 February 2020 to reflect a prior period adjustment relating to stock in transit that was incorrectly excluded from inventory. For the same reasons, the consolidated balance sheet as at 31 August 2019 has been restated in the Unaudited Interim Results of N Brown for the 26 weeks ended 29 August 2020. Further information is presented in Note 32 to the financial statements included in the Annual Report and Accounts of N Brown for the 52 weeks ended 29 February 2020 and Note 17 of the Unaudited Interim Results of N Brown for the 26 weeks ended 29 August 2020.*

Cash flow statement

	For the 26 weeks ended 29 August 2020 £m	For the 26 weeks ended 31 August 2019 (restated*) £m	For the 52 weeks ended 29 February 2020 £m	For the 52 weeks ended 2 March 2019 £m
Net cash inflow/(outflow) from operating activities	**105.5**	30.2	**51.4**	(37.1)
Investing activities				
Purchases of property, plant and equipment	**(0.5)**	(3.5)	**(6.5)**	(3.4)
Expenditure on intangible assets	**(10.8)**	(18.4)	**(33.2)**	(32.9)
Net cash used in investing activities	**(11.3)**	(21.9)	**(39.7)**	(36.3)
Financing activities				
Interest paid	**(9.3)**	(7.9)	**(17.8)**	(15.4)
Dividends paid	**—**	(12.1)	**(20.1)**	(32.2)
(Repayment of) / increase in bank loans	**(88.7)**	39.4	**44.4**	95.2
Principal elements of lease payments	**(0.9)**	(1.8)	**(3.5)**	—
Purchase of shares by ESOT	**—**	(0.2)	**(0.1)**	(0.1)
Net cash inflow from financing activities	**(98.9)**	17.4	**2.9**	47.5
Net foreign exchange difference	**2.0**	—	**0.6**	—
Net increase/(decrease) in cash and cash equivalents and bank overdraft	**(2.7)**	25.7	**15.2**	(25.9)
Cash and cash equivalents and bank overdraft at beginning of period	**47.5**	32.3	**32.3**	58.2
Cash and cash equivalents and bank overdraft at end of period	**44.8**	58.0	**47.5**	32.3

** Restatement in respect of cashflows resulting from the adoption of IFRS 16 and stock in transit prior period adjustment. Further information is presented in Note 17 to the financial statements included in the Unaudited Interim Results of N Brown for the 26 weeks ended 29 August 2020*

The unaudited *pro forma* statement of net assets of the Group set out below has been prepared to illustrate the impact of the issue of the New Ordinary Shares on the net assets of N Brown, as if the issue of the New Ordinary Shares had taken place on 29 August 2020. The unaudited *pro forma* statement of net assets has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited *pro forma* statement of net assets is based on the consolidated net assets of N Brown as at 29 August 2020 and has been prepared on the basis that the issue of the New Ordinary Shares was effective as of 29 August 2020 and in a manner consistent with the accounting policies adopted by N Brown in preparing the unaudited financial statements for the 26 weeks ended 29 August 2020.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only and in accordance with Annex 20 of the PR Regulation. Because of its nature, the unaudited *pro forma* statement of net assets addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited *pro forma* statement of net assets does not constitute a statutory account within the meaning of section 434 of the 2006 Act.

Unaudited *pro forma* statement of net assets

		Adjustments			
	Consolidated net assets of N Brown as at 29 August 2020 *Note 1*	**Adjustment for issue of ordinary shares** *Note 2*	**Adjustments in respect of Capital Raising related costs** *Note 3*	**Use of proceeds for debt repayments** *Note 4*	***Pro forma* Total**
£m					
Non-current assets					
Intangible assets	145.0	—	—	—	145.0
Property, plant and equipment	61.8	—	—	—	61.8
Right of use assets	4.7	—	—	—	4.7
Retirement benefit surplus	31.0	—	—	—	31.0
Derivative financial instruments	0.6	—	—	—	0.6
Deferred tax assets	13.2	—	—	—	13.2
	256.3	—	—	—	256.3
Current assets					
Inventories	80.5	—	—	—	80.5
Trade and other receivables	568.7	—	(1.8)	—	566.9
Derivative financial instruments	1.3	—	—	—	1.3
Cash and cash equivalents	44.8	99.6	(3.7)	(77.0)	63.7
	695.3	99.6	(5.5)	(77.0)	712.4
Total assets	951.6	99.6	(5.5)	(77.0)	968.7
Current liabilities					
Bank overdraft	—	—	—	—	—
Provisions	(7.2)	—	—	—	(7.2)
Trade and other payables	(112.2)	—	—	—	(112.2)
Lease liability	(2.2)	—	—	—	(2.2)
Derivative financial instruments	(1.5)	—	—	—	(1.5)
Current tax liability	(17.6)	—	—	—	(17.6)
	(140.7)	—	—	—	(140.7)
Net current assets	554.6	99.6	(5.5)	(77.0)	571.7
Non-current liabilities					
Bank loans	(455.9)	—	—	77.0	(378.9)
Lease liability	(3.8)	—	—	—	(3.8)
Derivative financial instruments	(1.5)	—	—	—	(1.5)
Deferred tax liabilities	(16.4)	—	—	—	(16.4)
	(477.6)	—	—	77.0	(400.6)
Total liabilities	(618.3)	—	—	77.0	(541.3)
Net assets	333.3	99.6	(5.5)	—	427.4

Note 1

The net assets of the Group as at 29 August 2020 have been extracted without adjustment from the Unaudited Interim Results of N Brown for the 26 weeks ended 29 August 2020 incorporated by reference into this document.

Note 2

The adjustment in Note 2 reflects the cash proceeds from the issue of the New Ordinary Shares pursuant to the Capital Raising.

Note 3

The adjustment in Note 3 reflects the costs associated with the Capital Raising. Total transaction costs are expected to total £5.5 million. £1.8 million of such transaction costs had already been incurred as at 29 August 2020 and was presented within prepayments in the balance sheet as at 29 August 2020, such amounts will be released from prepayments to equity on completion of the transaction.

Note 4

Proceeds of the Capital Raising are expected to be utilised to repay drawings under both the Revolving Credit Facility and the CLBILS facility. Borrowings under the Revolving Credit Facility amounted to £75.0 million as at 29 August 2020. Borrowings under the CLBILS facility amounted to £2.0 million as at 29 August 2020.

No adjustment has been made to reflect the trading results of the Group since 29 August 2020 or any change in its financial position in this period.

2.3 What are the key risks that are specific to the issuer?

2.3.1 The Group's ability to grow and adapt its business is dependent on the availability of funds to meet business needs which include, in part, its banking financing facilities. Should the Group be unable to generate surplus cash flows, secure adequate financing and/or manage its cash and debt effectively, in the longer term (being after the first anniversary of the date of this document), its ability to trade could be at risk.

Recent challenging financial market conditions have led to a reduction in the availability of bank lending generally and the costs of most types of lending have significantly increased. Whilst the Group has committed funding until 1 October 2021, in respect of its existing revolving credit facility (which would be extended to 31 December 2023 upon Admission), and 15 December 2023, in respect of the Securitisation, it is possible that the Group may find it difficult to obtain further financing on commercially acceptable terms as these funding facilities come to maturity. The extension of the revolving credit facility is conditional on the completion of the Capital Raising.

Should the Capital Raising not proceed, the Group has fully agreed the Alternative Refinancing Agreement. Under the Alternative Refinancing Agreement, the Group will extend the RCF to 31 May 2022 with a facility size of £100 million until 1 October 2021, which then drops to

£50 million for the remainder of the term. As a result, and particularly given there is no injection of new equity, the Group will need to keep in place its term loan facilities under the Government's Coronavirus Large Business Interruption Loan Scheme ("**CLBILS**").

2.3.2 One of the main financial related risks is default by counterparties to financial transactions and the Group is exposed to credit risk, particularly in respect of its customer receivables.

2.3.3 COVID-19 and its related impacts continue to dominate the Group's near-term risk horizon. Stress-test and scenario planning has been undertaken in relation to a range of extreme but plausible scenarios which include the impact on demand for retail goods resulting from a downturn in consumer confidence, the ability of the Group's credit customers to maintain contractual payments, and loss of operational continuity arising from local or regional lock-down restrictions or 'circuit breaks'. Management maintains reasonable assurance over the Group's outlook across the range of scenarios modelled but acknowledges that the profile of risks related to the COVID-19 pandemic is subject to rapid change and significant uncertainty. Related medium and longer-term macro-economic and social impacts are difficult to determine.

2.3.4 The implications of the decision by the UK to leave the EU, and the outcome of the related negotiations, are not known as at the date of this document. The Group accordingly faces and will face a period of prolonged uncertainty regarding aspects of the UK economy including the possibility of a period of recession, together with other risks (for example, exchange rate volatility) which could materially and adversely affect the legal, operational, regulatory, insurance and tax regime(s) to which the Group is subject. The effect of those risks could also be to increase compliance and operating costs. The uncertainty regarding the implications of the above-mentioned decision and negotiations may also lead to heightened levels of market volatility (both in the UK and globally) and reduced consumer confidence, which could result in reduced spending by consumers and/or increased bad debts.

2.3.5 Increased headwinds and uncertainty in the retail market coupled with uncertain Brexit and COVID-19 outcomes have caused an increased risk to consumer confidence and spending and consequently an increased risk to Group performance and cash flow. Demand for the Group's products, and its customers' ability to pay for them, is influenced by macro-economic factors, such as interest rate fluctuations, inflation rates, availability of credit, unemployment rates and consumer confidence. A deterioration in the economic conditions in the markets in which the Group operates could adversely affect demand for its products and, as such, its business, financial condition, prospects and/or results of operations. The success of the Group's business depends, in part, on its ability to identify and respond to evolving macro-economic and sector trends in demographics and customer preferences. Failure to identify or effectively respond to changing requirements and preferences of its customer base could adversely affect the Group's business, financial condition, prospects and/or results of operations.

2.3.6 The Company's Board must adopt the correct business strategy, implement its strategies effectively and understand and properly manage strategic risk, taking into account specific retail sector risks and wider economic risks. The impact of this risk not being appropriately managed by the Board and senior management would be evidenced by under-achievement against financial targets, a negative impact on customer confidence and loss of the Group's brand reputation.

2.3.7 The Group operates legacy mainframe IT infrastructure which may have decreased IT functionality and allow for reduced agility in response to changing market conditions. In addition, the infrastructure requires ongoing maintenance and support costs. The Group is dependent upon the continued availability and integrity of its IT systems throughout its operations. Systems require continuous enhancement and investment to prevent obsolescence and maintain responsiveness. Operational failure of key IT systems could lead to customer demand being unable to be fulfilled, adversely affecting the Group's brand reputation and potentially resulting in lower sales. New IT systems and changes to management systems may not be successfully implemented, managed or integrated.

2.3.8 Increased online presence and reliance on digital systems raises the importance of cyber security to the Group. GDPR regulations increase the Group's focus in this area. Potential impacts on the business include loss of customer data (including customers' payment information), business interruption and potential fines or reputation damage if regulatory response plans are delayed or not adequate. The threat of unauthorised or malicious attack on the Group's IT systems is an ongoing risk, the nature of which is constantly evolving and increasingly sophisticated. A significant cyber attack could adversely affect operation of key systems or result in data leaks, exposing the Group to brand reputational damage and significant financial penalties. A significant performance failure of the Group's IT systems could lead to loss of control over critical business information and/or systems (such as those relating to contracts, costs, invoicing, payroll management and/or internal reporting (whether financial, commercial or operational)), adversely affecting the business' ability to operate effectively or to fulfil its contractual obligations, which may in turn lead to a loss of customers, revenue and profitability and the incurrence of significant consequential and remedial costs, any of which could have a material adverse effect on the business, financial condition, prospects and/or results of operation of the Group.

3. Key information on the securities

3.1 What are the main features of the securities?

3.1.1 *Shares*

The Placing and Open Offer comprises in aggregate 174,666,053 New Ordinary Shares, which are proposed to be issued at 57 pence per New Ordinary Share.

The New Ordinary Shares which the Company intends to issue will be ordinary shares of the Company of 11 1/19 pence each, and will be registered with the same ISIN as the Existing Ordinary Shares, ISIN GB00B1P6ZR11. The ISIN of the Open Offer Entitlements is GB00BNG6ZC98 and the ISIN of the Excess Entitlements is GB00BNG6ZD06.

As at the close of business on 4 November 2020, the latest practicable date before publication of this document, the Company had 285,817,178 fully paid ordinary shares of 11 1/19 pence in issue. The Company had no partly paid ordinary shares in issue.

The Existing Ordinary Shares are denominated and quoted in pounds sterling on the London Stock Exchange and, after the Move to AIM, all of the Ordinary Shares will be denominated and quoted in pounds sterling on AIM.

3.1.2 *Rights attaching to the Shares*

The New Ordinary Shares will rank *pari passu* in all respects with the Existing Ordinary Shares, including for voting and dividend rights and rights on a return of capital declared in respect of Ordinary Shares after their issue.

In accordance with and subject to the provisions of the 2006 Act, any equity securities issued by the Company for cash must first be offered to Shareholders in proportion to their holdings of Ordinary Shares. The 2006 Act allows for the disapplication of pre-emption rights which may be waived by a special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.

Subject to any special rights, restrictions or prohibitions on voting for the time being attached to any Ordinary Shares (for example, in the case of joint holders of a share, the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share), Shareholders shall have the right to receive notice of, and to attend and vote at, general meetings of the Company. Except in relation to dividends which have been declared and rights on a liquidation of the Company, the Shareholders have no rights to share in the profits of the Company. The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares on or off-market, subject to the 2006 Act.

3.1.3 *Restrictions on free transferability of Shares*

The Ordinary Shares are freely transferable and there are no restrictions on transfer.

3.1.4 *Dividend policy*

On Admission, the Group will terminate the CLBILS facilities to allow it flexibility to resume paying dividends at the appropriate time. The Directors and the Proposed Director recognise that dividends are an important part of the Company's returns to shareholders and will consider implementing a new dividend policy in due course.

If Admission does not occur, the Group will continue to have access to the CLBILS facilities. A condition of being included in this scheme is the cessation of any dividends to shareholders whilst any facilities guaranteed by the CLBIL scheme are drawn.

3.2 Where will the securities be traded?

Subject to the passing of resolutions 4 and 5 in the Notice of General Meeting, applications will be made for the cancellation of the admission of the Existing Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for

listed securities and for the admission of the Enlarged Share Capital to trading on AIM. It is expected that admission to trading on AIM will become effective, and dealings in the Enlarged Share Capital on AIM will commence, at 8.00 a.m. on 23 December 2020.

No application has been made or is currently intended to be made for the Ordinary Shares to be admitted to listing or trading on any other exchange.

3.3 What are the key risks that are specific to the securities?

3.3.1 Investors should be aware that the value of Ordinary Shares may be volatile and may go down as well as up and investors may therefore not recover their original investment.

3.3.2 The Group may issue additional equity or convertible equity securities. To the extent that such issues take place on a non-pre-emptive or partially non-pre-emptive basis, the Shareholders will suffer dilution of their interests in the Company.

3.3.3 Future sales of substantial amounts of Ordinary Shares in the market, additional offerings or issues of shares by the Company, or public perception that such sales, offerings or issues may occur, could each have a material adverse effect on the market price of Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price that they deem appropriate.

3.3.4 For so long as the Substantial Shareholder and the other members of the Concert Party remain, in aggregate, a significant shareholder group of the Company, they will continue to have the ability, through the votes attaching to their Ordinary Shares, to affect or influence the Group's legal and capital structure, matters requiring shareholder approval, including corporate transactions, as well as the election of, and any changes in, the Company's directors and the Group's management and approving other changes to its operations.

3.3.5 As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from subsidiaries.

3.3.6 Although the Company intends to apply for all of the Ordinary Shares to be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained following Admission.

4. Key information on the offer of securities to the public and/or admission to trading on a regulated market

4.1 Under which conditions and timetable can I invest in this security?

The Company is seeking to raise gross proceeds of approximately £100 million through the Placing and Open Offer.

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares *pro rata* to their holdings of Existing Ordinary Shares on the basis of:

11 Open Offer Shares for every 18 Existing Ordinary Shares

held by them and registered in their name at the Record Date and, through the Excess Application Facility, to apply for Excess Shares, in each case on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form). All members of the Concert Party who would be entitled to participate in the Open Offer have irrevocably undertaken not to take up their Open Offer Entitlements (or participate in the Excess Application Facility) and, pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer (including, for the avoidance of doubt, pursuant to the Excess Application Facility).

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Open Offer Entitlement and, if they take up their Open Offer Entitlement in full, for Excess Shares under the Excess Application Facility. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlement under the Open Offer will be rounded down to the nearest whole number. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements.

The Excess Application Facility will enable Qualifying Shareholders who have taken up their Open Offer Entitlement in full to apply for Excess Shares. Qualifying Shareholders can apply for a maximum number equal to the number of Open Offer Shares less their Open Offer Entitlement. Excess Shares will, subject to their availability, be allocated in accordance with demand but subject to an Excess Share Allocation Cap, which respects the relative sizes of the holdings of Ordinary Shares on the Record Date of applicants for Excess Shares, including the aggregate holdings of the Concert Party. For these purposes, the members of the Concert Party will collectively be regarded and treated as a single Qualifying Shareholder which has taken up all of the Open Offer Entitlements of the members of the Concert Party and applied for the maximum aggregate number of Excess Shares for which the members of the Concert Party could therefore apply.

The Excess Share Allocation Cap for each Excess Share Applicant will be calculated as follows:

(a) the number of available Excess Shares multiplied by the number of Ordinary Shares held by the relevant Excess Share Applicants on the Record Date divided by the aggregate number of Ordinary Shares

(b) held by all Excess Share Applicants plus, ***in respect only*** of those Excess Share Applicants whose applications for Excess Shares exceed the product of (a) and (b) above:

(c) the aggregate number (if any) of New Ordinary Shares, by which individual applications for Excess Shares by Excess Share Applicants fall short of the respective products of (a) and (b) above

multiplied by

(d) the number of Ordinary Shares held by the relevant Excess Share Applicant on the Record Date divided by the aggregate number of Ordinary Shares held by all Excess Share Applicants whose applications exceed the respective products of (a) and (b) above.

For the avoidance of doubt, the Open Offer Shares the subject of the Open Offer Entitlements of the members of the Concert Party shall not be Excess Shares or otherwise available under the Excess Application Facility, and:

(i) any Excess Shares for which there is insufficient demand to be allocated to any Qualifying Shareholder (other than the Concert Party members) under the above mechanism; plus

(ii) the number of Excess Shares which are treated as allocated to the Concert Party under the above mechanism

will, in each case, be subscribed for by the Placees on the terms and subject to the conditions of the Placing Agreement and in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder, and will not be allocated to Qualifying Shareholders under the Open Offer.

Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that the applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed, to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders (excluding, for the avoidance of doubt, members of the Concert Party because they have undertaken not to take up their Open Offer Entitlements) under the Open Offer.

The Substantial Shareholder is entitled to assign his rights under the Placing Agreement to subscribe for New Ordinary Shares under the Placing as described below, up to a maximum of 15,789,473 Open Offer Shares, to one or more other members of the Concert Party provided that, if such assignee fails to make payment for such Open Offer Shares, the assignment shall be treated as not having taken place and the Substantial Shareholder shall be obliged to subscribe and pay for such Open Offer Shares (in addition to any other subscription and payment obligation that the Substantial Shareholder has under the Placing Agreement). The Company understands that the Significant Shareholder has assigned the right to subscribe for 15,789,473 Open Offer Shares in favour of certain members of the Concert Party who are relatives or related trusts of Nigel Alliance (including Joshua Adam Senior).

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim by Euroclear's Claims Processing Unit. Open Offer Shares for which application has not been made under the Open Offer will not be

sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer will be subscribed for by the Placees pursuant to and subject to the terms and conditions of the Placing Agreement and in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and,in the absence of such notification, 100 per cent. to the Substantial Shareholder, with the proceeds of such subscription retained for the benefit of N Brown.

The Capital Raising and the Move to AIM are inter-conditional and conditional, *inter alia*, upon:

- the Placing Agreement becoming unconditional by 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder and the Company may agree, being not later than 8.00 a.m. on 15 January 2021) and not having been terminated in accordance with its terms prior to Admission; and
- the Introduction Agreement becoming unconditional by 8.00 a.m. on 23 December 2020 (or such later time and/or date as Shore Capital and the Company may agree, being not later than 8.00 a.m. on 15 January 2021) and not having been terminated in accordance with its terms prior to Admission.

The Placing Agreement is conditional, *inter alia*, upon:

- all of the Resolutions having been passed by Shareholders at the General Meeting;
- Delisting occurring prior to Admission; and
- Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder and the Company may agree, being not later than 15 January 2021).

The Introduction Agreement is conditional, *inter alia*, upon:

- all of the Resolutions having been passed by Shareholders at the General Meeting;
- the London Stock Exchange agreeing to admit the Enlarged Share Capital to trading on AIM; and
- Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as Shore Capital and the Company may agree, being not later than 15 January 2021).

The total estimated costs and expenses of the Capital Raising payable by the Company are approximately £5.5 million (excluding VAT). Shareholders will not be charged expenses by the Company in respect of the Capital Raising.

4.2 Why is this prospectus being produced?

4.2.1 *Background to and reasons for the issue of this document*

The Board believes that there are significant opportunities available for N Brown to drive profitable, digital growth over the medium term:

- Online retailing is expected to continue to take market share, accelerated by the impact of COVID-19 on customer behaviour
- N Brown's target markets continue to be underserved, offering significant opportunity for growth
- New refreshed customer-centric strategy will attract a broader range of customers

However, the Board believes that, to take full advantage of these opportunities, the Group's total net debt of £411.1 million as at 29 August 2020 is too high to be able, safely and with confidence, both to navigate the increased operational risk environment created by the COVID-19 pandemic, and to continue to invest in the Group's customer proposition in order to take advantage of the opportunities for profitable growth ahead.

As a result, the Board is proposing the Capital Raising, which it believes will allow significant shareholder value to be delivered. In particular, it will allow N Brown to:

- Accelerate the Group's strategy by making targeted investments which are expected to achieve attractive returns. Further details are available in **paragraph 4.2.2** below
- Eliminate all unsecured debt in the business, leaving a core net cash trading position, which will also provide the Group with increased financial resilience
- Cancel the CLBILS facilities which will:
  - offer more freedom to invest in the business to support a more rapid delivery of the Group's strategy
  - give the Board the flexibility to pay dividends at the appropriate time
- Extend the Group's existing facilities by a further two years and three months; without the Capital Raising, this extension will be considerably more difficult and costly

As a result, the Board will put in place the following medium term financial targets (the "Medium Term Financial Targets"):

- 7 per cent. medium term average product revenue growth
- 14 per cent. medium term EBITDA margin

For the reasons explained in this document, the Substantial Shareholder has not participated in the Board's decision to approve the Capital Raising or the Board's recommendation that Shareholders vote in favour of the Resolutions.

4.2.2 *Use and estimated net amount of the proceeds*

The Board believes that the net proceeds of the Capital Raising of approximately £94 million will leave the Group with a significantly stronger balance sheet, enabling the Group to accelerate the delivery of its refreshed strategy announced in June 2020. The Group will use approximately £77 million to fully repay the current drawings under its existing Revolving Credit Facility and CLBILS facilities which will eliminate all of the Group's unsecured debt and bring it to a core net cash trading position, giving it stronger foundations from which to grow the business, including the funding of debtor book growth. This will also allow the Group to cancel the CLBILS facilities which will allow the Group greater flexibility to invest in the business as well as the ability to recommence dividends at the appropriate time.

The Group will use the remaining approximately £18 million of net proceeds alongside ongoing cash generation to accelerate its strategy to enhance growth prospects. This includes pulling forward and enhancing the following targeted investments in key areas which the Board expects to generate attractive returns:

- New Financial Services platform:
- Acceleration of the new digital front-end website experience:
- Improve Home Essentials proposition:

4.2.3 *Underwriting*

The Capital Raising is not subject to an underwriting agreement but, pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer.

4.2.4 *Conflicts of interest*

Save as set out above (for example, in paragraph 2.1 above), there are no interests known to the Company that are material to the Capital Raising or Admission or which are conflicting interests.

RISK FACTORS

Investing in and holding Ordinary Shares involves financial risk. Prospective investors in the New Ordinary Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Ordinary Shares, the Group's business and the industries in which it participates, which should be considered together with all other information contained in this document.

Prospective investors should note that the risks relating to the Group, its industries and the Ordinary Shares summarised in the section of this document headed "Summary" in the sub-section entitled "What are the key risks that are specific to the issuer?" are the risks that the Directors and the Proposed Director believe to be the most material to an assessment by a prospective investor of whether to consider an investment in the New Ordinary Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the section of this document headed "Summary" in the sub-section referred to above but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below are not an exhaustive list and do not necessarily comprise all, or explain all, of the risks associated with the Group and the industries within which it operates or an investment in the New Ordinary Shares (but do comprise the material risks and uncertainties in this regard that are known to the Directors and the Proposed Director) and should be used as guidance only. Additional risks and uncertainties relating to the Group and/or the Ordinary Shares that are not currently known to the Directors and the Proposed Director, or which the Directors and the Proposed Director currently deem immaterial, may arise or become (individually or collectively) material in the future and may have a material adverse effect on the Group's business, results of operations or financial condition and, if any such risk or risks should occur, the price of the Ordinary Shares may decline and investors could lose part or all of their investment.

Investors should consider carefully whether an investment in the New Ordinary Shares is suitable for them in light of the information in this document and their personal circumstances. Investors should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if they do not understand this document (or any part of it).

Risks specific to the issuer and its Group

Risks relating to the Group's financial condition

1. Lack of cash liquidity to meet working capital obligations

The Group's ability to grow and adapt its business is dependent on the availability of funds to meet business needs which include, in part, its banking financing facilities. Should the Group be unable to generate surplus cash flows, secure adequate financing and/or manage its cash and debt effectively, in the longer term (being after the first anniversary of the date of this document), its ability to trade could be at risk.

The Group recognises that restrictions on trading activity and the movement of people applied by the UK government to contain the spread of COVID-19 has the potential to have severe and continued effect on economic activity. Measures have been taken across the Group to mitigate the consequential and significant profit and cash flow impacts arising from the loss of sales following the UK lockdown.

On 19 May 2020, the Group announced that it had secured new financing arrangements with its longstanding supportive lenders. These new arrangements comprise:

- new up to £50 million 3-year Term Loan facilities, provided by the Group's lenders under the Government's Coronavirus Large Business Interruption Loan Scheme ("CLBILS");
- amendments to certain terms and covenants of the securitisation facility ("Securitisation"), in order to mitigate a significant amount of the impact that COVID-19 may have in 2020 on the securitisation facility. In particular, these were designed to address variations in collection rates and customer behaviour, and to enable the Group to continue to offer its customers enhanced flexibility. As at the date of this document, these temporary amendments to the securitisation

facility are in place until late December 2020 and the Group does not currently envisage extending that deadline. However, the Group will continue to proactively monitor the situation and take appropriate action as it deems it prudent or necessary to do so; and

- the widening of certain covenants at the August 2020 half-year test date in its existing unsecured £125 million Revolving Credit Facility ("RCF") and the introduction of quarterly covenant tests.

On the date of this document, the Group announced that it had secured an extension of the term of the Securitisation to 15 December 2023, from an original expiry date of 17 December 2021, which is not conditional on Admission.

As a result of these changes, the Group currently has the following facilities in place:

- a Securitisation in an amount of up to £500 million committed until 15 December 2023, drawings on which are linked to prevailing levels of eligible receivables (drawn at £378.9 million as at 29 August 2020);
- an RCF of £125 million committed until 1 October 2021 (which would be extended to 31 December 2023 upon Admission) (of which £75.0 was drawn as at 29 August 2020);
- an overdraft facility of £27.5 million which is subject to an annual review every July (none of which is drawn); and
- £50 million CLBILS Term Loan Facilities committed until 18 May 2023 (of which £2.0 million is drawn as at 29 August 2020, being the minimum drawdown to prevent the facilities being terminated)

As at 29 August 2020, cash balances stood at £44.8 million, which in addition to the undrawn facilities of £125.5 million outlined above, and after deducting cash not immediately accessible of £5.8 million, provides the Group with total accessible liquidity ("TAL") of £164.5 million. This is £89.5 million higher than the TAL available as at 29 February 2020 of £75.0 million primarily due to the additional £50 million CLBILS facilities and additional cash generation in H1 of £45.3 million.

However, recent challenging financial market conditions have led to a reduction in the availability of bank lending generally and the costs of most types of lending have significantly increased. Whilst the Group has committed funding until 1 October 2021, in respect of its existing revolving credit facility (which would be extended to 31 December 2023 upon Admission), and 15 December 2023, in respect of the Securitisation, it is possible that the Group may find it difficult to obtain further financing on commercially acceptable terms as these funding facilities come to maturity. The extension of the revolving credit facility is conditional on the completion of the Capital Raising.

Should the Capital Raising not proceed, the Group has fully agreed the Alternative Refinancing Agreement. Under the Alternative Refinancing Agreement, the Group will extend the RCF to 31 May 2022 with a facility size of £100 million until 1 October 2021, which then drops to £50 million for the remainder of the term. As a result, and particularly given there is no injection of new equity, the Group will keep the CLBILS facilities in place.

In the longer term (being after the first anniversary of the date of this document), an increase in the cost, or lack of availability, of finance (whether for macroeconomic reasons, such as a lack of liquidity in debt markets or the inability of a financing counterparty to honour pre-existing lending arrangements, reasons specific to the Group, or credit rating volatility) could impact the Group's ability to progress capital investment or acquisition opportunities and on the financing requirements of its business. Therefore, the Alternative Refinancing Agreement will enable the Company to continue to trade, it will not give the Group the necessary funding to accelerate its strategy, or to consider paying dividends in the foreseeable future.

2. Credit products and risk

One of the main financial related risks is default by counterparties to financial transactions and the Group is exposed to credit risk, particularly in respect of its customer receivables.

Changes to credit risk appetite, policies and procedures have been made either in response to new regulation – such as the introduction of measures which ensure customers will not experience persistent debt, restrictions on the number and size of credit limit increases and upweighted affordability assessments – or in direct response to the COVID-19 pandemic and the requirement to

provide credit customers with ongoing forbearance for up to 6 months, which have the potential to have a significant influence on the size and shape of the debtor book (that is, to reduce the size of it). The Group continues to assess its strategies to mitigate the impact of these changes, including the phased introduction of new financial products and further reductions in its operating cost base, which will also ensure it is prepared to react to any future regulatory changes.

The Group's credit customers are significantly concentrated across C, D and E socio-demographic groupings. As such the debtor book is over indexed towards unemployed customers, customers on income of less than £30,000 per annum and customers on pensions or benefits. In aggregate, around 50 per cent. of the book is not in work. The financial impacts to these demographic cohorts during recessions is likely to be much reduced as a lower proportion are in work and therefore at risk of job loss or a proportionally significant loss of income. Nevertheless, this has resulted in an increase in assumed bad debt, as adjusted for the reduction in the relative debtor book size from prior years.

The current state of the consumer credit market, the current uncertainty relating to the outcome of Brexit and its effect on the UK and its economy and the short term and long term effects of the current COVID-19 pandemic have placed and may place additional constraints on customer discretionary spending, resulting in lower customer product purchasing demand, and may lead to an increased risk of missed financial services repayments in relation to such receivables.

This may result in increased bad debt provision in the Group's accounts which, in turn, may result in constraints on the Group's working capital and cashflow, lowered additional borrowing capacity for the Group, under-achievement against the Group's growth targets and a loss of flexibility for the Group. In addition, poor management of its customer credit risk may expose the Group to unprofitable sales for those customers who do not ultimately pay for their goods and whose debt is then written off. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

The Group has considered the impact on expected credit losses that may arise from the wider macro-economic impacts of the COVID-19 pandemic and FCA guidance that consumer credit lenders, including the Group, should provide under certain circumstances temporary financial relief for customers impacted by COVID-19. As disclosed in the Group's half year report for the 26 weeks ended 29 August 2020, the Group has made an additional bad debt provision of £17 million to cover the cost of defaults which may arise in the future. Customer behaviour has yet to show any material adverse change.

This risk factor relates to risks which fall outside the 12 month period covered by the working capital statement contained in **paragraph 11** of Part 11 (*Additional information*) of this document, and does not qualify anything contained in that statement.

3. Level of indebtedness

The Group has significant levels of debt and debt service obligations. The quantum of this debt could have a potentially material adverse effect on the Group's business, results of operations and overall financial condition in the longer term (being after the first anniversary of the date of this document) insofar as it:

- may limit its flexibility in planning for, or reacting to, changes in its business or to the industry in which it operates;
- requires the Group to dedicate a larger portion of its cash flows from operations to fund payments in respect of the debt if interest rates increase or fluctuate, thereby reducing the availability of cash to fund working capital, capital expenditure and other general corporate needs;
- potentially increases the Group's vulnerability to adverse general economic conditions by virtue of the requirements to achieve certain covenant tests; and
- potentially makes it more challenging to secure new facilities to replace the existing ones when they expire.

The Group currently pays interest and other facility fees based on LIBOR and EURIBOR rates. It is therefore exposed to movements in LIBOR and EURIBOR rates. In addition, interest rate fluctuations will affect the return on the Group's cash investments. Movements in interest rates could

have a material adverse effect on any borrowing exposure or on the returns generated by the Group's investments, either of which could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

4. Banking covenants

The Group is subject to key banking covenants including interest cover and debt cover, which could limit the flexibility of the Group in running its business. Although the Group expects to remain in compliance with its covenants for at least the 12 month period from the date of this document, failure to meet those covenants in the longer term (being after the first anniversary of the date of this document) could result in the Group being in default of its banking facilities, which could result in an acceleration of its obligation to repay its borrowings before the expiry date of its principal banking facilities and the lending banks would also be able to make a demand on any guarantees given in respect of the facilities. The Group cannot give any assurance that it would be able to refinance any such borrowings on commercially reasonable terms, or at all, in the longer term. The failure by the Company to comply with all of those covenants and/or its inability to refinance its borrowings in the longer term could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

This risk factor relates to risks which fall outside the 12 month period covered by the working capital statement contained in **paragraph 11** of Part 11 (*Additional information*) of this document, and does not qualify anything contained in that statement.

5. Securitisation risks

The Group has, for a number of years, funded the loans to its customers in part by the Securitisation (and previous similar arrangements) which involves the monetisation of receivables arising from credit provided to those of its customer who elect to make their purchase(s) using credit payment terms and which are approved by the Group to receive such credit.

The Securitisation is a type of transaction known as a "private revolving securitisation". These are generally fairly complex, involving a large number of agreements, with many such agreements being inter-dependent with others. The amount available to the Group from time to time under the Securitisation is calculated and determined regularly using a dynamic financial model, which involves, amongst other factors, the input of various metrics regarding the customer payments performance profile.

On 18 May 2020, the Group agreed various amendments to the Securitisation with HSBC Bank plc and NatWest Markets plc, who are the senior debt funders under the Securitisation, which amendments are intended to optimise the funding available to the Group thereunder. These amendments, which are designed to be temporary in nature, will remain in force until late December 2020. Such changes included those required to address and reflect the requirements of the FCA set out in its guidance originally issued on 9 April 2020 titled "*Credit cards (including retail revolving credit) and coronavirus: temporary guidance for firms*", providing additional flexibility within the Securitisation to mitigate any impact on the consumer credit book resulting from the COVID-19 crisis. The further extensions in FCA guidance issued in July and September did not trigger the need to revise the original COVID-19 deferral related securitisation amendments due to low take up and strong underlying performance of the loan book. However, it is possible that, despite such changes, the performance of customer payments could deteriorate in a manner and to such an extent that would result in the revolving nature of the securitisation funding structure being terminated. Amongst other consequences, such termination would result in funding banks taking greater control over the relevant customer receivables and likely lead to further delay in JDW&Co receiving the deferred consideration due to it in relation to the sale of customer receivables and, furthermore, such deferred consideration could be reduced in due course by failures by customers to pay what they owe.

Post the recent refinancing announced on 19 May 2020, the consumer credit book has been resilient and not been materially further impacted by the COVID-19 crisis. However, should there be a severe and sustained decline in the consumer credit book in the longer term (being after the first anniversary of the date of this document), the Group could need to seek additional funding for working capital purposes. As set out in **paragraphs 1, 3 and 4** above, such contingency funding may be more difficult to obtain on reasonably commercial terms and this may thereby have an

adverse impact on the Group's business, financial conditions, prospects and/or results of operations in the longer term.

On 9 April 2020, the FCA published guidance entitled "*Credit cards (including retail revolving credit) and coronavirus: temporary guidance for firms*", which guidance was subsequently extended by the FCA on 1 July 2020 (the "Original Covid-19 Guidance"). On 30 September 2020, the FCA published additional guidance entitled "*Consumer credit and Coronavirus: Additional Guidance for firms*", which was then subject to a proposed update through further draft guidance published for consultation on 4 November 2020 (the "Additional Covid-19 Guidance" and together with the Original Covid-19 Guidance, collectively, the "Covid-19 Guidance"). The FCA has stated that it will continue to keep the Covid-19 Guidance under close review (the residual supplemental Covid-19 Guidance is subject to review after a further 6 months), and may revise it again if circumstances change significantly. The Original Covid-19 Guidance was designed to support the FCA's consumer protection objective and protect consumers by requiring lenders to provide payment relief to consumers who might be having temporary difficulty in making their credit card or revolving credit payments due to a loss of or reduction in their income (or income of other members of their household) or to those who expect to experience such difficulties, as a result of circumstances arising out of COVID-19. Examples of such relief include lenders suspending, reducing, waiving or cancelling any further interest or charges, deferring payment of arrears or accepting token payments for a reasonable period of time (up to a maximum of three months). The Additional Covid-19 Guidance extends the payment relief to be made available to customers from a single three-month deferral period to up to two three-month deferral periods and also requires firms to provide proactive support for customers whose initial period of payment deferral may be coming to an end, and to offer a range of forbearance options, based on the assessment of individual customer circumstances, to any customer who is or could experience financial difficulties relating to or as a result of COVID-19. Under the Covid-19 Guidance, firms are not obliged to offer further blanket payment deferrals to customers beyond 31 January 2021, after which any COVID-19 related forbearance arrangement will be reportable to Credit Reference Agencies in the usual way. Certain provisions of the Covid-19 Guidance will remain in force beyond 31 January 2021 for customers granted payment deferrals which come to an end after 31 January 2021 and, in general, the Additional Covid-19 Guidance is stated to remain in force indefinitely, until varied or revoked by the FCA. The Group has taken appropriate steps to ensure continuing compliance with the Covid-19 Guidance as in force as at the date of this document, however inevitably compliance with guidance of this nature has the potential to impact the Group's cash flow and, unless properly managed, the funding the Group receives from the Securitisation which relies on a steady cash-flow from the Group's consumer receivable portfolio. As such, the Group has actively sought to manage the impact of compliance with the Covid-19 Guidance by agreeing with the securitisation lenders certain temporary amendments to the terms of the Securitisation designed to ensure that the funding levels that the Group receives under the Securitisation remain at required levels. However, there can be no guarantee that such amendments will be effective or continue to be available, particularly if the duration of the COVID-19 pandemic, or its economic impact, persists and the FCA were to introduce additional or supplemental measures to the Covid-19 Guidance. Any resulting failure to maintain an adequate level of funding under the Securitisation could adversely affect the Group's business, financial condition, prospects and/or results of operations.

6. COVID-19

COVID-19 and its related impacts continue to dominate the Group's near-term risk horizon. Stress-test and scenario planning has been undertaken in relation to a range of extreme but plausible scenarios which include the impact on demand for retail goods resulting from a downturn in consumer confidence, the ability of the Group's credit customers to maintain contractual payments, and loss of operational continuity arising from regional or national lock-down restrictions such as recent lock-down restrictions being announced on 31 October 2020 across the Group's main market. Management maintains reasonable assurance over the Group's outlook across the range of scenarios modelled but acknowledges that the profile of risks related to the COVID-19 pandemic is subject to rapid change and significant uncertainty. Related medium and longer-term macro-economic and social impacts are difficult to determine.

In order to maintain the ongoing operational integrity of the Group's sites and to comply with UK Government measures and guidance:

- operations have been reorganised to ensure two-metre social distancing can be adhered to at all sites;
- the Group's cleaning regime has been expanded;
- enhanced hygiene protocols (with all necessary products available to the Group's staff) have been implemented;
- entry and exit times for colleagues required to be on site are staggered to avoid unnecessary contact;
- all sites continue to follow government guidance to remain Covid secure;
- the Group has invested in thermal imaging technology to protect colleagues as they enter sites;
- colleagues work from home where possible;
- colleagues at distribution sites are required to wear masks while moving around the site;
- key personnel are separated either by working from home or by working separate shift patterns; and
- local and government advice is reviewed daily and resulting changes are communicated to all colleagues.

Although levels of infection and recovery did, until recently, continue to improve across Europe and in the UK specifically, they have recently deteriorated again and a complete relaxation of all social distancing measures and the related re-opening of the UK economy is far from certain. Local and global lockdown and some level of applied social distancing are likely to remain prevalent aspects of society for the foreseeable future as governments respond to slower than anticipated reductions or indeed a second wave increase in infection levels. Further spread of COVID-19 and the continued or re-introduced application of social restrictions, including in areas where the Group's operations and material facilities are located, may result in greater risk of exposure to its employees, and the Group may respond by taking further measures to protect its personnel and ongoing operations.

Moreover, the continuation of measures such as those referred to above and other indirect effects that COVID-19 is having on economic activity have resulted in and will continue to result in economic downturns in the markets in which the Group sells its products and led to reduced demand for its products in such markets. Demand for the Group's products, and its customers' ability to pay for them, may be further impacted by the COVID-19 pandemic or the related Covid-19 Guidance from the FCA with respect to debtor forbearance, leading to reduced sales and profit and increased credit risks if the current economic downturn and the measures to curb the spread of the pandemic continue for an extended period of time.

The Group's suppliers may experience disruptions in their ability to supply the Group and/or may seek to excuse their performance under their existing contracts by claiming that the ongoing pandemic, and government responses, constitute a force majeure event. If such supply disruptions were to occur, the Group may not be able to develop alternate sourcing quickly.

The pandemic has also led to extreme disruption and volatility in the global capital markets, which could increase the Group's cost of capital and adversely affect its ability to access the capital markets. In addition, the uncertainty surrounding the magnitude of the impact of COVID-19 may cause certain financial institutions to reduce the amount of, or impose more unfavourable terms on, new credit lines they extend to companies. Therefore, the Group's ability to raise further financing required for its operations may be restricted at a time when it would like, or need, to do so, which could have an adverse effect on its ability to meet its future funding requirements and on its flexibility to react to changing economic and business conditions.

The pandemic is likely to continue to adversely affect the global economy during at least the remainder of 2020 and 2021 and could result in a significant negative impact on the Group's business, financial condition, prospects and/or results of operations. The effects of the pandemic are highly uncertain, including the duration of the outbreak, new information that may emerge concerning the severity of the infection, the scope, duration and economic impact of actions taken to contain or reduce the spread of the virus or treat its impact, and the impact of each of these

items on macroeconomic conditions and financial markets globally. Any of those factors could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

7. LIBOR interest benchmark rate

The Group's existing bank debt facilities and the Securitisation currently use London interbank offer rates ("LIBOR") for Sterling as the benchmark for the determination of interest charges payable thereunder. LIBOR for Sterling measures the cost to large global banks operating in London financial markets of borrowing Sterling for specified periods of time from other large global banks also operating in the London interbank market. Following concerns raised by various regulators with how LIBOR is being determined, in July 2017, the FCA issued a notice to market participants informing them that they should not rely on LIBOR continuing to be available after the end of 31 December 2021. A working group of regulators and market participants has been established to plan how the use of Sterling LIBOR is to transition to a proposed riskless interest rate known as SONIA (Sterling Overnight Index Average). The Group's existing £125 million revolving credit facility, once amended, will be scheduled to reach final maturity after 31 December 2021 and therefore already provides a mechanism for the use of alternative benchmark rates following LIBOR ceasing to be available. The Group's existing aggregate £50 million term loan facilities (the CLBILS facilities) are currently scheduled to reach final maturity after 31 December 2021 and therefore already provide a mechanism of the use of alternative benchmark rates following LIBOR ceasing to be available. The revolving period of the Securitisation is set to end during December 2023, following LIBOR ceasing to be available and the documentation in relation thereto provides a mechanism for the use of alternative benchmark rates following LIBOR ceasing to be available. In any event, the Company does not expect that a transition from LIBOR to SONIA will in itself have a material adverse effect on the all-in interest funding costs to the Group.

8. Brexit

On 23 June 2016, UK citizens voted in favour of the UK leaving the EU. On 31 January 2020, the UK ceased to be a member of the EU and, pursuant to the terms of an agreement between the UK and the EU, a transition period commenced during which the UK will continue to be subject to EU law as if it were still a member of the EU and which will continue until 31 December 2020. Whilst the UK and the EU hope to be able to agree the terms of any future relationship between them before the end of that transition period, those terms will be subject to a further negotiation period that could last many years. The implications of this decision, and the outcome of those negotiations, are not known as at the date of this document.

The Group accordingly faces and will face a period of prolonged uncertainty regarding aspects of the UK economy including the possibility of a period of recession, together with other risks (for example, exchange rate volatility) which could materially and adversely affect the legal, operational, regulatory, insurance and tax regime(s) to which the Group is subject.

The effect of those risks could also be to increase compliance and operating costs. The potential risks to the Group's business include increases in cost prices, impact on its Irish operations, decreased customer spending power and potential loss of personnel. Changes in the way goods are imported into and exported from the UK may result in higher tariffs and other cost increases.

The uncertainty regarding the implications of the above-mentioned decision and negotiations may also lead to heightened levels of market volatility (both in the UK and globally) and reduced consumer confidence, which could result in reduced spending by consumers and/or increased bad debts (and the sensitivity of the Group's IFRS 9 model to adverse shifts in arrears rates increases this risk).

Any of those risks or effects, taken singularly or in aggregate, could adversely affect the Group's business, financial condition, prospects and/or results of operations.

9. Marketing investment

The Group spent in excess of £130 million on marketing and production costs in FY20, which represented around 40 per cent. of the Group's total operating costs. Resources are still anticipated to be expended on marketing, although the Group plans to spend less on marketing than in previous financial years. Such expenditure may be insufficient to attract, maintain and increase demand for the Group's products, marketing activities could be ineffective, or the anticipated timing

of such investment may prove incorrect. If the Group is unable to fund its growth, then it may not be able to generate revenues at the times targeted or at levels in line with the Board's forecasts. Costs may be greater than planned, or timings may vary from those targeted. Any of those risks could adversely affect the Group's business, financial condition, prospects and/or results of operations.

10. Fraud

The Group's selection and screening processes with respect to customers, employees and agents, as well as its internal relationship management processes, may fail to identify fraud on the part of customers, employees or agents. Example of customer fraud may include the provision of false or incomplete information, including documentation in respect of personal income, expenses and other liabilities, as part of the application process. Examples of employee or agent fraud may include the establishment of fictitious customer accounts and the withholding of genuine customer repayments by employees or agents. This risk is exacerbated by the reliance of the Group, as part of its efforts to assess creditworthiness, on information it receives from credit reference agencies, which could be incomplete or incorrect, and could contribute to an overly positive, and unwarranted, credit assessment, even if the customer information is accurate. Failure to prevent or to properly identify customer, employee or agent fraud could have an adverse effect on the Group's business, financial condition, prospects and/or results of operations.

11. Tax risk

Changes in tax rates or law, misinterpretation of tax laws or any failure to manage tax risks adequately could result in increased charges, financial loss (including penalties and reputational damage), which may have an adverse effect on the Group's financial condition and future prospects. The Group is likely to be subject to periodic tax audits, which could result in additional tax assessments, which may be material, relating to past periods being made.

A material change in the level or applicability of VAT, sales and/or other consumption taxes in the United Kingdom or other jurisdictions could have an adverse effect on the Group's sales, which could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

Any change in the Group's tax status or taxation legislation in the United Kingdom or other territories could affect the Group's ability to provide returns to Shareholders. Statements in this document concerning the taxation of investors in shares are based on current law and practice, which is subject to change. The taxation of an investment in the Group depends on the individual circumstances of investors.

The nature and amount of tax which members of the Group expect to pay and the reliefs expected to be available to any member of the Group are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available. In particular, the nature and amount of tax payable is dependent on the availability of relief under tax treaties and is subject to changes in tax laws or practice in any of the jurisdictions affecting the Group. Any limitation in the availability of relief under those treaties, any change in the terms of any such treaty or any changes in tax law, interpretation or practice could increase the amount of tax payable by the Group.

Any of those risks could adversely affect the Group's business, financial condition, prospects and/or results of operations.

12. Foreign currency exchange risk

The Group's financial performance is subject to the effects of fluctuations in foreign exchange rates. In particular, the Group sources a significant proportion of its products from East Asia which are denominated in foreign currencies (primarily US Dollars). Approximately 54 per cent. of the Group's supplies are denominated in currencies other than Sterling. Whilst the Group seeks to hedge against this issue by using foreign exchange forward contracts where appropriate, should Sterling weaken against the major currencies, this could result in an increase in future input costs. In accordance with its treasury policy, the Group does not use derivative financial instruments for speculative purposes and the use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on the use of financial derivatives. There is currently increased risk of this issue resulting from Brexit.

Risks relating to the Group's business activities and industry

1. Consumer confidence and market conditions

Increased headwinds and uncertainty in the retail market coupled with uncertain Brexit and COVID-19 outcomes have caused an increased risk to consumer confidence and spending and consequently an increased risk to Group performance and cash flow. Potential impacts arising from a loss of confidence by customers include reduction in revenue, market share or profits, increased bad debt provision, cash flow volatility and declining customer satisfaction ratings. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

Product revenue trajectory has continued to improve through the second quarter (13 weeks to 29 August 2020) from the sudden and significant decline experienced in the first quarter as COVID-19 lockdown restrictions were introduced. Apparel sales continued to recover from mid-March levels and demand for Home & Gift, supported by the launch of the new Home Essentials brand on 1 April 2020, continued to be well above the prior year. All Womenswear and Menswear brands performed better in the second quarter, in particular JD Williams and Jacamo. As expected, lower product revenue, regulatory changes and a smaller debtor book resulted in lower Financial Services revenue.

Demand for the Group's products, and its customers' ability to pay for them, is influenced by macro-economic factors, such as interest rate fluctuations, inflation rates, availability of credit, unemployment rates and consumer confidence. A deterioration in the economic conditions in the markets in which the Group operates could adversely affect demand for its products and, as such, its business, financial condition, prospects and/or results of operations.

The success of the Group's business depends, in part, on its ability to identify and respond to evolving macro-economic and sector trends in demographics and customer preferences. Failure to identify or effectively respond to changing requirements and preferences of its customer base could adversely affect the Group's business, financial condition, prospects and/or results of operations.

2. Growth strategy

The Company's Board must adopt the correct business strategy, implement its strategies effectively and understand and properly manage strategic risk, taking into account specific retail sector and consumer credit sector risks and wider economic risks. The Board reviews the business strategy on a regular basis to determine how sales and profit budgets can be achieved or bettered, and business operations made more efficient. Monthly and annual budgets, together with longer term financial objectives and cash flow forecasts, are produced. The Board and senior management consider strategic risk factors, wider economic and industry specific trends that affect the Group's business, the competitive position of its products and the financial structure of the Group. The impact of this risk not being appropriately managed by the Board and senior management would be evidenced by under-achievement against financial targets, a negative impact on customer confidence and loss of the Group's brand reputation. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

The Group has undertaken a detailed review of strategy focused on returning N Brown to sustainable growth and built a plan based on driving profitability through the Retail business, whilst consolidating the Financial Services business. The Group communicated its refreshed strategy on 25 June 2020 and set out an "accelerate" phase driven by five growth pillars which have been developed to reflect the focus of the business and the external environment: 1. Distinct brands to attract broader range of customers; 2. Improved product to drive customer frequency; 3. New Home offering for customers to shop more across categories; 4. Enhanced digital experience to increase customer conversion; 5. Flexible credit to help customers shop. These growth pillars will be underpinned by people & culture, data and a sustainable cost base appropriate for a digital retailer.

3. IT systems

The Group operates legacy mainframe IT infrastructure which may have decreased IT functionality and allow for reduced agility in response to changing market conditions. In addition, the infrastructure requires ongoing maintenance and support costs. Potential impacts arising from continued dependence on legacy IT systems include inefficient return on investment, inability to adapt quickly and efficiently to rapidly changing market conditions, loss of market share and reduced customer satisfaction.

The Group is dependent upon the continued availability and integrity of its IT systems throughout its operations. Those systems must record and process substantial volumes of data accurately and quickly and are essential to the successful operation of all areas of the business, for example, warehouse and stock management, online websites and mobile applications. Systems require continuous enhancement and investment to prevent obsolescence and maintain responsiveness. IT risks are managed through the application of internal policies and change management procedures, contractual service level agreements with third party suppliers, and IT capacity management. IT development projects are appraised and prioritised for implementation, with significant IT resource being dedicated to ongoing maintenance and upgrade of existing systems. Systems' vulnerability and penetration testing are carried out regularly to ensure that data is protected from corruption or unauthorised access or use. Critical systems are reviewed and tested periodically to ensure they have back up facilities and business continuity plans in place and these are updated and tested on an on-going basis to reflect business risk. The Company's Audit & Risk Committee and Board receive updates and agree appropriate actions relating to key IT systems, key IT development projects, and key IT risks including business continuity. Operational failure of key IT systems could lead to customer demand being unable to be fulfilled, adversely affecting the Group's brand reputation and potentially resulting in lower sales. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

As a digital retailer, the Group relies heavily on the proper operation, performance and development of its IT systems and processes to carry on its business, and as such operational resilience is of paramount importance. New IT systems and changes to management systems may not be successfully implemented, managed or integrated. Either of those risks may lead to a loss of data, a failure of IT systems or an IT environment that is inadequate to support the Group's business and operations.

4. Cyber security

Increased online presence and reliance on digital systems raises the importance of cyber security to the Group. GDPR regulations increase the Group's focus in this area. Potential impacts on the business include loss of customer data (including customers' payment information), business interruption and potential fines or reputation damage if regulatory response plans are delayed or not adequate.

The threat of unauthorised or malicious attack on the Group's IT systems is an ongoing risk, the nature of which is constantly evolving and increasingly sophisticated. Systems' vulnerability and penetration testing are carried out regularly to ensure that data is protected from corruption or unauthorised access or use. As the nature of cyber-attack risk is constantly changing and becoming ever more sophisticated, the Group continually works towards improving controls and supports significant resource and investments in this area, including employee data security awareness training. Critical systems are reviewed and tested periodically to ensure they have back up facilities and business continuity plans in place and these are updated and tested on an on-going basis to reflect business risk. N Brown deploys a range of technical and organisational measures that protect systems and network and customer and colleague data through both prevention and detection practices. Technical measures include; encryption of data in transit and at rest using symmetric and asymmetric encryption technologies; optimised website firewalls, anti-virus, malware and threat detection systems; system access controls and multi-factor authentication (MFA) of users; VPN secure remote access and authenticated corporate machine devices with trusted certificates; internet filtering on corporate devices; data loss prevention software, and; regular system and server backups. Organisational measures used include; group wide policies covering Information Security, Cyber and Data Governance; information security, cyber and data protection training and awareness packages and communications; internal audit monitoring of users, systems and networks; regular penetration testing, and; cyber security corporate insurance policies. The Company's Audit & Risk Committee and Board receive updates and agree appropriate actions relating to key IT risks, including cyber risk and business continuity. A significant cyber attack could adversely affect operation of key systems or result in data leaks, exposing the Group to brand reputational damage and significant financial penalties. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

Information and communication systems, by their nature, are susceptible to internal and external security breaches, including computer hacker and cyberterrorist attacks or wilful breaches by employees, and can fail or become unavailable for a period of time. A significant performance

failure of the Group's IT systems could lead to loss of control over critical business information and/or systems (such as those relating to contracts, costs, invoicing, payroll management and/or internal reporting (whether financial, commercial or operational)), adversely affecting the business' ability to operate effectively or to fulfil its contractual obligations, which may in turn lead to a loss of customers, revenue and profitability and the incurrence of significant consequential and remedial costs, any of which could have a material adverse effect on the business, financial condition, prospects and/or results of operation of the Group.

5. Supply chain (inbound)

The Group relies on its global supplier base to deliver products on time and to the quality standards it specifies. Risks may arise in the financial, political and geographical aspects of its supplier base. The Group may not be able to acquire suitable products in sufficient quantities on terms acceptable to it in the future. The Group is dependent on suppliers to assure the quality, quantity, price and existence of external products used or sold within the Group and its inability to acquire suitable products in the future, or the loss of one or more of its suppliers and its failure to replace any one or more of them, could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

If there were delays in product shipments due to freight difficulties or industrial action (including strikes by personnel at ports through which products are transported) or elsewhere in its supply chain, the Group's business, financial condition, prospects and/or results of operations could be materially affected. There is currently increased risk of such issues resulting from Brexit, COVID-19 and the actions being taken by governments around the world to try to mitigate the effects of COVID-19.

The Group must continually seek ways to develop its supplier base so as to reduce over-reliance on individual suppliers of products and services and maintain the quality and competitiveness of its products.

The Group's risk assessment procedures for key suppliers identify alternatives and develop contingency plans in the event of key supplier failure. Existing and new sources of supply are developed in conjunction with external agents and/or direct suppliers. The Group also monitors and reviews stock availability on an on-going basis to try to ensure that issues are identified and appropriate action is taken where any issues are impacting service delivery to customers. Failure to manage those risks may adversely affect the timeliness, continuity or quality of supply of the Group's products and may result in reduced customer demand due to lack of stock availability. Changes in global manufacturing capacity and costs may also impact on profit margins. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

The Group aims to capitalise on the longstanding relationships it has developed with suppliers. These relationships can change over time as a result of many factors, including change of personnel (either at the Group or at the supplier), change in ownership of the supplier or disagreement over the manner in which products are sold by the Group. Any significant deterioration in the Group's relationship with any of its key suppliers, whether as a result of any of those factors or otherwise, could have a material adverse effect on its business, financial condition, prospects and/or results of operations.

6. Corporate social responsibility and ethical sourcing

The Group supports strong corporate social responsibility and must work with its suppliers to ensure they comply with the Group's values and standards covering production methods, employee working conditions, packaging materials, quality control and inspection processes. The Group's supplier audit team carries out regular inspections of suppliers' operations to review compliance with the Group's values and standards. Supplier audits and gradings are carried out by the Group's supply chain partner, Verisio, who deliver comprehensive supplier audits including information on wages, working hours, general sustainability and ethical practices. The Group focuses on working closely with suppliers to build partnerships that promote responsible sourcing and build clear strategies that ensure all workers are respected, treated fairly and work in safe conditions. The Group undertakes robust checks for all new suppliers by using the Ethical Trade Initiative base code, an internationally recognised set of labour standards. The Group collaborates with several organisations such as ETI (Ethical Trade Initiative), UN Global Compact and ACT Living wage

projects (Action Collaboration and Transformation) to ensure it maintains key relationships with third parties to ensure that informed decisions and actions can be implemented where required.

There is increased risk in this respect arising out of the Group's use of suppliers in other jurisdictions (including in particular East Asia), which have different laws and standards to those which apply in the United Kingdom and the other jurisdictions in which the Group operates. Those differences, and the distances involved, make it more difficult and expensive for the Group to audit such suppliers and such difficulties have been exacerbated by COVID-19 and the actions being taken by governments around the world to try to mitigate the effects of it (including in particular in Bangladesh). Failure to meet the Group's ethical sourcing standards may adversely affect its brand reputation and customer demand for its products, which could adversely affect the Group's business, financial condition, prospects and/or results of operations.

7. Retail products

The Group's success depends on designing and selecting products that customers want to buy, at appropriate price points which are stocked in the right quantities. The Group continually reviews the design, selection and performance of the product ranges and brands sold by it. It regularly reviews product range trends and performance to assess and correct any key selection or product issues. Corrections to significant missed trends or poorer performing ranges are targeted for amendment, with alternative products being sourced, where deemed necessary. In the short to medium term, a failure to manage product ranges successfully may mean that the Group is faced with surplus stocks that cannot be sold at full price and may have to be disposed of at a loss. Over the longer term, the reputation of the Group may suffer if its product ranges are not meeting customer quality, design or price expectations, resulting in lower customer demand for its products. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

8. Business change

Over the past year, the Group has focussed its strategy on driving the digitalisation of the Group. The capacity of the Group to achieve its desired technological and cultural change is necessary to remain competitive and improve performance and market position. The Group's continuous change programmes are intended to deliver incremental, value-added changes to ensure that its growth plans are achievable. The potential consequences of not achieving change goals include loss of competitive position, under-achievement against the Group's growth targets, inefficient returns on investment and constrained ability to respond to market forces. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

9. Competition

Competing effectively across the key areas of product, financial services and customer services remains a key driver of growth through customer recruitment and retention. Potential consequences of increased competition include loss of market share, reduced sales, erosion of margins and a fall in customer satisfaction scores. Given the current macro-economic uncertainty arising from Brexit and COVID-19, the need to remain competitive is further heightened in order to deliver business growth.

Fashion retailing and consumer credit offering within the fashion retail sector is highly competitive and, due to the growing prevalence of online retail, increasingly global. The Group runs the risk of not competing effectively with a wide range of fashion retailers, both domestically and abroad.

New competitors may enter the markets in which the Group operates and some of the Group's current competitors have, and future competitors of the Group may have, significant financial, marketing and other resources and established brand names. The Group's competitors could use their significant resources to increase their marketing, develop new products or reduce their prices in a manner that adversely affects the Group's ability to sell its products at prices that generate the same margins it has earned in the past or at all.

Existing and/or increased competition, or the inability of the Group to maintain its competitiveness, could adversely affect the Group's market share and/or force it to consider price reductions which could have a material adverse effect on its business, financial condition, prospects and/or results of operations.

These and other competitive pressures may prevent the Group from competing successfully against current or future competitors. Such competitive pressures could have a material adverse effect on the Group's business, financial position, prospects and/or results of operations.

10. Culture

The ability to deliver the Group's new strategy is dependent on the Group maintaining its culture which helps the delivery of the Group's continuous change programmes. The potential consequences of not achieving change goals include loss of competitive position, under-achievement against the Group's growth targets, inefficient returns on investment and constrained ability to respond to market forces. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

11. Service proposition

The Group's performance depends on the attraction and retention of customers, and on its ability to drive and service customer demand. This includes having attractive, functional and reliable online platforms, such as websites and mobile applications. It must also be able to deliver successful marketing strategies, operate effective call centres, and provide customers with service levels that meet or exceed their expectations. The Group is continuing to invest in the improvement of its customer experience by improvements to its websites and mobile applications. Significant expenditure and expertise is being invested in online marketing and ecommerce strategies to attract new customers and retain existing customers, targeting increased customer spend. All key projects and developments are formally appraised and performance monitored and reviewed in line with payback targets. Market research is used to assess customer opinions and satisfaction levels to help ensure staff remain focussed on delivering excellent customer service. The Group continuously monitors website and call centre operations that support the business to ensure that there is sufficient capacity to handle volumes. Call centre employees receive comprehensive and relevant training on an ongoing basis targeting the Group's service to be at its highest possible level. Should the Group's online or call centre experience not meet customers' expectations or match the experience offered by other retailers, this may lead to reputational damage and lower demand for the Group's products as customers may shop elsewhere. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

12. Loss of key personnel

The success of the Group relies on the continued service and expertise of its senior management and technical personnel, and on its ability to continue to attract, motivate and retain highly qualified employees.

There can be strong competition for personnel from other companies and organisations and there may at any time be shortages in the availability of appropriately skilled people at any particular levels within the Group. While the Group has employment or service contracts with its key executives and personnel, and the Group has in place incentive schemes to incentivise key executives and technical personnel, the Group cannot guarantee the retention of such key executives and personnel. The failure to retain and/or recruit additional or substitute senior managers and/or other key employees could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

The Board will consider the development of senior managers to ensure adequate career development opportunities for key personnel, with orderly succession and promotion to important management positions. The Company's Remuneration and Nomination Committees will identify senior personnel, review remuneration at least annually and formulate packages to retain and motivate those employees, including long term incentive schemes. However, there can be no assurance that those measures will be successful or that the Group will be able to attract, develop or retain senior managers of the right calibre. Any loss of Board directors and senior management could adversely affect delivery of short and medium term strategic plans and/or the quality of the Group's product offering, resulting in both operational and financial under-performance. Any failure by the Group to attract or retain key personnel of the right calibre and any resultant impact on the delivery of its strategic plans or the quality of its product offering could adversely affect the Group's business, financial condition, prospects and/or results of operations.

13. Reputation

The success of the Group relies on it having a strong reputation for providing fashionable products whilst customer tastes can change very quickly. If products are sourced that are not fashionable, or if a marketing campaign is unsuccessful, this could result in unsold stock and reduced revenues. The Group attempts to mitigate this risk by closely monitoring and forecasting fashions and designing and sourcing a wide range of fashionable products which are sold into multiple trends and product categories.

With the growth of social media platforms, it is possible that negative customer experiences could spread quickly and brand and/or reputational damage could occur before the Group is able to rectify and/or address such issues. The Group attempts to mitigate this risk by investing in dedicated quality control and customer services teams that constantly review supplier performance and monitor and respond to customer feedback.

The Group's quality control procedures or those of its suppliers may fail to identify all defects in the Group's products. The inadvertent supply of defective or inferior products or the recall of products for any reason could give rise to claims for refunds as well as negatively impacting the Group's reputation and the perception of its product quality.

Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

14. Supply chain (outbound)

The Group's warehouse and logistics operations provide fundamental support to the business operations. Risks include business interruption due to physical damage, access restrictions, breakdowns, capacity and resource shortages, IT systems failure, inefficient processes and third party failures. Service levels, warehouse handling, inbound logistics and delivery costs are monitored continuously to ensure goods are delivered to the Group's warehouses and customers in a timely and cost-efficient manner. Management reviews lessons learned where operational problems may arise from time to time. Planning processes are in place to ensure there is sufficient warehouse handling capacity for expected future business volumes over the short and longer terms. Business continuity plans and insurance are also in place to mitigate the impact of business interruption. If the Group does not manage its warehousing and logistics operations appropriately, the availability of products may be restricted and products ordered may not reach customers within the timeframe of the delivery promised. This may reduce sales and adversely affect customer service and customer perception of the Group. Failure to adequately plan warehouse expansion and deliver sufficient capacity to meet customer demand will restrict business growth and sales. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

15. Business interruption

Business interruption events are an ever-present possibility for the Group. Potential impacts are broad ranging and include disruption to trade and customer service and impact on revenue, margin or reputation. Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

16. Intellectual property

The Group's continuing success is dependent on its ability to protect and register intellectual property ("IP") rights. The Group operates with both first party and third-party IP rights. The Group endeavours to protect its own rights through confidentiality agreements, employment contracts and registration, where possible. However, it has not historically registered all of its IP and there is therefore an inherent risk that third parties may assert that the Group's brands or products infringe their proprietary rights. Even if such claims are without merit, it could cause the Group potentially significant costs in defending such a claim.

The Group's continuing success will depend on its ability to operate without infringing the IP rights of others. There can be no assurance that the products and/or services that the Group is currently marketing do not, or that the products and/or services that the Group may market in the future will not, infringe any proprietary rights of others. Therefore, the Group may need to engage in litigation to defend itself against any such claims. Litigation is inherently expensive and time consuming and, even if the outcome of litigation is ultimately favourable to the Group, litigation could result in the

diversion of substantial resources from the Group's other activities as well as exposing it to adverse publicity and reputational risk.

Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

17. Raw materials

The Group is exposed to certain risks related to raw materials and other costs incurred in making and distributing its products, which may result in higher costs or reduced sales. The Group's clothing products are manufactured from certain key raw materials, including cotton, which are subject to availability constraints and price volatility caused by factors such as the high demand for fabrics, fuel prices, weather, supply conditions, government regulations, crop yields, foreign exchange rate fluctuations, war, terrorism, labour unrest, global health concerns, the economic climate and other unpredictable factors. The price and availability of certain raw materials have fluctuated in the past and may fluctuate in the future. An increase in the price of certain raw materials, such as cotton, may significantly impact costs and thereby reduce margins.

18. Weak sales in peak selling seasons

The Group's business may be impacted by weak sales during peak selling seasons. Historically, the most important trading period in terms of product sales has been the period of the financial year which includes Black Friday, Cyber Week and Christmas trading periods. In FY20, 38 per cent. of the Group's product sales occurred between the beginning of September and the end of December. If sales during this period are significantly lower than expected for any reason, the Group may be left with a substantial amount of unsold inventory, especially in seasonal merchandise that is difficult to liquidate. In that event, the Group may be forced to rely on markdowns or promotional sales to dispose of excess inventory, which could have a material adverse effect on the Group's business, results of operations or financial condition. At the same time, if the Group fails to purchase a sufficient quantity of merchandise, it may not have an adequate supply of products to meet consumer demand, which could materially adversely affect its gross transaction value and, in turn, its results of operations.

Legal and regulatory risk

1. Financial regulator and consumer protection regulatory environment

Financial regulator and consumer protection regulatory environment in the United Kingdom

As a business currently operating in the consumer finance sector, the Company's wholly-owned subsidiary, J.D. Williams & Company Limited ("JDW&Co") is highly regulated and subject to the FCA legal and regulatory environment and rules for businesses. The Group as a whole is also subject to a variety of business and consumer protection laws and regulations; non-compliance with these FCA requirements and other relevant laws and regulations could lead to fines, public reprimands, damage to reputation, increased prudential requirements, enforced suspension of consumer finance operations or, in extreme cases, withdrawal of authorisations to operate consumer finance operations. Such laws and regulations are changed from time to time, for example the recent changes regarding persistent debt, credit limit increases and the FCA Senior Managers Regime referred to below and elsewhere in this document. Any future regulatory changes within the consumer finance sector, or the financial services sector more generally, may potentially restrict the consumer finance operations of JDW&Co and/or the Group, impose increased compliance costs, restrict leverage/borrowing and dividend payments, reduce investment returns or increase associated fees, restrict the ability to hedge or off-set investment exposure, increase corporate governance/supervision costs, reduce the competitiveness of the Group, reduce the ability of the Group to hire and retain key personnel or impose restrictions on whether individuals may be appointed or retained as Directors and impose other restrictions and obligations, which could have a material adverse effect on the Group's financial condition and results of operations. Areas where changes could have an impact, other than those highlighted above, include:

- thematic reviews initiated by the FCA across the consumer credit market relating to debt collection, affordability and the treatment of vulnerable customers, and the role of staff remuneration and incentives that may operate in a way that affects whether consumer credit firms treat their customers fairly;
- the monetary, interest rate and other policies of central banks and regulatory authorities;

- changes in the regulatory requirements, for example, rules designed to promote responsible lending and affordability;
- changes in competition and pricing environments;
- developments in the financial reporting environment;
- new financial transaction-related or other taxes; and
- financial stability measures, fiscal budget controls, exchange controls and controls on the international movement of capital;

FCA and other consumer protection and business regulations to which JDW&Co and/or the Group are subject may also be interpreted or applied differently from the past, which could have an adverse effect on the Group's business, financial condition, prospects and/or results of operations. Failure to comply with the regulatory rules that apply to JDW&Co and/or the Group could have a number of adverse consequences for the Group, including:

- monetary damages, fines or other penalties paid in relation to recent and forthcoming changes in FCA regulation in addition to any possible payments to customers for redress, the amounts of which are difficult to predict and can be substantial, which may mean they exceed the amount of any provisions set aside to cover such risks, in addition to potential injunctive relief;
- regulatory investigations, reviews, proceedings and enforcement actions;
- being required to provide an attestation to the FCA, signed by one of JDW&Co's "senior manager functions", that a particular risk or issue has been addressed in accordance with the FCA's expectations;
- being required to amend sales processes, product and service terms and disclosures, withdraw products or provide redress or compensation to affected customers;
- JDW&Co either not being able to enforce contractual terms as intended or having contractual terms enforced against JDW&Co in an adverse way;
- civil or private litigation (brought by individuals or groups of individuals/claimants);
- criminal enforcement proceedings; and
- regulatory restrictions on JDW&Co's ability to write certain types of business,

any or all of which (i) could result in the Group incurring significant costs, (ii) may require provisions to be recorded in the Group's financial statements, (iii) could negatively impact future revenues from affected products and services and (iv) could have a negative impact on the Group's reputation and the confidence of customers in the Group, as well as taking a significant amount of the Directors' and management's time and resources away from the implementation of the Group's strategy. Any of these risks, should they materialise, could have a material adverse effect on the Group's business, financial condition, prospects and/or results of operations.

Approved persons regime

Recent and forthcoming changes in FCA regulation remain a key consideration for JDW&Co. The introduction of the FCA Senior Managers Regime in December 2019 represents a continuing focus for JDW&Co and its FCA approved staff and managers. Whether JDW&Co's implementation of the FCA Senior Managers Regime fully satisfies the FCA supervisors responsible for firms operating in the consumer credit sector cannot be ascertained unless and until that aspect of the business has been reviewed by the FCA.

Consumer lending regulation

The consumer lending industry is subject to extensive regulation and the volume of regulation and regulatory scrutiny and the burden of regulatory compliance have increased in recent years. Consequently, consumer credit activities remain a key consideration for JDW&Co. The FCA has substantial supervisory and enforcement powers over consumer credit firms that it regulates. Failure by JDW&Co to comply with relevant laws, rules and regulations, including rules set by the FCA, could give rise to both criminal and civil liability for JDW&Co, could impair the enforceability of certain of its agreements with customers, could lead to the loss of the firm's authorisation and could, more generally, impair the Group's reputation in the market in which it operates. Specifically,

the FCA could impose fines, issue public censure or seek to vary, suspend or withdraw JDW&Co's FCA authorisation if it failed to meet the standards required of it as a regulated business. In certain circumstances, a private person can bring an action for loss suffered as a result of the contravention of an FCA rule or apply to a court for a broad range of remedies in the event of an "unfair relationship'' between the firm and that private person.

JDW&Co's consumer credit agreements are regulated under FSMA, such that entering into such agreements is a regulated activity. Any firm carrying out a regulated activity under FMSA must be authorised by the FCA. In addition, the content, execution and ongoing notice requirements for such regulated agreements are set out in the Consumer Credit Act 1974 ("CCA") and regulations made under the CCA, the Consumer Rights Act 2015, FSMA and related FCA rules and guidance.

If an agreement which is regulated has not been drafted or executed in accordance with the provisions of the above laws and rules (and including its related customer notices) such an agreement may, in certain cases, not be enforceable or otherwise will only be enforceable once a court order has been obtained. In addition to the debt being irrecoverable, a defect in the provision of notices under the relevant CCA regulations may mean that a customer's obligation to pay interest and other fees and charges is removed, and the firm is required to refund interest and other fees and charges that have already been collected. For example, if a notice sent to a customer under CCA regulated agreement is not drafted in compliance with the relevant form and content requirements, the agreement itself is likely to be unenforceable until a compliant notice is sent to the customer, and interest and charges otherwise due before a compliant notice is sent out may be refundable to the customer. Additionally, the customer is generally absolved of liability to pay interest and charges during a "period of non-compliance". Any such failures in relation to JDW&Co's regulated consumer finance agreements could reduce the Group's income from operations and have a material adverse effect on the Group's business.

Consumer credit legislation can be difficult to interpret and implement with absolute certainty, which means that inadvertent non-compliance with statutory provisions can occur. Further, courts have wide-ranging powers which allow them to modify (including by reducing the amounts due) or even repudiate agreements between consumers and credit providers if the courts determine that there is an unfair relationship between the credit provider and the customer. An unfair relationship can arise in a wide range of circumstances, and can include actions or statements made in relation to related agreements (for example, relating to the sale of goods), or inaccurate, incomplete or misleading statements made in marketing materials or by staff in relation to the credit services provided.

The FCA has stated in its Business Plan for 2020-21 that it will focus on smaller firms operating in the consumer credit market and take action where they fail to meets its regulatory requirements, particularly in relation to the treatment of customers; JDW&Co is likely to be considered a smaller firm by the FCA. Affordability, over-indebtedness and persistent debt issues remain key issues for the FCA's focus in this market sector. The FCA will expect to see JDW&Co dealing with customers appropriately where they are in financial difficulty, and adhering closely to FCA rules and guidance in this area, including any temporary or new rules and guidance introduced as a result of the COVID-19 pandemic for dealing with customers who have lost income as a result and who now find servicing debts more difficult. The FCA introduced the Covid-19 Guidance which provided guidance for the extension of temporary COVID-19 related payment deferrals which allows for the extension of arrangements for customers already on deferral and for new applications for deferral from customers who haven't previously had one. Some elements of the Covid-19 Guidance fell away on 31 October 2020 but the remaining elements, as of the date of this document, remain in force until further notice is given by the FCA. The Covid-19 Guidance proposes that no worsening status should be reported to credit reference agencies in relation to any of these deferral arrangements.

Similarly, treatment of vulnerable customers as well as those in arrears or financial difficulty is also an area of FCA focus; vulnerability can relate to a customer's health (both physical and mental), life events (such as bereavement), resilience (ability to withstand financial or emotional shocks), and capability (e.g. confidence in and knowledge of financial matters). JDW&Co is likely to have a number of customers that have some of these vulnerability characteristics and its policies and operational actions in relation to those customers must accord with FCA guidance and expectations if it is to operate its business compliantly and avoid FCA interventions outlined below, such as investigations and enforcement actions.

In addition, JDW&Co and other Group trading entities will be subject to various other requirements under other consumer protection legislation, for example, the general duty to act honestly and fairly towards customers under the Consumer Protection from Unfair Trading Regulations 2008. In addition to the aforementioned restrictions on the ability of JDW&Co to collect debt from the borrower pursuant to regulated agreements under the CCA and FSMA, failure to comply with applicable laws, regulations, rules and guidance could result in investigations or regulatory enforcement action by the FCA, which could lead to fines or the variation, suspension or withdrawal of authorisation of JDW&Co's FCA permissions.

Potential impacts arising from changes in FCA regulation, or changes to FSMA or CCA legislation or FCA rules and guidance are increased costs, erosion of margins and potential fines or reputation damage if those changes are not appropriately identified, responded to and managed on an on-going basis.

If any of the above-mentioned risks occur, the Group's business, financial condition, prospects and/or results of operations may be materially adversely affected.

Financial regulator and consumer protection regulatory environment in The Republic of Ireland

The Group carries on business in The Republic of Ireland through one of its Group companies, Oxendale & Co Limited ("Oxendales"). As Oxendales operates in the consumer finance sector, it is regulated by the Central Bank of Ireland ("CBI"). Oxendales is licensed as a moneylender in The Republic of Ireland, under Part VIII of the Consumer Credit Act 1995, as amended (a moneylender's licence is required in The Republic of Ireland for the provision of consumer credit where the total cost of credit to the consumer is in excess of a 23% annual percentage rate). As such, Oxendales is subject to the CBI legal and regulatory environment and rules for business, such as the Consumer Protection Code for Licensed Moneylenders. Non-compliance with CBI requirements could lead to fines (the CBI is authorised to impose fines of up to €10 million or 10% of a regulated firm's turnover, whichever is the greater), public reprimands, increased regulatory requirements, suspension or (in an extreme case) withdrawal of licence to operate as a moneylender. Non-compliance could also negatively impact the Group's reputation. To the extent that the Group's reputation is damaged or any of the aforementioned punitive measures are taken against Oxendales as a result of its non-compliance with the CBI requirements, the Group's business, financial condition, prospects and/or results of operations may be materially adversely affected.

The CBI's regulatory requirements change from time to time. For example, it is currently anticipated that primary legislation will be adopted in the next year or two to introduce a new individual accountability regime, including a Senior Executive Accountability Regime, which may be broadly similar to the above-described UK Senior Managers Regime.

Oxendales' consumer credit agreements are also subject to general legislative requirements relating to consumer agreements, in particular under the Consumer Credit Act 1995, European Community (Distance Marketing of Consumer Financial Services) Regulations 2004 and European Communities (Consumer Credit Agreements) Regulations 2010. A failure by Oxendales to comply with the relevant legislative requirements could give rise to civil and criminal liability for Oxendales, impair the enforceability of customer agreements and negatively impact the Group's reputation, each of which may, in turn, materially adversely affect the Group's business, financial condition, prospects and/or results of operations.

2. Regulatory breach (GDPR)

The General Data Protection Regulation ("GDPR"), which became applicable across the EU from 25 May 2018, introduced new compliance obligations in relation to the commercial use of customer data (with significant fines of up to 4 per cent. of global turnover for certain aspects of non-compliance). The GDPR ascribes a strict timeline to breach notification with companies required to inform the relevant supervisory authority within 72 hours of any data loss. Furthermore, the GDPR provides for extensive individual rights in relation to personal data, including rights of access, correction, deletion, blocking, objection, erasure and data portability. Amongst other requirements, the GDPR requires that companies implement technical and organisational data security measures to ensure a level of security appropriate to the risk involved in the data usage. Breaches of the GDPR could result in potentially significant fines and/or reputational damage. There is increased risk in this respect due to the Group holding sensitive customer data (including their payment

information). Any of those effects could adversely affect the Group's business, financial condition, prospects and/or results of operations.

3. Environmental, health and safety and general regulatory environment

The Group's business is subject to a broad and increasingly stringent range of environmental, health and safety, product, e-commerce, online operations, consumer protection and other laws, regulations and standards in the jurisdictions in which it operates. Costs related to the Group's compliance with such laws, regulations and standards may have a significant negative impact on its operating results. Failure to comply with such laws, regulations and standards could result in regulatory action, fines, other liabilities and additional capital and/or operational costs.

The Group is unable to predict future changes in such laws, regulations and standards or the ultimate cost of compliance with them. It may be adversely affected as a result of new or revised laws, regulations and standards or by changes in the interpretation or enforcement of existing laws, regulations and standards. New laws, regulations and standards could require it to modify or renew its existing permits, acquire new equipment or redesign products or to incur other significant expenses. The Group's business, financial condition, prospects and/or results of operations could also be adversely affected by regulatory issues and proceedings.

4. Litigation between JDW and Allianz

Until 2014, J.D. Williams & Company Limited ("JDW"), a subsidiary of the Company sold (amongst other insurance products) payment protection insurance ("PPI") to its customers when they bought JDW products. This insurance was underwritten by Allianz Insurance plc ("Allian"z). JDW was an unregulated entity prior to 14 January 2005 in respect of the sale of PPI insurance. The regulated entity prior to 14 January 2005 was Allianz. In recent years, JDW and Allianz have paid out significant amounts of redress to customers in respect of certain insurance products, including PPI. In July 2014, JDW and Allianz entered into an indemnity agreement in respect of certain PPI mis-selling liabilities (the "Indemnity Agreement"). In September 2018, JDW and Allianz entered into a Complaints Handling Agreement (the "CHA") to regulate complaints handling and redress payments for both parties in respect of pre-2005 PPI claims.

In January 2020, a claim was issued against JDW by Allianz in respect of all payments of redress Allianz has made to JDW's PPI customers together with all associated costs. On 5 March 2020 JDW issued its defence in response to the claim and also issued counterclaims in respect of the losses JDW has suffered in respect of two separate insurance policies underwritten by Allianz. All claims made by Allianz, and counterclaimed by JDW, remain subject to final determination by the court, both as to their success and quantum. The claim and counterclaim are extremely complex. The Case Management Conference in relation to this matter was held in September 2020. Both parties are now required to go through a protracted timetable including detailed disclosure and preparing expert and witness evidence in relation to all elements of the claim and counterclaim.

Based on the current pleaded case, the total sum claimed by Allianz is £29.4 million plus interest. Having taken legal advice on its own position, the Group remains of the view that due to the complexity of the issues it is still not possible to reliably estimate the amount of any potential liability, and has therefore continued to not provide any amount for this claim, but has instead disclosed it as a contingent liability. There is considerable uncertainty as to the timing of any potential cashflows arising from the legal proceedings. Legal fees are expected to continue to be incurred during FY21 and FY22, but any potential cashflows resulting from the claim may not arise until FY23, given that the trial date has now been set for March 2022 with judgment expected later in 2022. If JDW is ultimately unsuccessful in its defence and counterclaims and required to compensate Allianz, it could adversely affect the Group's business, financial condition, prospects and/or results of operations.

Risks specific to the Capital Raising and the Ordinary Shares

Risks relating to the nature of the Ordinary Shares

1. Investment risk

Investors should be aware that the public trading market price of Ordinary Shares may be volatile and may go down as well as up and therefore investors may suffer an immediate unrealised loss which may be significant and there can be no guarantee that investors will be able to sell their Ordinary Shares at a price equal to or greater than the acquisition price for those shares.

The market price of Ordinary Shares may not reflect the underlying value of the Group's net assets. The price at which investors may dispose of their Ordinary Shares may be influenced by a number of factors, some of which may be outside the Group's control.

The Company's share price has fluctuated, and may continue to fluctuate. Factors which may affect the share price of the Company include:

- national and global economic or financial conditions;
- the Group's expected and actual operational and financial performance;
- the level of consumer demand;
- speculation about, or actual, corporate transactions undertaken by the Group;
- the status of the Group's financing activities, including compliance with the financial covenants in its debt instruments in the longer term;
- the actual and contingent liabilities of the Group;
- variations in operating results in the Group's reporting periods;
- cyclical fluctuations in the performance of the Group's business;
- changes in financial estimates by securities analysts;
- changes in market valuations of similar companies;
- announcements by the Group of significant contracts, acquisitions, joint ventures or capital commitments;
- speculation, whether or not well-founded, regarding the intentions of the Company's major Shareholders, significant sales of shares by any such Shareholders, changes in the circumstances of such Shareholders and the effects of such changes or short selling of Ordinary Shares;
- speculation, whether or not well-founded, regarding possible changes in the Group's management team;
- additions or departures of key employees;
- any shortfall in revenue or net profit or any increase in losses from levels expected by securities analysts; and
- future issues or sales of Ordinary Shares.

Furthermore, the Company's share price may fall in response to market appraisal of its current strategy or if the Group's operating results and prospects from time to time are below the expectations of market analysts and investors. In addition, stock markets have from time to time experienced significant price and volume fluctuations that affect the market price of securities which bear no relevance to the operational and financial performance/prospects of the companies concerned. There can be no certainty that the volatility in the share price will not continue or increase in the future. These broad market fluctuations, as well as general economic and political conditions, could have a material adverse effect on the market price of Ordinary Shares.

2. Dilution upon allotment of additional shares in connection with future acquisitions, any share incentive or share option plan or otherwise

Save for the issue of the New Ordinary Shares, the Company has no current plans for a subsequent offering of its shares or of rights or invitations to subscribe for shares (other than pursuant to the Share Incentive Schemes). However, the Group may seek to raise financing to fund future acquisitions and other growth opportunities. The Group may, for those and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities. To the extent that such issues take place on a non-pre-emptive or partially non-pre-emptive basis, the Shareholders will suffer dilution of their interests in the Company.

3. Possible sale of shares or issue of additional shares

The Group cannot predict what effect, if any, future sales of Ordinary Shares, or the availability of Ordinary Shares for future sale, will have on the market price of Ordinary Shares. In addition, the Company may issue additional shares in the longer term, which may adversely affect the market price of Ordinary Shares in issue prior to that new issue. Save for the issue of the New Ordinary Shares, the Company has no current plans for a subsequent offering of its shares or of rights or invitations to subscribe for shares (other than pursuant to the Share Incentive Schemes). However, it is possible that the Company may decide to offer or issue additional shares in the future. Future sales of substantial amounts of Ordinary Shares in the market, additional offerings or issues of shares by the Company, or public perception that such sales, offerings or issues may occur, could each have a material adverse effect on the market price of Ordinary Shares and may make it more difficult for investors to sell their Ordinary Shares at a time and price that they deem appropriate.

4. Exchange rate fluctuation

The Ordinary Shares will be quoted, and any dividends to be paid in respect of them will be paid, in Pounds Sterling. An investment in Ordinary Shares by an investor in a jurisdiction whose principal currency is not Pounds Sterling will expose the investor to foreign currency exchange rate risk. Any depreciation of the Pound Sterling in relation to such foreign currency will reduce the value of the investment of Ordinary Shares or any dividends in foreign currency terms.

5. Substantial Shareholder

The Substantial Shareholder, together with the other members of the Concert Party, is beneficially interested in approximately 44.8 per cent. of the Existing Ordinary Shares. Pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer. Therefore, if the Capital Raising proceeds, following Admission, the Concert Party members will be beneficially interested in between a minimum of approximately 44.83 per cent. and a maximum of approximately 65.8 per cent. of the Ordinary Shares. If the Capital Raising results in the Substantial Shareholder, or the Concert Party as a whole, being interested in Ordinary Shares carrying not more than 50 per cent. of the voting rights in the Company, any member of the Concert Party would not, except with the consent of the Takeover Panel, be able to acquire any further Ordinary Shares without incurring an obligation to make a general offer for the Company in accordance with Rule 9 of the City Code. However, if the Capital Raising results in the Substantial Shareholder, or the Concert Party as a whole, being interested in Ordinary Shares carrying more than 50 per cent. of such voting rights, any member of the Concert Party would be able to acquire any further Ordinary Shares without incurring an obligation to make a general offer for the Company in accordance with Rule 9 of the City Code unless (i) that member of the Concert Party holds shares carrying 30 per cent. or more of the voting rights in the Company but does not hold shares carrying more than 50 per cent. of the voting rights in the Company or (ii) that member of the Concert Party's interest in the Company increases to shares carrying 30 per cent. or more, but not more than 50 per cent., of the voting rights in the Company, in which case the Takeover Panel may deem such an obligation to have arisen

For so long as the Substantial Shareholder and the other members of the Concert Party remain, in aggregate, a significant shareholder group of the Company, they will continue to have the ability, through the votes attaching to their Ordinary Shares, to affect or influence the Group's legal and capital structure, matters requiring shareholder approval, including corporate transactions, as well as the election of, and any changes in, the Company's directors and the Group's management and approving other changes to its operations. Furthermore, the interests of the Substantial Shareholder and the other members of the Concert Party may not necessarily be aligned with those of the Independent Shareholders. The Company has entered into the New Relationship Agreement, which regulates (in part) the degree of control the Substantial Shareholder and his associates may exercise over the management of the Group.

This concentration of ownership may also have the effect of delaying, deferring or preventing a change in control, merger, consolidation, takeover or other business combination or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control. The Substantial Shareholder's and the other members of the Concert Party's ownership may therefore prevent Shareholders from receiving a premium for their Ordinary Shares or, more generally, could have an adverse effect on the trading price of the Ordinary Shares.

6. Dividends

The Company's ability to pay dividends is limited by law, which limits a company to only paying cash dividends to the extent that it has distributable reserves and cash available for this purpose. As a holding company, the Company's ability to pay dividends in the future is affected by a number of factors, principally its ability to receive sufficient dividends from subsidiaries. The payment of dividends to the Company by its subsidiaries is, in turn, subject to restrictions, including certain regulatory requirements and the existence of sufficient distributable reserves and cash in the Company's subsidiaries. The ability of these subsidiaries to pay dividends is subject to applicable local laws and regulatory requirements and other restrictions, including, but not limited to, applicable tax laws and covenants in the Group's CLBILS facilities. These laws and restrictions could limit the payment of future dividends and distributions to the Company by its subsidiaries, which could restrict the Company's ability to fund other operations or to pay dividends.

On Admission, the Group will terminate the CLBILS facilities to allow it flexibility to pay a dividend. If Admission does not occur, the Group will continue to have access to the CLBILS facilities. A condition of being included in this scheme is the cessation of any dividends to shareholders whilst any facilities guaranteed by the CLBIL scheme are drawn.

7. Investors with a reference currency other than Pounds Sterling

The Ordinary Shares are priced in Pounds Sterling, and will be quoted and traded in Pounds Sterling. In addition, any dividends the Company may pay will be declared and paid in Pounds Sterling. Accordingly, holders of Ordinary Shares resident outside the UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against Pounds Sterling, which may reduce the value of the New Ordinary Shares, as well as that of any dividends paid.

8. Admission may not occur when expected

Admission is subject to the approval of the London Stock Exchange (and subject to the satisfaction of any conditions on which such approval is expressed) and Admission will become effective as soon as a dealing notice has been issued by the London Stock Exchange and the London Stock Exchange has acknowledged that the New Ordinary Shares will be admitted to trading on AIM. There can be no guarantee that any conditions to which Admission is subject will be met or that the London Stock Exchange will issue a dealing notice when anticipated.

9. Difficulties in effecting service of process on, or enforcing judgments against, the Company or the Directors

The Company is incorporated in England and Wales and the rights of Shareholders are governed by the 2006 Act and by the Articles. Those rights may differ from the rights of shareholders in non-UK corporations. In general terms, only a company may be the claimant in proceedings in respect of wrongful acts committed against it. In addition, it may be difficult for Overseas Shareholders to effect service of process outside the United Kingdom or to prevail in a claim against the Company under, or to enforce liabilities predicated upon, non-UK securities laws. An Overseas Shareholder may not be able to enforce a judgement against some or all of the Directors. The majority of the Directors are citizens or residents of the United Kingdom. As a result, it may not be possible for investors outside of the United Kingdom to effect service of process outside the United Kingdom against the Company or the Directors or to enforce against the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. An Overseas Shareholder may not be able to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries other than the United Kingdom against the Directors who are residents of the United Kingdom or countries other than those in which judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on non-UK securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other jurisdictions.

Risks relating to the Capital Raising

1. Dilution upon allotment of Open Offer Shares

The percentage of the Company's issued share capital that the Existing Ordinary Shares represent will be reduced to 62.1 per cent. as a result of the Capital Raising. If Qualifying Shareholders do not respond to the Open Offer by 11.00 a.m. on 14 December 2020 (being the latest date for acceptance and payment in full in respect of their entitlements), the percentage that their Existing

Ordinary Shares represent of the Company's issued share capital will be reduced. Certain Overseas Shareholders will, in any event, not be able to participate in the Open Offer. Qualifying Shareholders who do not take up any of their Open Offer Entitlements under the Open Offer, and Shareholders who are not eligible to participate in the Open Offer, will suffer dilution of up to approximately 37.9 per cent. of their interests in the Company.

Risks relating to the transfer to AIM

1. *An active market in the Ordinary Shares may not develop on AIM and the Ordinary Shares may be subject to greater fluctuations in value*

Although the Company intends to apply for all of the Ordinary Shares to be admitted to trading on AIM, there can be no assurance that an active or liquid trading market for the Ordinary Shares will develop or, if developed, that it will be maintained following Admission. AIM is a market designed primarily for emerging and smaller companies, to which a higher investment risk tends to be attached than for larger companies, and may not provide the liquidity normally associated with the Main Market or on some other stock exchanges. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities. Accordingly, as a consequence of the Ordinary Shares not being admitted to the Official List following the Delisting, the Ordinary Shares may be more difficult to sell compared to the shares of companies admitted to the Official List. Shareholders should note that AIM quoted issuers are not eligible for FTSE Indexation (with the exception of the FTSE AIM Indexes).

In addition, as a consequence of the Ordinary Shares not being admitted to the Official List, the market price of the Ordinary Shares may be subject to greater fluctuations than might otherwise be the case. Liquidity on AIM is, in part, provided by market makers who are member firms of the London Stock Exchange and who are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on each Business Day. The Ordinary Shares may therefore be illiquid and, accordingly, an investor may find it difficult to sell Ordinary Shares, either at all or at an acceptable price. Consequently, it might be difficult for an investor to realise his/her investment in the Group and he/she may lose all of his/her investment.

2. *The regulatory regime for AIM companies is less rigorous than for those companies on the premium listing segment of the Official List, which means that the Company can take a broader range of actions without Shareholder consent and may make the Ordinary Shares less desirable*

Following Admission, the Company will be subject to the AIM Rules for Companies. Shareholders should note that AIM is not an EU regulated market and the protections afforded to investors in AIM companies are in some respects less rigorous than those afforded to investors in companies listed on the premium listing segment of the Official List.

For example, under the AIM Rules for Companies, prior Shareholder approval is required only for transactions with a much larger size threshold than applied to companies whose shares are listed on the premium listing segment of the Official List. These larger transactions include reverse takeovers and disposals resulting in a fundamental change of business (exceeding 75% in various size tests). Under the Listing Rules, a broader range of transactions require shareholder approval including most related party transactions and acquisitions and disposals above a 25% size threshold on various tests. There are therefore more limited protections for shareholders relating to significant transactions for companies whose shares are admitted to trading on AIM. Once the Ordinary Shares are admitted to trading on AIM, therefore, Shareholders will have less control over the Company in relation to these types of transactions.

The AIM Rules for Companies also contain less stringent obligations on share buy-backs, and there is no general requirement for a prospectus to issue further shares to institutional investors (provided they are of the same class). There are also no restrictions on the level of any discount for future offers of securities.

Finally, certain of the Disclosure and Transparency Rules will cease to apply to the Company, as will the UK Corporate Governance Code and so Shareholders may have less information available about the Company and its governance procedures than they would if the Company maintained a listing on the premium listing segment of the Official List. However, the Board supports the highest standards of corporate governance and believes that a balance of executive and independent non-

executive directors is important to the Board's effectiveness in directing the Company. The Company intends to continue to comply with the UK Corporate Governance Code.

Due to the less stringent regulatory requirements, eligibility criteria for admission and corporate governance requirements, investors may be less willing to invest in companies with securities admitted to trading on AIM.

A Main Market listing also generally affords a company a greater profile and can provide greater analyst coverage and interest from investors, which may mean the Ordinary Shares are less marketable once listed on AIM.

3. Treatment of the Ordinary Shares following Admission and impact on individual Shareholders' tax planning

AIM companies are deemed to be unlisted for the purposes of certain areas of UK taxation. In addition, the Delisting may have implications for Shareholders holding shares through a Self-Invested Personal Pension Plan ("SIPP"). For example, shares in unlisted companies may not qualify for certain SIPPs under the terms of that SIPP. As a result of the shares of AIM companies having different treatment for the purposes of UK taxation, this could affect individual Shareholders' current tax planning.

4. No guarantee that the Ordinary Shares will continue to be traded on AIM

The Group cannot assure investors that the Ordinary Shares will, from Admission, always continue to be traded on AIM or on any other exchange. If such trading were to cease, certain investors may decide to sell their Ordinary Shares, which could have an adverse impact on the price of the Ordinary Shares. In addition, if in the future the Group decides to obtain a listing on another exchange in addition or as an alternative to AIM, the level of liquidity of the Ordinary Shares traded could decline.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The dates and times in this document are subject to change at the determination of the Company, following consultation with the Banks. Any such change will be publicly announced by the Company through an RIS. All times in this timetable are London, UK times. The ability to participate in the Capital Raising is subject to certain restrictions relating to Shareholders with registered addresses outside the United Kingdom, details of which are set out in Part 2 (Terms and conditions of the Open Offer) of this document.

Event	*Time and date*
Record Date for Open Offer Entitlements and Excess Entitlements under the Open Offer	6.00 p.m. on 3 November 2020
Announcement of the Capital Raising	5 November 2020
Ex-entitlement date for the Open Offer	5 November 2020
Publication and posting of this document, the Form of Proxy and (to Qualifying Non-CREST Shareholders only) the Application Form	5 November 2020
Open Offer Entitlements and Excess Entitlements enabled in CREST and credited to stock accounts of Qualifying CREST Shareholders in CREST	As soon as practical after 8.00 a.m. on 6 November 2020
Latest time and date for receipt of Forms of Proxy/CREST Proxy Instructions	10.00 a.m. on 19 November 2020
General Meeting	10.00 a.m. on 23 November 2020
Announcement of results of General Meeting through RIS	23 November 2020
Publication of AIM Schedule One announcement	No later than 23 November 2020
Pre-cancellation notice period	24 November – 22 December 2020
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Entitlements from CREST (i.e. if your Open Offer Entitlements are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 8 December 2020
Latest time and date for depositing Open Offer Entitlements and Excess Entitlements into CREST (i.e. your Open Offer Entitlements are represented by an Application Form and you wish to convert them to uncertificated form)	3.00 p.m. on 9 December 2020
Latest time and date for splitting of Application Forms (to satisfy *bona fide* market claims only)	3.00 p.m. on 10 December 2020
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 14 December 2020
Announcement of results of Open Offer through RIS	15 December 2020
Last day of dealings in the Ordinary Shares on the Main Market	22 December 2020
Cancellation of listing of the Ordinary Shares on the Official List	8.00 a.m. on 23 December 2020
Admission and commencement of dealings in the Enlarged Share Capital on AIM	8.00 a.m. on 23 December 2020
New Ordinary Shares credited to CREST accounts (uncertificated holders only)	23 December 2020
Despatch of definitive share certificates in respect of the New Ordinary Shares (where applicable)	no later than 6 January 2021

SHARE CAPITAL AND CAPITAL RAISING STATISTICS

Offer Price (per New Ordinary Share)	57 pence
Discount to the Closing Price of an Existing Ordinary Share on 4 November 2020	3.4 per cent.
Open Offer Entitlement	11 Open Offer Shares for every 18 Existing Ordinary Shares
Number of Existing Ordinary Shares in issue at the Latest Practicable Date	285,817,178
Number of New Ordinary Shares to be issued pursuant to the Capital Raising	174,666,053
Number of Ordinary Shares in issue immediately following Admission	460,483,231
New Ordinary Shares as a percentage of the Company's Enlarged Share Capital immediately following Admission	37.9 per cent.
Estimated gross proceeds of the Capital Raising	£99.6 million
Estimated expenses of the Capital Raising	£5.5 million
Estimated net proceeds of the Capital Raising receivable by the Company (after deduction of estimated expenses)	£94.1 million
Approximate market capitalisation at Admission at the Offer Price	£262 million
TIDM	BWNG
ISIN – Ordinary Shares	GB00B1P6ZR11
ISIN – Open Offer Entitlements	GB00BNG6ZC98
ISIN – Excess Entitlements	GB00BNG6ZD06
SEDOL	B1P6ZR1
LEI	213800QFPJQF2NUVAP09

Note:

These figures are calculated assuming that:

(a) fractions of New Ordinary Shares will not be allotted to Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest number of New Ordinary Shares; and

(b) the number of Ordinary Shares in issue and to be issued on a fully diluted basis as at close of business on the Latest Practicable Date does not change and that no issue of Ordinary Shares, other than the issue of the New Ordinary Shares under the Capital Raising, occurs between the Latest Practicable Date and Admission. In addition, the gross and net proceeds of the Capital Raising have been calculated on the basis that 174,666,053 New Ordinary Shares are issued under the Capital Raising.

DIRECTORS, PROPOSED DIRECTOR, SECRETARY, REGISTERED AND HEAD OFFICE AND ADVISERS

Directors	Matt Davies, Independent Non-Executive Chairman Steve Johnson, Chief Executive Officer Rachel Izzard, Chief Financial Officer Ron McMillan, Senior Independent Non-Executive Director Lord Alliance of Manchester CBE, Non-Executive Director Lesley Jones, Independent Non-Executive Director Richard Moross, Independent Non-Executive Director Gill Barr, Independent Non-Executive Director Michael Ross, Independent Non-Executive Director Vicky Mitchell, Independent Non-Executive Director
Proposed Director	Joshua Alliance, Non-Executive Director
Company secretary	Theresa Casey
Registered and head office	Griffin House 40 Lever Street Manchester M60 6ES
Telephone no	+44 (0)161 236 8256
Company website	www.nbrown.co.uk
Global co-ordinator, joint sponsor, joint financial adviser and joint broker	Jefferies International Limited 100 Bishopsgate London EC2N 4JL
Joint sponsor and lead financial adviser to the Company	N.M. Rothschild & Sons Limited New Court St Swithin's Lane London EC4N 8AL
Proposed nominated adviser	Shore Capital and Corporate Limited Cassini House 57 St James's Street London SW1A 1LD
Joint broker	Shore Capital Stockbrokers Limited Cassini House 57 St James's Street London SW1A 1LD
Reporting Accountant	KPMG LLP 15 Canada Square London E14 5GL
Auditor to the Company	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Solicitors to the Company	Eversheds Sutherland (International) LLP Eversheds House 70 Great Bridgewater Street Manchester M1 5ES

Solicitors to the global co-ordinator, joint sponsors and joint financial advisers	White & Case LLP 5 Old Broad Street London EC2N 1DW
Solicitors to the nominated adviser and joint broker	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES
Receiving Agent	Link Group Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Registrars	Link Group The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Financial public relations advisers to the Company	MHP Communications 60 Great Portland Street London W1W 7RT

PRESENTATION OF INFORMATION

General

Investors should rely only on the information in this document. No person has been authorised to give any information or to make any representations in connection with the Capital Raising other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Proposed Director or any of the Banks. No representation or warranty, express or implied, is made by any of the Banks as to the accuracy or completeness of such information and nothing contained in this document is, or shall be relied upon as, a promise or representation by any of the Banks as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the Prospectus Regulation, neither the publication or delivery of this document nor any subscription, sale or purchase, transfer or distribution of Ordinary Shares pursuant to the Capital Raising shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group, taken as a whole, since the date of this document or that the information contained in this document is correct as at any time subsequent to the earlier of the date of this document and any earlier specified date with respect to such information. Any decision to invest in the New Ordinary Shares should be based on a consideration of this document as a whole by the investor.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Capital Raising, the Company or the Group. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. As required by the Prospectus Regulation, the Company will update the information provided in this document by means of a supplement to it if a significant new factor that may affect the evaluation by prospective investors of the Group and/or the Capital Raising occurs prior to Admission or if this document contains any material mistake or inaccuracy. Any supplement to this document will be subject to approval by the FCA and will be made public in accordance with the Prospectus Regulation Rules. If a supplement to this document is published prior to Admission then, to the extent provided in Article 23(2) of the Prospectus Regulation, investors shall have the right to withdraw their subscriptions or purchases made prior to the publication of the supplement. Such withdrawal must be made within the time limits set out in the supplement (if any) (which shall not be shorter than two working days after publication of the supplement).

The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult its, his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any subscription or purchase, or proposed subscription or purchase, for or of Ordinary Shares. In making an investment decision, each prospective investor must rely on its, his or her own examination, analysis and enquiry of the Company and the terms of the Capital Raising, including the merits and risks involved.

This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, the Proposed Director, any of the Banks or any of their respective affiliates and representatives that any recipient of this document should subscribe for or purchase any of the Ordinary Shares. Prior to making any decision as to whether to subscribe for or purchase any of the Ordinary Shares, prospective investors should read the entirety of this document. Prospective investors should ensure that they read the whole of this document and not just rely on key information or information summarised within it.

Investors who subscribe for or purchase Ordinary Shares in the Capital Raising will be deemed to have acknowledged that: (i) they have not relied on any of the Banks or any of their affiliates or representatives in connection with any investigation of the accuracy of any information contained in this document for their investment decision; (ii) they have relied only on the information contained in this document; and (iii) no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors, the Proposed Director, any of the Banks or their respective affiliates or representatives.

None of the Company, the Directors, the Proposed Director, any of the Banks or any of their representatives is making any representation to any offeree, subscriber or purchaser of the Ordinary Shares regarding the legality of an investment by such offeree, subscriber or purchaser.

In connection with the Capital Raising, each of the Banks and/or any of its or their affiliates, acting as investors for their own accounts, may subscribe for or acquire New Ordinary Shares as a principal position, and in that capacity may retain, subscribe for, purchase, sell, offer to sell, contract to sell, transfer or dispose of or otherwise deal for their own account(s) in such New Ordinary Shares and other securities of the Company or related investments in connection with the Capital Raising or otherwise. Accordingly, references in this document to the Ordinary Shares being issued, offered, subscribed, acquired, placed, sold or otherwise dealt with should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, each of the Banks and/or any of its or their affiliates acting as investors for their own account(s). In addition, each of the Banks and/or any of its or their affiliates may in the ordinary course of their business activities enter into financing arrangements (including swaps) with investors in connection with which each of the Banks (or their respective affiliates) may from time to time acquire, hold, sell, offer to sell, contract to sell, transfer or otherwise dispose of New Ordinary Shares.

None of the Banks intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

In the ordinary course of their various business activities, each of the Banks and their respective affiliates may hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) in the Company and their respective affiliates for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Each of the Banks and their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company and its affiliates for which they would have received customary fees. Each of the Banks and their respective affiliates may provide such services to the Company and any of its affiliates in the future.

Presentation of financial information and non-financial operating data

Historical financial information

The historical financial information in Part 7 (*Historical financial information*) and Part 8 (*Unaudited pro forma* financial information) of this document has, in each case, been prepared in accordance with the requirements of the Prospectus Regulation and the Listing Rules and in accordance with IFRS. The basis of preparation is further explained in Part 7 (*Historical financial information*) of this document.

The financial information included in this document includes some measures which are not accounting measures within the scope of IFRS and which the Group uses to assess the financial performance of its business. These measures include adjusted EBITDA, operating profit before exceptional items, adjusted profit before tax, adjusted earnings per share and unsecured net debt.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data sourced and statistics in this document constitute estimates of the Directors and the Proposed Director, using underlying data from third parties. The Company obtained market and economic data and certain industry statistics from internal reports as well as from third party sources as described in the footnotes to such information. The Company confirms that all third party information set out in this document has been accurately reproduced and that, so far as the Company is aware and has been able to ascertain from information published by the third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this document, the source of such information has been identified. Such third party information has not been audited or independently verified.

Information regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements involve known and unknown risks and uncertainties, many of

which are beyond the Company's control and all of which are based on the current beliefs and expectations of the Directors and the Proposed Director about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believes", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative of those terms, other variations on those terms or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs and current expectations of the Directors and the Proposed Director or the Group concerning, among other things, the results of operations, financial condition, prospects, growth, strategies and dividend policy of the Company and the industries in which it operates.

In particular, the statements under the following headings "Summary", "Risk Factors" and Part 4 (*Information on the Group*) of this document regarding the Group's strategy and other future events or prospects are forward-looking statements. These forward looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved: actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Please refer to the section headed "Risk Factors" for further confirmation in this regard. Recipients of this document are cautioned not to put undue reliance on forward-looking statements.

The forward-looking statements contained in this document are made only as of the date of this document and any statements of the intentions of the Board and/or Directors and Proposed Director reflect the present intentions of the Board and/or Directors and Proposed Director, respectively, as at the date of this document and may be subject to change as the composition of the Board alters, or as circumstances require. The Company, the Directors, the Proposed Director and each of the Banks expressly disclaim any obligation or undertaking to update these forward-looking statements contained in this document to reflect any change in their expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law, the Prospectus Regulation Rules, the Listing Rules, the Disclosure Guidance and Transparency Rules, the AIM Rules for Companies or the AIM Rules for Nominated Advisers. Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to sufficiency of working capital in this document.

No incorporation of website information

The contents of the Company's website, any website mentioned in this document or any website directly or indirectly linked to these websites have not been verified and are not incorporated into and do not form part of this document, and investors should not rely on such information, without prejudice to the documents incorporated by reference into this document which will be made available on the Company's website.

Currency Presentation

Unless otherwise indicated, all references in this document to "£", "pounds", "pounds sterling", "Pounds Sterling" or "sterling" are to the lawful currency of the United Kingdom and references to "pence" or "p" represent pence in the lawful currency of the United Kingdom.

Unless otherwise indicated, all references in this document to "EUR", "€" or "euro" are to the lawful currency in the Member States of the European Union that have adopted the single currency introduced in application of the European Economic Community Treaty.

Unless otherwise indicated, all references in this document to "$", "US$", "USD", or "US Dollar" are to the lawful currency of the United States.

The Group prepares its consolidated financial statements incorporated by reference into this document in pounds. Unless otherwise indicated, the financial information contained in this document has been expressed in pounds.

Rounding

Certain data contained in this document, including financial information, have been subject to rounding adjustments. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. In certain statistical and operating tables contained in this document, the sum of numbers in a column or a row may not conform to the total figure given for that column or row. Percentages in tables and elsewhere in this document have been rounded and accordingly may not add up to 100 per cent.

Constitution

All Shareholders are entitled to the benefit of, and are bound by, and are deemed to have notice of, the provisions of the Articles.

Interpretation

Certain terms used in this document are defined in the section entitled "Definitions" and certain technical and other items are defined and explained in the section entitled "Glossary".

All references to time in this document are to London time, unless otherwise stated.

PART 1

LETTER FROM THE CHAIRMAN

N Brown Group plc

(Incorporated and registered in England and Wales with registered number 814103)

Registered and Head Office
N Brown Group plc
Griffin House
40 Lever Street
Manchester
M60 6ES
Tel: +44 (0)1708 802000

Directors
Matt Davies (Independent Non-Executive Chairman)
Steve Johnson (Chief Executive Officer, Executive Director)
Rachel Izzard (Chief Financial Officer, Executive Director)
Lord Alliance of Manchester CBE (Non-Executive Director)
Ron McMillan (Senior Independent Non-Executive Director)
Lesley Jones (Independent Non-Executive Director)
Richard Moross (Independent Non-Executive Director)
Gill Barr (Independent Non-Executive Director)
Michael Ross (Independent Non-Executive Director)
Vicky Mitchell (Independent Non-Executive Director)

Proposed Director
Joshua Alliance (Non-Executive Director)

5 November 2020

Dear Shareholder

Proposed Placing and Open Offer of 174,666,053 Open Offer Shares at 57 pence per share (the "Capital Raising")
Proposed Delisting and Admission to AIM (the "Move to AIM")
and
Notice of General Meeting

1. Introduction

The Board of Directors of N Brown has today announced that it proposes to undertake the Capital Raising to raise approximately £100 million (net of expenses related to the Capital Raising) through the issue of 174,666,053 New Ordinary Shares at an Offer Price of 57 pence per New Ordinary Share (which represents an average of the last 5 days' closing share price). The Capital Raising is being fully supported by the Group's largest shareholder, Lord Alliance of Manchester CBE (the "Substantial Shareholder") and his son, Joshua Alliance (together the "Placees"), pursuant to and in accordance with the Placing Agreement. Joshua Alliance will also be appointed as a Director with effect from Admission. The Board has agreed new and extended bank facilities on revised terms which are conditional on completion of the Capital Raising.

The Board has also today announced that it proposes to cancel the admission of the Existing Ordinary Shares to listing on the Official List (premium listing segment) and to trading on the Main Market and the Company's intention to apply for the admission of all of its issued and to be issued Ordinary Shares to trading on AIM, such cancellations and admission to take effect simultaneously (the Capital Raising and the Move to AIM together the "Proposed Transaction Structure").

The purpose of this letter is: (i) to set out the background to, and reasons for, the Capital Raising and the Move to AIM; (ii) to summarise the key terms and conditions of the proposed Capital

Raising; (iii) to summarise the details of a related party transaction which is part of the proposed Capital Raising; and (iv) to explain why the Board considers the Resolutions to be proposed at the General Meeting to be in the best interests of the Shareholders and why the Board recommends that Shareholders (except for those prohibited from voting in relation to resolutions 3 and 6 for the reasons set out in **paragraph 16** below) vote in favour of the Resolutions.

The Substantial Shareholder declared his personal interest in the Capital Raising to the Board in line with his statutory duties under the 2006 Act and his obligations under the Company's articles of association. Following such declaration, the Board determined that, whilst the Substantial Shareholder would continue to have responsibility for the contents of this document, and would participate in discussions to ensure he is aware of his duties and obligations with respect to the same, the Substantial Shareholder has a conflict of interest in respect of the Capital Raising. In light of this, the Substantial Shareholder has not participated in the Board's decision to approve the Capital Raising, or to recommend that Shareholders vote in favour of it.

As mentioned in **paragraph 7.3** below, the members of the Concert Party will not be entitled to vote on resolution 6 set out in the Notice of General Meeting (the "Whitewash Resolution") and any votes cast by the members of the Concert Party on the Whitewash Resolution will be deemed void.

Paragraph 18.2 below sets out the actions to be taken by Shareholders who wish to take up their entitlements under the Open Offer.

Further information on the Capital Raising (including the full terms and conditions of the Open Offer) is set out in the remainder of this document. You should read the whole of this document and the documents (or parts thereof) incorporated herein by reference before taking any decision in connection with the Capital Raising.

2. Background to and Reasons for the Capital Raising

Introduction

N Brown is a top 10 UK clothing & footwear digital retailer which specialises in inclusive sizing propositions, focusing particularly on the needs of underserved customer segments: making them look and feel amazing. Integrated with N Brown's retail propositions is the facility for customers to spread the cost of shopping through its financial services proposition. N Brown has five main brands: Simply Be, JD Williams, Ambrose Wilson, Jacamo and Home Essentials. N Brown is headquartered in Manchester where it designs, sources and creates its product offer. The Group enjoys top 5 positions across its key menswear and womenswear market segments, including leading positions for women's clothing in sizes 16+ and 20+ online, and believes that the Capital Raising will significantly accelerate its ability to capitalise on the attractive growth opportunities available in them.

Background to the Group's Current Leverage Levels

In recent years, the Group's financial position has been significantly affected by two factors, namely (i) the investment necessary to transform N Brown's business from a traditional catalogue-cum-physical retailer into an online digital operator, and (ii) a series of exceptional cashflows driven by industry-wide financial services regulation and internal legacy issues. These cash outflows have included:-

- The investment of £143.3 million in the digital transformation and associated reorganisation and reshaping of the Group's operations, which together have created the platform for sustainable digital growth
- £34.9 million in costs incurred between the 2016 and 2020 financial years in connection with the closure of the Group's entire physical store estate
- £130.8 million in customer redress costs incurred between 2017 and 2020 financial years in connection with the incorrect selling of financial products relating to Payment Protection Insurance ("PPI") and to flaws in the selling of third party general insurance products. The Group no longer sells such insurance products.
- The loss of a case against HMRC for VAT treatment causing a net charge across financial years 2019 and 2020 of £46.3 million

- In particular, over the last three years, total exceptional cash costs (including some of the costs referred to above) have aggregated to £157.3 million

The Group has successfully generated strong underlying cash flows, despite the outflows described above, which have facilitated, from financial years 2016 to 2020, the investment of £215.7 million of capital expenditure into its operations and the payment to shareholders of £173.0 million in cash dividends.

Recent Performance and Strategy Refresh

The Group has continued to make progress with its business transformation initiatives, with digital revenue reaching 85 per cent. in FY2020 and digital product revenue growth in its womenswear and menswear brands of 5.5 per cent. Revenue progress was impacted by the onset of COVID-19 in the first 26 weeks of the financial year 2021 ("H1 2021"), but this was matched by tight cost control as N Brown demonstrated its flexible cost base, acceleration of its digital transformation and management actions to enhance liquidity. As a result, 92 per cent. of product revenue is now digital and the Group was able to reduce its unsecured net debt to £32.2 million at the end of the first half of the financial year, including a £50 million reduction in drawings under the Group's revolving credit facility.

During FY2020, the Group undertook a strategic review focusing on returning N Brown to sustainable growth and built a plan based on driving profitability through the Retail business. In H1 2021 , the Group began the "ACCELERATE" phase of its strategy driven by five growth pillars which have been developed to reflect the focus of the business and the external environment:

1. Distinct brands to attract a broader range of customers
2. Improved product to drive customer frequency
3. New Home offering for customers to shop more across categories
4. Enhanced digital experience to increase customer conversion
5. Flexible credit to help customers shop

These growth pillars are underpinned by the Group's people & culture, data and a sustainable cost base appropriate for a digital retailer.

Further information on the Group's strategy can be found in **paragraph 5** of Part 4 (*Information on the Group*) of this document.

Reasons for the Capital Raising

The Board believes that there are significant opportunities available for N Brown to drive profitable, digital growth over the medium term:

– Online retailing is expected to continue to take market share, accelerated by the impact of COVID-19 on customer behaviour

– N Brown's target markets continue to be underserved, offering significant opportunity for growth

– New refreshed customer-centric strategy will attract a broader range of customers

However, the Board believes that, to take full advantage of these opportunities, the Group's total net debt of £411.1 million as at 29 August 2020 is too high to be able, safely and with confidence, both to navigate the increased operational risk environment created by the COVID-19 pandemic, and to continue to invest in the Group's customer proposition in order to take advantage of the opportunities for profitable growth ahead.

As a result, the Board is proposing the Capital Raising, which it believes will allow significant shareholder value to be delivered. In particular, it will allow N Brown to:

– Accelerate the Group's strategy by making targeted investments which are expected to achieve attractive returns. Further details are available in **paragraph 4** below

– Eliminate all unsecured debt in the business, leaving a core net cash trading position, which will also provide the Group with increased financial resilience

– Cancel the CLBILS facilities which will:

  - offer more freedom to invest in the business to support a more rapid delivery of the Group's strategy

- give the Board the flexibility to pay dividends at the appropriate time

– Extend the Group's existing facilities by a further two years and three months; without the Capital Raising, this extension will be considerably more difficult and costly

As a result, the Board will put in place the following medium term financial targets (the "Medium Term Financial Targets"):

– 7 per cent. medium term average product revenue growth

– 14 per cent. medium term EBITDA margin

As explained in **paragraph 1** above, the Substantial Shareholder has not participated in the Board's decision to approve the Capital Raising or the Board's recommendation that Shareholders vote in favour of the Resolutions.

3. Background to and Reasons for the Proposed Transaction Structure

In preparing for the Capital Raising, which the Independent Directors believe is necessary for the future prosperity of the Group, the Independent Directors have endeavoured to achieve an outcome which is in the best interests of all N Brown's shareholders and provides the greatest certainty of funds for the Company. The Independent Directors have engaged extensively with the Substantial Shareholder as the Independent Directors believe that his support for the Capital Raising is crucial in order to achieve the necessary certainty of funds and to pass the Resolutions. The Substantial Shareholder has been clear with the Independent Directors throughout the process that he is supportive of the refreshed strategy and the Capital Raising. Having fully evaluated a range of transaction structures, the Independent Directors consider that the Open Offer structure (supported by the Placees pursuant to the Placing) is the best way of facilitating participation in the Capital Raising by all Qualifying Shareholders in proportion to their existing shareholdings in the Company, by way of their pre-emption rights, whilst providing the Company with the greatest level of certainty of funds, and allowing the Company to renegotiate and extend its debt facilities. The Substantial Shareholder has made his support for the Capital Raising contingent upon N Brown seeking to cancel its admission of the Existing Ordinary Shares to listing on the Official List (premium listing segment) and to trading on the Main Market and the Group applying for the admission of all its issued and to be issued Ordinary Shares to trading on AIM.

The Independent Directors have given due consideration to this and believe that there are a number of benefits that will be secured by the Move to AIM and have therefore decided to recommend that N Brown pursues the Move to AIM. The Independent Directors believe that the benefits of the Move to AIM include:

- Securing the support of the Company's largest shareholder in the Capital Raising, which is important in order to achieve the necessary certainty of funds and to pass the Resolutions
- A more appropriate environment, better suited to the Group's current market capitalisation and size, whilst also being a market which is operated and regulated by the London Stock Exchange. AIM is specifically designed for smaller companies, with a more flexible regulatory regime and provides a more suitable environment for growing companies. Being traded on AIM should simplify the ongoing administrative and regulatory requirements of the Company
- Launched in June 1995, AIM has an established reputation with investors and analysts and is an internationally recognised market, home to some of the UK's most successful digital retailers
- AIM offers greater flexibility with regard to corporate transactions and should therefore enable the Group to agree and execute certain transactions more quickly and cost effectively than a company on the Official List. AIM will also provide the Group with continuing access to the public equity capital markets should it be appropriate to obtain equity funding in the future. Should such opportunities or initiatives arise or become relevant to the Group, they could entail significant additional complexity and larger transaction costs if the Company were to remain on the Official List
- Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. Following the Move to AIM, individuals who hold Ordinary Shares may be eligible for certain inheritance tax benefits. In addition, the UK government abolished stamp duty on shares traded on AIM with effect from 28 April 2014 which may help maintain or

increase liquidity in the trading of Ordinary Shares. Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether the tax benefit referred to above is available to them (please see **paragraph 11 below** for further information)

In addition, the Placees have agreed to support the Capital Raising at no cost to the Company (i.e. no fees or commissions are to be paid to the Placees) pursuant to the Placing and the Substantial Shareholder has irrevocably committed to support the Capital Raising, including by voting in favour of all of the Resolutions on which he is eligible to vote. The Company and the Placees have agreed that an excess application facility will be available to all Qualifying Shareholders as at the Record Date and will be allocated on the basis of demand and Shareholders' pro-rata holdings in the issued share capital as at the Record Date (subject to the terms and conditions described in this document). As the Independent Directors believe that the Substantial Shareholder's support is critical to the successful outcome of the Capital Raising, and that the Excess Application Facility provides all Qualifying Shareholders with the opportunity to increase their proportionate ownership of the issued share capital of the Company (provided not all new shares are taken up by Shareholders pre-emptively), the Independent Directors have agreed to recommend this structure. The Company has also received confirmation that the Placees are in possession of the necessary funds to undertake this arrangement.

With the potential for increasing his proportionate ownership, the Substantial Shareholder has agreed with SCC and the Company to enter into the New Relationship Agreement, which will take effect from Admission. Further information on this enhanced agreement can be found within **paragraph 3** of Part 5 (*Directors, Proposed Director, senior management and corporate governance*) of this document. The Group is also proposing the Rule 9 Waiver and the Whitewash Resolution, further details of which can be found in **paragraph 7 below**. The Independent Directors recommend that Shareholders vote in favour of the Whitewash Resolution.

It is anticipated that the effective date of the Delisting and AIM Admission will be 23 December 2020. Subject to all of the Resolutions being passed at the General Meeting, it is expected that the Enlarged Share Capital, inclusive of the New Ordinary Shares, will be admitted to trading on AIM on or around 8.00 a.m. on 23 December 2020. Shareholders should note that AIM quoted issuers are not eligible for inclusion in the FTSE UK Index Series (but may be eligible for the FTSE AIM Index Series).

The Listing Rules require that, if a company wishes to cancel the admission of its shares to listing on the Official List, it must seek the approval of the holders of not less than 75 per cent. of its ordinary shares, including a majority of the independent shareholders, in a general meeting voting in person or by proxy. Accordingly, resolution 4 is being proposed as a special resolution at the General Meeting to authorise the Board to cancel the admission of the listing of the Existing Ordinary Shares on the Official List and to remove the Ordinary Shares from trading on the Main Market and to apply for AIM Admission in respect of the Ordinary Shares.

Jefferies is acting as global co-ordinator in connection with the Capital Raising, Jefferies and Rothschild & Co are acting as joint sponsors and joint financial advisers to N Brown in connection with the related party transaction which is part of the Capital Raising and Shore Capital is acting as nominated adviser in connection with AIM Admission.

The Capital Raising and the related party transaction which is part of the Capital Raising are conditional, *inter alia*, on the passing of all of the Resolutions at the General Meeting.

4. Use of Proceeds

The Board believes that the net proceeds of the Capital Raising of approximately £94 million will leave the Group with a significantly stronger balance sheet, enabling the Group to accelerate the delivery of its refreshed strategy announced in June 2020. The Group will use approximately £77 million to fully repay the current drawings under its existing Revolving Credit Facility and CLBILS facilities which will eliminate all of the Group's unsecured debt and bring it to a core net cash trading position, giving it stronger foundations from which to grow the business, including the funding of debtor book growth. This will also allow the Group to cancel the CLBILS facilities which will allow the Group greater flexibility to invest in the business as well as the ability to recommence dividends at the appropriate time.

The Group intends to use the remaining approximately £18 million of net proceeds alongside ongoing cash generation to accelerate its strategy to enhance growth prospects. This includes pulling forward and enhancing the following targeted investments in key areas which the Board expects to generate attractive returns:

- New Financial Services platform:
  - Providing credit to make shopping affordable is at the heart of N Brown's business model and remains at the core of the strategy moving forwards. N Brown's current credit platform is built on a mainframe system which is robust but lacks flexibility to make changes to enhance the customer proposition. Customers' behaviours have evolved and are generally shifting towards a range of more flexible payment products, which the Group's current system cannot currently service
  - To deliver more modern products, the Group needs to develop a new Financial Services platform that has the flexibility to offer these products. The Group is currently undertaking an extensive discovery process to identify the optimal delivery approach for the new platform, which will not only offer a broader suite of modern flexible credit products which should help drive Product and Financial Services income, but also have cost reduction opportunities and the ability to reduce bad debt provisioning
  - In addition to the core Financial Services platform, the Group anticipates having to invest in other areas of the business operating with legacy technology, including data and telephony platforms to enable the business to successfully integrate the new Financial Services platform
  - The Group intends to spend £6 million to £8 million of the net proceeds to begin developing this new platform and deliver it between now and 2023
- Acceleration of the new digital front-end website experience:
  - The existing N Brown websites are built on a legacy technology stack, which has been built up over many years. The Group is investing in a new front-end website with the aim of improving the customer experience through a faster, cleaner website resulting in better conversion rates and search optimisation benefits. It will also iterate N Brown away from its complex, legacy web technology stack, improving stability and pace of future change
  - The first phase of work on this project is underway, which replaces the core technology stack and builds a clean platform from which to build. The next phase of work will focus on delivering more specific functionality for each brand which will support building a differentiated customer experience relevant to the brand proposition
  - The Group intends to spend £3 million to £5 million of the net proceeds to begin delivery of this new experience between now and 2023
- Accelerate customer acquisition:
  - A core pillar of N Brown's strategy is having distinct brands which attract a broad range of customers. With significant work done on improving the brand and customer proposition, the Group is focused on acquiring new customers in its core target segments, particularly those where N Brown is under-represented today
  - The Group will undertake a range of activities to accelerate the acquisition of new customers, including expanding the presence of the core retail brands through increased investment in brand building activity and through more specific, targeted activity through digital and social channels
  - The Group intends to spend £4 million to £8 million of the net proceeds to pull forward the acceleration of new customer acquisition from 2023

The Group expects its capital expenditure to increase towards historic levels of approximately £40 million from FY22, taking into account the funding requirement to complete the new financial services platform and new digital front-end website experiences.

5. Current Trading and Outlook

The Group has made good progress in executing its strategy to unlock significant addressable market potential in the future, with progress achieved in all five growth pillars and its three enablers. N Brown is entering its most important trading period, at a time when it is difficult to predict the potential impact of increasing economic uncertainty, including the new national restrictions announced on 31 October 2020.

The Group remains confident of offsetting at least 75 per cent. of the Group gross margin decline through operational cost savings with bad debt provision movements expected to be the primary driver negatively affecting EBITDA margin. Furthermore, the Group expects its cost mitigations and significant reductions to capex (FY21 spend expected to be approximately £20 million) and exceptional costs (expected to be less than £10 million) to drive improved cash generation in FY21. Net debt is expected to be in the range of £380 million to £400 million at the year end.

The Group continues to trade in line with the Board's expectations and it continues to be excited about the opportunity for N Brown to return to growth, building on the strong platform that it has created with a priority to deliver long-term, sustainable shareholder returns.

6. Summary of the Principal Terms of the Capital Raising

N Brown is proposing to raise gross proceeds of approximately £100 million (approximately £94 million after deduction of estimated fees and expenses) by way of the fully pre-emptive Capital Raising comprising a Placing and Open Offer of 174,666,053 Open Offer Shares. In each case, the New Ordinary Shares will be issued at 57 pence each (the "Offer Price"). The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Placees have, subject to certain conditions, irrevocably agreed to subscribe for all of the Open Offer Shares (subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer) pursuant to the Placing Agreement, details of which are set out in **paragraph 8(f)** of Part 11 (*Additional information*) of this document. All members of the Concert Party who would be entitled to participate in the Open Offer have irrevocably undertaken not to take up their pro-rata entitlements under the Open Offer (the "Concert Party Basic Entitlement Shares"). Furthermore, the Company has agreed that the Concert Party Basic Entitlement Shares will not be placed into the Excess Application Facility and will therefore be subscribed for by the Placees pursuant to the Placing Agreement (on and subject to the terms thereof). All New Ordinary Shares not taken up by Shareholders under the Open Offer (other than the Concert Party Basic Entitlement Shares) will fall into the Excess Application Facility.

In preparing for the Capital Raising, the Independent Directors have endeavoured to balance the best interests of all its shareholders, both independent and the Substantial Shareholder, with the Group's best interests and future prosperity, specifically in obtaining the certainty of funds from the Capital Raising. To best achieve this balance, the Independent Directors have engaged extensively with the Substantial Shareholder as the Independent Directors believe that his support for the Capital Raising is crucial to pass the required Resolutions. The decision to structure the Capital Raising by way of Placing and Open Offer balances factors, including the certainty of achieving the total net proceeds to be raised and the Independent Directors' desire to adhere to pre-emption guidelines. The Independent Directors are seeking the approval of Shareholders at the General Meeting for the Capital Raising.

Further details of the terms and conditions of the Open Offer, including the procedure for acceptance and payment and the procedure in respect of Open Offer Entitlements not taken up, are set out in Part 2 (*Terms and conditions of the Open Offer*) of this document and, where relevant, the Application Form. Overseas Shareholders should refer to the section headed "Overseas Shareholders" in Part 2 (*Terms and conditions of the Open Offer*) of this document for further information regarding their ability to participate in the Open Offer.

If Admission does not occur by 15 January 2021, the Placing Agreement shall terminate and the Placees' obligations to complete the Placing shall cease at such time and the Capital Raising will not proceed.

6.1 Offer Price

The Placing and Open Offer will each be made at an Offer Price of 57 pence per New Ordinary Share. The Offer Price represents a 3.4 per cent. discount to the closing share price of 59 pence

on 4 November 2020 (being the last Business Day before announcement of the Capital Raising). The Offer Price has been set by the Directors and represents around an average of the last five days' middle market closing share price.

6.2 Placing

Pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders. All members of the Concert Party who would be entitled to participate in the Open Offer have irrevocably undertaken not to take up their Open Offer Entitlements (or participate in the Excess Application Facility) and the Open Offer Shares the subject of the Open Offer Entitlements of the members of the Concert Party shall not be Excess Shares or otherwise available under the OfferExcess Application Facility and will, instead, be subscribed for by the Placees on the terms and subject to the conditions of the Placing Agreement and in the proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder.

The Substantial Shareholder is entitled to assign his rights under the Placing Agreement to subscribe for New Ordinary Shares under the Placing as described below, up to a maximum of 15,789,473 Open Offer Shares, to one or more other members of the Concert Party provided that, if such assignee fails to make payment for such Open Offer Shares, the assignment shall be treated as not having taken place and the Substantial Shareholder shall be obliged to subscribe and pay for such Open Offer Shares (in addition to any other subscription and payment obligation that the Substantial Shareholder has under the Placing Agreement). The Company understands that the Significant Shareholder has assigned the right to subscribe for 15,789,473 Open Offer Shares in favour of certain members of the Concert Party who are associated with relatives or related trusts of Nigel Alliance (including Joshua Adam Senior).

6.3 Open Offer

Under the Open Offer, Qualifying Shareholders are being given the opportunity to subscribe for Open Offer Shares *pro rata* to their holdings of Existing Ordinary Shares on the basis of:

11 Open Offer Shares for every 18 Existing Ordinary Shares

held by them and registered in their name at the Record Date and, through the Excess Application Facility, to apply for Excess Shares, in each case on the terms and subject to the conditions set out in this document (and, in the case of Qualifying Non-CREST Shareholders, the Application Form). All members of the Concert Party who would be entitled to participate in the Open Offer have irrevocably undertaken not to take up their Open Offer Entitlements (or participate in the Excess Application Facility) and, pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer (including, for the avoidance of doubt, pursuant to the Excess Application Facility).

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their Open Offer Entitlement and, if they take up their Open Offer Entitlement in full, for Excess Shares under the Excess Application Facility. Fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's Open Offer Entitlement under the Open Offer will be rounded down to the nearest whole number. Accordingly, Qualifying Shareholders with fewer than 18 Existing Ordinary Shares will not have the opportunity to participate in the Open Offer. Any fractional entitlements to New Ordinary Shares will be aggregated and made available under the Excess Application Facility. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Open Offer Entitlements.

Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim by Euroclear's Claims Processing Unit. Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply

under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights, and will not receive any benefit, under the Open Offer. Any Open Offer Shares which are not applied for under the Open Offer will be subscribed for by the Placees pursuant to, subject to the terms and conditions of the Placing Agreement and in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder, with the proceeds retained for the benefit of N Brown.

The Excess Application Facility will enable Qualifying Shareholders who have taken up their Open Offer Entitlement in full, to apply for Excess Shares. Qualifying Shareholders can apply for a maximum number equal to the number of Open Offer Shares less their Open Offer Entitlement. Excess Shares will, subject to their availability, be allocated in accordance with demand but subject to an Excess Share Allocation Cap, which respects the relative sizes of the holdings of Ordinary Shares on the Record Date of applicants for Excess Shares, including the aggregate holdings of the Concert Party. For these purposes, the members of the Concert Party will collectively be regarded and treated as a single Qualifying Shareholder which has taken up all of the Open Offer Entitlements of the members of the Concert Party and applied for the maximum aggregate number of Excess Shares for which the members of the Concert Party could therefore apply.

The Excess Share Allocation Cap for each Excess Share Applicant will be calculated as follows:

(a) the number of available Excess Shares

multiplied by

(b) the number of Ordinary Shares held by the relevant Excess Share Applicant on the Record Date divided by the aggregate number of Ordinary Shares held by all Excess Share Applicants

plus, ***in respect only*** of those Excess Share Applicants whose applications for Excess Shares exceed the product of (a) and (b) above:

(c) the aggregate number (if any) of New Ordinary Shares, by which individual applications for Excess Shares by Excess Share Applicants fall short of the respective products of (a) and (b) above

multiplied by

(d) the number of Ordinary Shares held by the relevant Excess Share Applicant on the Record Date divided by the aggregate number of Ordinary Shares held by all Excess Share Applicants whose applications exceed the respective products of (a) and (b) above.

For the avoidance of doubt, the Open Offer Shares the subject of the Open Offer Entitlements of the members of the Concert Party shall not be Excess Shares or otherwise available under the Excess Application Facility, and:

(i) any Excess Shares for which there is insufficient demand to be allocated to any Qualifying Shareholder (other than the Concert Party members) under the above mechanism; plus

(ii) the number of Excess Shares which are treated as allocated to the Concert Party under the above mechanism

will, in each case, be subscribed for by the Placees on the terms and subject to the conditions of the Placing Agreement and in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder, and will not be allocated to Qualifying Shareholders under the Open Offer.

Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that the applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

The Company will meet all applications from Qualifying Shareholders under the Excess Application Facility, subject to *pro rata* scaling as may be necessary due to demand, as mentioned above.

6.4 Dilution

If a Qualifying Shareholder does not take up any of his Open Offer Entitlements, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will be diluted by 37.9 per cent. as a result of the Capital Raising.

If a Qualifying Shareholder takes up his Open Offer Entitlement in full, such Qualifying Shareholder's holding, as a percentage of the Enlarged Share Capital, will not be diluted as a result of the Capital Raising.

Shareholders in the United States and the Excluded Territories will not be able to participate in the Open Offer and will therefore experience dilution as a result of the Capital Raising.

6.5 Conditionality

The Capital Raising and the Move to AIM are inter-conditional and conditional, *inter alia*, upon:

- the Placing Agreement becoming unconditional by 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder and the Company may agree, being not later than 8.00 a.m. on 15 January 2021) and not having been terminated in accordance with its terms prior to Admission; and
- the Introduction Agreement becoming unconditional by 8.00 a.m. on 23 December 2020 (or such later time and/or date as Shore Capital and the Company may agree, being not later than 8.00 a.m. on 15 January 2021) and not having been terminated in accordance with its terms prior to Admission.

The Placing Agreement is conditional, *inter alia*, upon:

- all of the Resolutions having been passed by Shareholders at the General Meeting;
- Delisting occurring prior to Admission; and
- Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder and the Company may agree, being not later than 15 January 2021).

The Introduction Agreement is conditional, *inter alia*, upon:

- all of the Resolutions having been passed by Shareholders at the General Meeting;
- the London Stock Exchange agreeing to admit the Enlarged Share Capital to trading on AIM; and
- Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as Shore Capital and the Company may agree, being not later than 15 January 2021).

If any of the conditions is not satisfied or, if applicable, waived, then the Capital Raising will not take place.

7. Rule 9 of the City Code

7.1 The City Code

The City Code is issued and administered by the Takeover Panel. The Company is subject to the City Code and therefore its Shareholders are entitled to the protections afforded by the City Code.

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with it, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, then, in either case, that person, together with the persons acting in concert with it, is normally required to extend offers in cash, at the highest price paid by it (or any persons acting in concert with it) for shares in the company within the preceding 12 months, to the holders of any

class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

Under the City Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company and "control" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give *de facto* control.

Under the City Code, the members of the Concert Party are presumed to be acting in concert for the purposes of the City Code. The Takeover Panel has confirmed that the members of the Concert Party are considered to be acting in concert for the purposes of the Capital Raising.

Further details of the Concert Party are set out in **paragraph 5(a)** of Part 11 (*Additional information*) of this document.

7.2 Participation by the Concert Party in the Placing

The Company's largest Shareholder is the Substantial Shareholder, who (together with his associates (as defined in the Listing Rules)) is interested in 96,643,694 Existing Ordinary Shares, representing approximately 33.81 per cent. of the Existing Ordinary Shares. Given the size of the Substantial Shareholder's shareholding and that of his associates, his support for the Placing and Open Offer is considered by the Independent Directors to be crucial to its success.

Pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer.

On completion of the Capital Raising and the arrangements contained in the Placing Agreement, and subject to the participation in the Open Offer by Qualifying Shareholders:

- the Concert Party's interest in the Company could increase to between a minimum of 206,436,410 Ordinary Shares (approximately 44.8 per cent. of the Enlarged Issued Share Capital) and a maximum of 302,799,003 Ordinary Shares (approximately 65.8 per cent. of the Enlarged Issued Share Capital); and
- the Substantial Shareholder's interest in the Company (including the interests of his associates (as defined in the Listing Rules)) could increase to between a minimum of 174,947,154 Ordinary Shares (approximately 38.0 per cent. of the Enlarged Issued Share Capital) and a maximum of 271,309,747 Ordinary Shares (approximately 58.9 per cent. of the Enlarged Issued Share Capital) assuming no assignment is made to other parties.

7.3 The Rule 9 Waiver and the Whitewash Resolution

Given the Substantial Shareholder's and the Proposed Director's participation in the Placing may increase the Concert Party's aggregate interest in the Company, absent a waiver by the Takeover Panel of the resulting obligation of the members of the Concert Party under Rule 9 of the City Code, the members of the Concert Party would be required to make a general offer for the Company in accordance with Rule 9 of the City Code.

Under Note 1 of the Notes on Dispensations from Rule 9 of the City Code, the Takeover Panel may waive the requirement for a general offer in accordance with Rule 9 of the City Code to be made if, *inter alia*, the shareholders of the Company who are independent of the person(s) who would otherwise be required to make such a general offer, and any person acting in concert with them, pass an ordinary resolution on a poll at a general meeting approving such a waiver.

The Takeover Panel has agreed, subject to the passing of the Whitewash Resolution by the Independent Shareholders on a poll at the General Meeting, to waive the obligation of the members of the Concert Party to make a general offer for the Company in accordance with Rule 9 of the City Code as would otherwise arise upon the Concert Party's aggregate interest in the Company increasing as a result of the Substantial Shareholder's participation in the Placing.

Accordingly, the Company proposes that the Independent Shareholders be asked to vote in favour of a waiver of that obligation, through resolution 6 set out in the Notice of General Meeting (which is the Whitewash Resolution). The members of the Concert Party will not be entitled to vote on the Whitewash Resolution and any votes cast by the members of the Concert Party on the Whitewash Resolution will be deemed void.

The Independent Directors, who have been so advised by Rothschild & Co, consider the terms of the Rule 9 Waiver to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing such advice, Rothschild & Co has taken into account the Independent Directors' commercial assessments.

In the event that the Whitewash Resolution is passed, and the Rule 9 Waiver is therefore approved, at the General Meeting, on completion of the Capital Raising, and subject to the participation in the Open Offer by Qualifying Shareholders:

(a) the Concert Party's aggregate interest in the Company could increase to shares carrying between a minimum of approximately 44.8 per cent. and a maximum of approximately 65.8 per cent. of the voting rights in the Company. If that percentage is not more than 50 per cent. of such voting rights, any member of the Concert Party would not, except with the consent of the Takeover Panel, be able to acquire any further Ordinary Shares without incurring an obligation to make a general offer for the Company in accordance with Rule 9 of the City Code. If that percentage is more than 50 per cent. of such voting rights, any member of the Concert Party would be able to acquire any further Ordinary Shares without incurring an obligation to make a general offer for the Company in accordance with Rule 9 of the City Code unless (i) that member of the Concert Party holds shares carrying 30 per cent. or more of the voting rights in the Company but does not hold shares carrying more than 50 per cent. of the voting rights in the Company or (ii) that member of the Concert Party's interest in the Company increases to shares carrying 30 per cent. or more, but not more than 50 per cent., of the voting rights in the Company, in which case the Takeover Panel may deem such an obligation to have arisen; and

(b) the Substantial Shareholder's aggregate interest in the Company (including the interests of his associates (as defined in the Listing Rules)) could increase to shares carrying between a minimum of approximately 38.0 per cent. and a maximum of approximately 58.9 per cent. of the voting rights in the Company assuming no assignment is made to other parties. If that percentage is not more than 50 per cent. of such voting rights, any member of the Concert Party would not, except with the consent of the Takeover Panel, be able to acquire any further Ordinary Shares without incurring an obligation to make a general offer for the Company in accordance with Rule 9 of the City Code. If that percentage is more than 50 per cent. of such voting rights, any member of the Concert Party would be able to acquire any further Ordinary Shares without incurring an obligation to make a general offer for the Company in accordance with Rule 9 of the City Code unless (i) that member of the Concert Party holds shares carrying 30 per cent. or more of the voting rights in the Company but does not hold shares carrying more than 50 per cent. of the voting rights in the Company or (ii) that member of the Concert Party's interest in the Company increases to shares carrying 30 per cent. or more, but not more than 50 per cent., of the voting rights in the Company, in which case the Takeover Panel may deem such an obligation to have arisen.

In the event that the Whitewash Resolution is passed, and the Rule 9 Waiver is therefore approved, at the General Meeting, no member of the Concert Party will be restricted from making an offer for the Company.

In the event that the Whitewash Resolution is not passed, and the Rule 9 Waiver is therefore not approved, at the General Meeting, the Capital Raising and the Move to AIM would not proceed.

7.4 The Concert Party's intentions

The Concert Party has confirmed that, as at the Latest Practicable Date there is no agreement, arrangement or understanding for the transfer to any third party of any of the New Ordinary Shares for which any of its members will subscribe. As at the Latest Practicable Date, the Concert Party has no intentions to seek any changes in respect of:

(a) the future business of the Company (including any research and development functions);

(b) the composition of the Board, nor the Company's plans with respect to the continued employment of the employees and management of the Company and of its subsidiaries (including any material change in the conditions of employment or in the balance of the skills and functions of the employees and management) except that, pursuant to the terms of the New Relationship Agreement referred to in **paragraph 3** of Part 5 (*Directors, Proposed*

Director, senior management and corporate governance) of this document, the Substantial Shareholder will, with effect from Admission, be entitled to appoint two Directors, the first of whom shall be the Substantial Shareholder and the Proposed Director.

(c) the locations of the Company's places of business (including its headquarters and headquarters functions);

(d) employer contributions into the Company's pension schemes (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members or the admission of new members;

(e) redeployment of the Company's fixed assets; or

(f) the maintenance of the trading facilities for the Ordinary Shares (by them being admitted to trading on the London Stock Exchange's main market for listed securities until the Move to AIM and, following Admission, on AIM).

7.5 Independent advice

The City Code requires the Independent Directors to obtain competent independent advice regarding the transaction which is the subject of the Rule 9 Waiver, the controlling position which it will create and the effect which that will have on the Shareholders generally. Rothschild & Co has provided formal advice to the Independent Directors regarding the Capital Raising and the Rule 9 Waiver and has confirmed to the Company that it is independent of the members of the Concert Party.

8. Banking Update

The Group announced on 5 November 2020 an extension of its £500 million securitisation facility to 15 December 2023, from an original expiry date of 17 December 2021, which is not conditional on Admission. The Securitisation is currently subject to amended terms and covenants agreed with its lenders (the "COVID-19 Amendments") following the outbreak of COVID-19 in the UK as announced on 19 May 2020. The COVID-19 Amendments are scheduled to fall away on 18 December 2020.

With effect from Admission, the Group's banks have agreed to extend the RCF from 1 October 2021 to 31 December 2023. Given the receipt of the net proceeds of the Capital Raising significantly increasing liquidity on Admission, the Group has decided to agree to a more appropriately sized RCF of £100 million (currently £125 million) and will also terminate the CLBILS facilities to allow it flexibility to resume paying dividends at the appropriate time (see **paragraph 9** below) and increase capital expenditure immediately to accelerate its strategy. The agreed amendments to the RCF, and the intention to terminate the CLBILS facilities (together the "Financing Amendments"), are all conditional on the completion of the Capital Raising.

Should the Capital Raising not complete, the Group has fully agreed with its banks to put in place alternative financing arrangements (the "Alternative Refinancing Agreement"). Under the Alternative Refinancing Agreement, the Group will extend the RCF until 31 May 2022, consisting of a facility size of £100 million until 1 October 2021, which then drops to £50 million for the remainder of the term. As a result, and particularly given there is no injection of new equity, the Group will keep the CLBILS facilities in place. Whilst the Alternative Refinancing Agreement will enable the Company to continue to trade, it will not give the Group certainty of a longer-term bank deal, the necessary funding to accelerate its strategy, or to consider paying dividends in the foreseeable future.

Further details on both the Financing Amendments and the Alternative Refinancing Agreement are set out in **paragraph 8** of Part 11 (*Additional information*) of this document.

9. Dividend Policy

On Admission, the Group will terminate the CLBILS facilities to allow it flexibility to resume paying dividends at the appropriate time. The Directors and the Proposed Director recognise that dividends are an important part of the Company's returns to shareholders and will consider implementing a new dividend policy in due course.

If Admission does not occur, the Group will continue to have access to the CLBILS facilities. A condition of being included in this scheme is the cessation of any dividends to shareholders whilst any facilities guaranteed by the CLBIL scheme are drawn.

10. Details of the Move to AIM

In order to effect the Move to AIM, the Company will require, *inter alia*, that an appropriate resolution is passed by Shareholders holding not less than 75 per cent. of its ordinary shares, including a majority of the independent shareholders, at a general meeting. Such resolution will authorise the Board to cancel the admission of the Ordinary Shares to listing on the Official List and to trading on the Main Market and to apply for Admission in respect of the Enlarged Share Capital.

There is a mandatory 20 Business Day delay between the General Meeting and the Delisting pursuant to the Listing Rules and the Group is required to give 20 Business Days' notice to the London Stock Exchange of its intention to seek Admission under AIM's streamlined admission process for companies that have had their securities traded on an 'AIM Designated Market' (which includes the Official List).

The Capital Raising and the Move to AIM are inter-conditional and conditional, *inter alia*, upon:

- the Placing Agreement becoming unconditional by 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder and the Company may agree, being not later than 8.00 a.m. on 15 January 2021) and not having been terminated in accordance with its terms prior to Admission; and
- the Introduction Agreement becoming unconditional by 8.00 a.m. on 23 December 2020 (or such later time and/or date as Shore Capital and the Company may agree, being not later than 8.00 a.m. on 15 January 2021) and not having been terminated in accordance with its terms prior to Admission.

The Placing Agreement is conditional, *inter alia*, upon:

- all of the Resolutions having been passed by Shareholders at the General Meeting;
- Delisting occurring prior to Admission; and
- Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder and the Company may agree, being not later than 15 January 2021).

The Introduction Agreement is conditional, inter alia, upon:

- all of the Resolutions having been passed by Shareholders at the General Meeting;
- the London Stock Exchange agreeing to admit the Enlarged Share Capital to trading on AIM; and
- Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as Shore Capital and the Company may agree, being not later than 15 January 2021).

Conditional on all of the Resolutions having been passed by Shareholders at the General Meeting, the Company will apply to cancel the admission of the Existing Ordinary Shares to listing on the Official List and to trading on the Main Market and will apply for the Enlarged Share Capital to be admitted to trading on AIM, as a quoted applicant (as defined in the AIM Rules for Companies).

It is currently anticipated that cancellation of the admission of the Existing Ordinary Shares to listing on the Official List (premium listing segment) and to trading on the Main Market and Admission will take effect at 8.00 a.m. on 23 December 2020.

As the Company is required to publish a prospectus in connection with the Capital Raising, the AIM Rules for Companies require an admission document to be published by the Company in connection with Admission. This document constitutes that admission document.

Although the Company intends to seek Admission in respect of the Ordinary Shares, there can be no guarantee that the Company will be successful in achieving Admission in respect of the Ordinary Shares.

Shareholders should note that, unless all of the Resolutions are passed by Shareholders at the General Meeting, the Capital Raising and the Move to AIM cannot be implemented. In such circumstances, the Ordinary Shares will not be admitted to trading on AIM and the Existing Ordinary Shares will continue to be admitted to listing on the Official List and to trading on the Main Market. In such circumstances, the Financing Amendments outlined in **paragraph 8 above** would

fall away and the existing terms and the 1 October 2021 maturity of the RCF would remain in place. Should the Capital Raising not proceed, the Group has agreed the Alternative Refinancing Agreement. The 15 December 2023 maturity of the Securitisation will remain in place whether or not the Capital Raising and the Move to AIM are implemented.

11. Consequences of admission to AIM

Following Admission, the Company will be subject to the AIM Rules for Companies. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. Shareholders should note that AIM is self-regulated and the protections afforded to investors in AIM companies are less rigorous than those afforded to investors in companies listed on the premium listing segment of the Official List.

While there are a number of similarities between the obligations of a company whose shares are traded on AIM and those companies whose shares are listed on the premium listing segment of the Official List, there are some exceptions, including:

(a) under the AIM Rules for Companies, prior shareholder approval is required only for:

  (i) reverse takeovers, being an acquisition or acquisitions in a twelve month period which would (A) exceed 100 per cent. in various comparative tests (such as the ratio of transaction consideration to the market capitalisation of the Company); or (B) result in a fundamental change in the Company's business, board or voting control;

  (ii) disposals which, when aggregated with any other disposals over the previous twelve months, would result in a fundamental change in the Company's business (being disposals that exceed 75 per cent. in various comparative tests, such as the ratio of transaction consideration to the market capitalisation of the Company);

(b) under the Listing Rules (which apply to companies listed on the Official List), a more extensive range of transactions, including certain related party transactions, are conditional on shareholder approval and require the publication of a detailed circular;

(c) the regime in relation to dealing in own securities and treasury shares is less onerous under the AIM Rules for Companies which, although they contain restrictions on the timing of dealings and notification requirements, do not include requirements as to price, shareholder approval or tender offers as is the case under Chapter 12 of the Listing Rules for companies with a listing on the premium segment of the Official List;

(d) there are no prescribed content requirements for shareholder circulars or a requirement for such circulars to be approved by the FCA under the AIM Rules for Companies as is the case under Chapter 13 of the Listing Rules for companies with a listing on the premium segment of the Official List;

(e) there is no requirement under the AIM Rules for Companies for a prospectus or an admission document to be published for further issues of securities to institutional investors on AIM, except when seeking admission for a new class of securities or as otherwise required by law;

(f) unlike the Listing Rules, the AIM Rules for Companies do not specify any required structures or discount limits in relation to further issues of securities;

(g) compliance with the UK Corporate Governance Code is not mandatory for companies whose shares are admitted to trading to AIM. However, the Board supports the highest standards of corporate governance and believes that a balance of executive and independent non-executive directors is important to the Board's effectiveness in directing the Company. If Admission occurs, N Brown intends to continue to comply with the UK Corporate Governance Code;

(h) the AIM Rules for Companies require that AIM companies retain a nominated adviser and broker at all times, but they are not required to have a sponsor. The nominated adviser has ongoing responsibilities to both the Company and the London Stock Exchange. SCC and SCS have agreed to act as nominated adviser and broker, respectively, to the Company following Admission;

(i) where the Company has a controlling shareholder (as defined in the Listing Rules), there is no formal requirement to enter into a relationship agreement with that controlling shareholder or to comply with the independence provisions required by the Listing Rules. However, the Company will continue to have a full relationship agreement with the Substantial Shareholder;

(j) there is no specified requirement for a minimum number of shares in an AIM company to be held in public hands. A company listed on the Official List has to maintain a minimum of 25 per cent. of its issued ordinary share capital in public hands;

(k) the Disclosure and Transparency Rules (other than Chapters 1, 2, 3 and 5), the Listing Rules and certain of the Prospectus Regulation Rules will no longer apply to the Company following Admission. This is because AIM is not a regulated market for the purposes of the EU's securities directives;

(l) companies with a listing on the premium listing segment of the Official List may only cancel their listing with the approval of 75 per cent. of the voted shares and, if the company has a controlling shareholder, must also secure the approval of a majority of the voting independent shareholders (other than in certain limited circumstances). Under the AIM Rules for Companies, an AIM company only requires 75 per cent. shareholder approval to cancel admission of its securities to AIM and, in certain limited circumstances, the London Stock Exchange may agree that shareholder consent is not required;

(m) AIM companies are deemed to be unlisted for the purposes of certain areas of UK taxation. Following the Delisting and Admission, individuals who hold Ordinary Shares may, in certain circumstances, be eligible for certain tax benefits. Shareholders and prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether such a tax benefit may be available to them;

(n) the Delisting may have implications for Shareholders holding shares through a Self-Invested Personal Pension Plan ("SIPP"). For example, shares in unlisted companies may not qualify for certain SIPPs under the terms of that SIPP. Shareholders holding shares through a SIPP should therefore consult with their SIPP provider immediately;

(o) institutional investor guidelines (such as those issued by the Investment Association, the Pensions and Lifetime Savings Association and the Pre-Emption Group), which provide guidance on issues such as executive compensation and share-based remuneration, corporate governance, share capital management and the issue and allotment of shares on a pre-emptive or non-pre-emptive basis, do not directly apply to companies whose shares are admitted to trading on AIM; and

(p) the requirement under section 439A of the 2006 Act to submit a remuneration policy for a binding vote by shareholders is only applicable to quoted companies listed on the premium segment of the Official List. A company whose shares are traded on AIM is not subject to the same obligation to submit its remuneration policy to a binding vote of shareholders.

The City Code on Takeovers and Mergers will continue to apply to the Company following Admission.

Following Admission, Ordinary Shares that, immediately prior to Delisting, were held in uncertificated form will continue to be held and dealt through CREST. Share certificates representing those Ordinary Shares held in certificated form, including those issued in respect of New Ordinary Shares as part of the Capital Raising, will continue to be valid and no new certificates will be issued in respect of such shares following Admission.

The Independent Directors do not envisage that there will be any significant alteration to the standards of reporting and governance which N Brown currently maintains. N Brown will maintain its Audit and Risk, Remuneration and Nomination Committees, which will be subject to the same terms and conditions.

The rules of the Share Incentive Schemes contain provisions which are solely designed to comply with requirements appropriate for a company listed on the Official List. It is therefore intended that in connection with the Move to AIM, amendments shall be made to the rules of the Share Incentive Schemes so as to comply with the rules applying to companies traded on AIM, to take account of other requirements which are pertinent to a company admitted to AIM.

12. Directors' Intentions

Each of the Directors who is (or expects to be, at the relevant Record Date) a Shareholder (except for the Substantial Shareholder in relation to resolutions 3 and 6 who, because of the Placees' status as related parties under the Listing Rules and his status as a non-independent Shareholder under the City Code, must abstain from voting on those resolutions) has irrevocably committed to vote in favour of all of the resolutions to be proposed at the General Meeting.

Each of the Directors who is (or expects to be, at the relevant Record Date) a Shareholder (except for the Substantial Shareholder who has irrevocably committed not to take up any of his Open Offer Entitlements) has irrevocably committed to take up all of their Open Offer Entitlements.

The Directors (excluding the Substantial Shareholder) hold 149,876 Existing Ordinary Shares in aggregate as at the Latest Practicable Date, representing approximately 0.05 per cent. of the issued share capital of N Brown as at the Latest Practicable Date.

13. Irrevocable Undertakings

Each of the members of the Concert Party who would otherwise be eligible to vote on the Resolutions and apply for Open Offer Entitlements and Excess Entitlements has entered into an undertaking in favour of the Company pursuant to which they undertake:

(i) to vote in favour of all of the Resolutions at the General Meeting (except for resolution 3 given that, because of their status as related parties under the Listing Rules, they must abstain from voting on that resolution and except for resolution 6 given that, because of their status as non-independent Shareholders under the City Code, they must abstain from voting on that resolution) and, to the extent that any of their associates (as defined in the Listing Rules) have not entered into an undertaking on substantially the same terms, they shall take all reasonable steps to procure that their associates abstain from voting on resolutions 3 and 6; and

(ii) not to take up any of their Open Offer Entitlements and

(iii) not to take up any of their Excess Entitlements.

14. Working Capital

In the opinion of the Directors and the Proposed Director, having made due and careful enquiry, taking into account the net proceeds of the Capital Raising and the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

In the opinion of N Brown, taking into account the net proceeds of the Capital Raising and the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months following the date of this document.

15. Amendments to articles of association

In connection with Admission, the Board is seeking Shareholder approval, through resolution 5, to amendments to the articles of association of the Company to remove references to the Official List and the Listing Rules and make some other tidying up and updating amendments.

Copies of the articles of association of the Company containing the amendments proposed pursuant to resolution 5 are available for inspection at the Company's offices at Griffin House, 40 Lever Street, Manchester M60 6ES during normal business hours on any weekday (excluding public holidays) from the date of this document until the close of the General Meeting and at the location of the General Meeting for at least 15 minutes prior to and during the General Meeting. The articles of association of the Company containing the amendments proposed pursuant to resolution 5 will also be made available for viewing on the Company's website. In light of the ongoing COVID-19 pandemic and the Government guidelines to enforce social distancing, you are advised to review these materials on the Company's website as access to its offices will be extremely restricted.

16. General Meeting

The Company is closely monitoring developments relating to the current outbreak of COVID-19, including the related public health guidance and legislation issued by the UK Government. At the time of publication of this document, the UK Government has limited public gatherings and travel. In

light of these measures, the General Meeting will be run as a closed meeting and Shareholders will not be able to attend in person. The Company will make arrangements such that the legal requirements to hold the meeting can be satisfied through the attendance of a minimum number of Directors and/or employees and the format of the meeting will be purely functional. Other Shareholders should not attempt to attend the General Meeting.

The Company is keen to ensure that Shareholders are able to exercise their right to vote notwithstanding the restrictions. Shareholders are therefore strongly encouraged to submit a proxy vote in advance of the meeting. Details on how to submit your proxy vote by post, online or through CREST are set out in the notes to the Notice of General Meeting set out on page 176 of this document. To be valid, your proxy appointment must be received by 10.00 a.m. on 19 November 2020. Given the current restrictions on attendance, Shareholders are encouraged to appoint the chair of the meeting as their proxy rather than a named person who will not be permitted to attend the meeting.

Any Shareholder has the right to ask questions. However, in light of the restricted physical attendance at the General Meeting, Shareholders are strongly encouraged to submit any questions relating to the business set out in this document by email in advance to theresa.casey@nbrown.co.uk.

This situation is constantly evolving, and the UK Government may change current restrictions or implement further measures relating to the holding of general meetings during the affected period. The Company will continue to closely monitor any developments relating to the COVID-19 crisis, including relevant measures mandated or recommended by the UK Government regarding public events and travel. If the Company considers it appropriate to adjust the arrangements for the General Meeting as a result of any updates to the UK Government's recommendations, any changes will be communicated to Shareholders before the meeting through our website at www.nbrown.co.uk and, where appropriate, by announcement made by the Company to a RIS.

This document includes a notice convening the General Meeting to be held on 23 November 2020 at 10.00 a.m. at Griffin House, 40 Lever Street, Manchester, M60 6ES. The purpose of the General Meeting is to consider and, if thought fit, to pass the Resolutions.

In summary, the Resolutions, which are inter-conditional, seek the approval of Shareholders to:

Resolution 1 – Authority to allot shares

This resolution is to authorise the Directors to allot shares in the Company and to grant rights to subscribe for or to convert any securities into shares in the Company of up to an aggregate nominal amount of £19,305,195.30 (representing 61.1 per cent. of the issued ordinary share capital of the Company as at 4 November 2020, being the latest practicable date before publication of this document) pursuant to the Capital Raising. The authority will expire on 6 July 2021 and is in addition to all existing authorities (for example, those conferred on the Directors at the Company's 2019 annual general meeting). This resolution will pass if more than 50 per cent. of the votes cast (either in person or by proxy) are in favour.

Resolution 2 – Disapplication of pre-emption rights

This resolution is to disapply statutory pre-emption rights in respect of the allotment of equity securities of the Company for cash pursuant to the general authority conferred on the Directors under resolution 1. The disapplication will expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors under resolution 1 and is in addition to all existing disapplications (for example, those granted at the Company's 2019 annual general meeting). This resolution will pass if at least 75 per cent. of the votes cast (either in person or by proxy) are in favour.

Resolution 3 – Related party transaction

As a consequence of the Substantial Shareholder being a director of the Company, the current interest of the Substantial Shareholder in the Company and the relationship between the Proposed Director and the Substantial Shareholder, their proposed subscription, pursuant to the Placing Agreement, for the Ordinary Shares the subject of the Open Offer Entitlements of the members of the Concert Party who would be entitled to participate in the Open Offer (who have irrevocably undertaken not to take up those Open Offer Entitlements) constitutes a related party transaction for the purposes of Chapter 11 of the Listing Rules and such transactions require the prior approval of

independent Shareholders by ordinary resolution. This resolution is therefore to be proposed at the General Meeting as an ordinary resolution and will pass, subject to the other Resolutions being passed, if more than 50 per cent. of the votes cast (either in person or by proxy) are in favour. The Substantial Shareholder is not entitled to vote, and he has undertaken to take all reasonable steps to ensure that he and his associates will abstain from voting, on this resolution at the General Meeting. The Proposed Director has undertaken to take all reasonable steps to ensure that his associates will abstain from voting on this resolution at the General Meeting. The other members of the Concert Party who are eligible to vote at the General Meeting have also undertaken to take all reasonable steps to ensure that they and their associates will abstain from voting on this resolution at the General Meeting.

Resolution 4 – Delisting and Admission

This resolution is required to grant the Directors the authority to effect the Delisting and Admission, and will pass if at least 75 per cent. of the votes cast (either in person or by proxy), including a majority of the independent Shareholders (that is, Shareholders who are independent of the members of the Concert Party), are in favour.

Resolution 5 – Amendments to articles of association

This resolution is required to approve the amendments to the articles of association of the Company referred to in **paragraph 15 above**, and will pass if at least 75 per cent. of the votes cast (either in person or by proxy) are in favour. It is conditional on the passing of resolution 4.

Resolution 6 – Rule 9 Waiver

This resolution is the Whitewash Resolution, the reasons for which are set out in **paragraph 7 above**. This resolution will pass if more than 50 per cent. of the votes cast (either in person or by proxy) are in favour. In accordance with the City Code, the Rule 9 Waiver is subject to the passing of this resolution by the Independent Shareholders on a poll at the General Meeting. The members of the Concert Party are not entitled to vote, and each has undertaken to take all reasonable steps to ensure that he and his or their associates will abstain from voting, to the extent, in the case of associates, that they have not entered into an undertaking on substantially the same terms, on this resolution and any votes cast by them will be deemed void.

Please note that the above is not the full text of the Resolutions and you should read this **paragraph 16** in conjunction with the Notice of General Meeting included at the end of this document.

17. Importance of Vote

Your attention is drawn to the fact that the Capital Raising is conditional upon, amongst other things, all of the Resolutions being passed at the General Meeting.

Shareholders are asked to vote in favour of all Resolutions at the General Meeting.

The Board believes that the successful completion of the Capital Raising will significantly strengthen the Group's balance sheet and best position the Group to accelerate its strategy, for the benefits of all Shareholders.

If the Resolutions are not passed by the requisite percentage of members of the Company, the Capital Raising and Admission cannot be implemented and the Ordinary Shares will not be admitted to trading on AIM and the Existing Ordinary Shares will continue to be admitted to listing on the premium listing segment of the Official List and to trading on the Main Market. In such circumstances, the proposed amendments to the financing facilities outlined in **paragraph 8 above** would fall away.

As outlined in **paragraph 8 above**, if the Capital Raising does not complete, the Alternative Refinancing Agreement with the Group's lenders has been fully agreed to enable the Group to continue to trade as a going concern. However, the Alternative Refinancing Agreement involves the Group accepting less attractive financing terms. The Group will only be able to extend the RCF until 31 May 2022 (with the facility size dropping to £100 million and from £100 million to £50 million on 1 October 2021) and the CLBILS facilities would also remain in place which carries with it certain restrictions, such as the total restriction on payment of dividends and limits on capital expenditure. Importantly, under the Alternative Refinancing Agreement, whilst the Group would be able to

continue to trade, it would not have enough liquidity to be able to make the required investments to be able to accelerate its strategy, and thus would not be able to put in place the Medium Term Financial Targets which, if achieved, the Board expects will generate significant shareholder value. In the absence of the Capital Raising, the Group would need to review its medium term financing arrangements again in 2021. The Board strongly believes that the Alternative Refinancing Agreement is not in the best long-term interests of the Group or its Shareholders.

Accordingly, the Board believes that the successful completion of the Capital Raising and the Move to AIM represents the best option available to the Group. The Capital Raising will provide the Group with a significantly stronger balance sheet and enable the Group to accelerate the delivery of its refreshed strategy, both of which the Board believes are necessary for the long-term success of the Group.

As explained in **paragraph 1** above, the Substantial Shareholder has not participated in the Board's decision to approve the Capital Raising or the Board's recommendation that Shareholders vote in favour of the Resolutions.

The Capital Raising requires the passing of all Resolutions to proceed.

18. Action to be taken

18.1 General Meeting

If you are a Shareholder and are entitled to attend and vote at the General Meeting, you are entitled to appoint a proxy or proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting in your place, in accordance with the notes to the notice convening the General Meeting at the end of this document.

Whether or not you intend to be present at the General Meeting, you are asked to appoint such a proxy or proxies in accordance with the notes to the notice convening the General Meeting at the end of this document so that the appointment or appointments are received by the Registrar, Link Group, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF or, in the case of shares held through CREST, via the CREST system (in accordance with note 9 of those notes), as soon as possible and, in any event, so as to arrive not later than 10.00 a.m. on 19 November 2020.

Appointing such a proxy or proxies will not preclude you from attending the General Meeting and voting in person if you wish to do so. In light of public health advice in response to the COVID-19 outbreak, including to limit travel and public gatherings, the Company strongly encourages all Shareholders to submit their Form of Proxy in advance of the meeting, appointing the Chairman of the General Meeting as proxy rather than a named person.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the issuer's agent, ID RA10, so that it is received no later than 10.00 a.m. on 19 November 2020.

18.2 Open Offer

The latest time for applications under the Open Offer to be received is 11.00 a.m. on 14 December 2020. The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The procedures for application and payment are set out in Part 2 (*Terms and conditions of the Open Offer*) of this document. Further details will also appear in the Application Forms which will be sent to Qualifying Non-CREST Shareholders. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer.

If you are a Qualifying Non-CREST Shareholder, you will receive an Application Form which gives details of your Open Offer Entitlement. If you wish to apply for New Ordinary Shares under the Open Offer, you should complete the Application Form in accordance with the procedure set out in Part 2 (*Terms and conditions of the Open Offer*) of this document and in the Application Form.

If you are a Qualifying CREST Shareholder, no Application Form will be sent to you and you will receive a credit to your appropriate stock account in CREST in respect of your Open Offer

Entitlement and Excess Entitlement. You should refer to the procedure set out in Part 2 (*Terms and conditions of the Open Offer*) of this document.

The attention of Overseas Shareholders is drawn to the section headed "Overseas Shareholders" in Part 2 (*Terms and conditions of the Open Offer*) of this document.

If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under FSMA if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

19. Further Information

This document should be read as a whole and you should not just rely upon the information contained in this Part 1 (*Letter from the Chairman*). Your attention is drawn to the Risk Factors set out on pages 15 to 38 of this document, and to the information set out in Part 11 (*Additional information*) of this document.

You should not subscribe for any New Ordinary Shares except on the basis of information contained or incorporated by reference into this document.

20. Related Party Transaction

Pursuant to the Placing Agreement, the Substantial Shareholder, who (together with his associates (as defined in the Listing Rules)) holds 96,643,694 Existing Ordinary Shares (representing 33.81 per cent. of the Company's issued ordinary share capital as at 4 November 2020 (being the last practicable date prior to the publication of this document)) and the Proposed Director have, subject to certain conditions, irrevocably agreed to subscribe for all of the New Ordinary Shares at the Offer Price (subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer) in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder. To the extent that the Proposed Director fails to subscribe and pay for his proportion of the Open Offer Shares, the Substantial Shareholder shall subscribe and pay for such Open Offer Shares. The Placing will result in the Substantial Shareholder and the Proposed Director being interested in not more than 58.9 per cent., in aggregate, of the enlarged issued ordinary share capital of the Company immediately following completion of the Capital Raising (assuming no options granted under the Share Incentive Schemes are exercised between 4 November 2020 (being the latest practicable date prior to the publication of this document) and the issue of the New Ordinary Shares).

As a consequence of the Substantial Shareholder being a director of the Company, the current interest of the Substantial Shareholder in the Company and the relationship between the Proposed Director and the Substantial Shareholder, their proposed subscription, pursuant to the Placing Agreement, for the Ordinary Shares the subject of the Open Offer Entitlements of the members of the Concert Party who would be entitled to participate in the Open Offer (who have irrevocably undertaken not to take up those Open Offer Entitlements) constitutes a related party transaction for the purposes of Chapter 11 of the Listing Rules and such transactions require the prior approval of independent Shareholders. The Substantial Shareholder is not entitled to vote and he has undertaken to take all reasonable steps to ensure that he and his associates will abstain from voting, on resolution 3 at the General Meeting. The Proposed Director has undertaken to take all reasonable steps to ensure that his associates will abstain from voting on resolution 3 at the General Meeting. The other members of the Concert Party who are eligible to vote at the General Meeting have also undertaken to take all reasonable steps to ensure that they and their associates will abstain from voting on resolution 3 at the General Meeting.

21. Recommendation

The Board has received advice from the Banks in connection with the Capital Raising and Move to AIM. In providing advice to the Directors, the Banks have relied upon the Directors' commercial assessment of the transaction.

The Board, which has been so advised by the Joint Sponsors, considers the related party transaction in connection with the Capital Raising to be fair and reasonable as far as Shareholders are concerned. The Substantial Shareholder has not taken part in the Board's consideration of such

related party transaction because he is a related party, because of the relationship between him and the Proposed Director and because of the Proposed Director's status as a related party. In providing advice to the Board, the Joint Sponsors have taken account of the commercial assessment of the Directors of such related party transaction.

The Independent Directors, who have been so advised by Rothschild & Co, consider the Capital Raising and the associated Rule 9 Waiver to be fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In providing advice to the Independent Directors, Rothschild & Co has taken account of the commercial assessment of the Independent Directors.

As explained in **paragraph 1** above, the Substantial Shareholder has not participated in the Board's decision to approve the Capital Raising or the Board's recommendation that Shareholders vote in favour of the Resolutions.

The Board considers that the Capital Raising, the Move to AIM and each of the Resolutions is in the best interests of the Shareholders taken as a whole and the Board (except for the Substantial Shareholder) recommends that Shareholders (except for the Substantial Shareholder and his associates and the Proposed Director's associates in relation to resolution 3 who, because of the Placees' status as related parties under the Listing Rules, must abstain from voting on that resolution and except for the members of the Concert Party in relation to resolution 6 who, because of their status as non-independent Shareholders under the City Code, must abstain from voting on that resolution) vote in favour of all of the resolutions to be proposed at the General Meeting, as the Directors (except for the Substantial Shareholder in relation to resolutions 3 and 6 who, because of the Placees' status as related parties under the Listing Rules and his status as a non-independent Shareholder under the City Code respectively, must abstain from voting on those resolutions) intend to do in respect of their own beneficial holdings.

Yours sincerely

Matt Davies
Chairman

PART 2

TERMS AND CONDITIONS OF THE OPEN OFFER

Introduction

As explained in Part 1 (*Letter from the Chairman*) of this document, the Company proposes to raise approximately £100 million (gross) or approximately £94 million (net of expenses) by the issue of the New Ordinary Shares at 57 pence per share.

The Capital Raising consists of a Placing and Open Offer of 174,666,053 Open Offer Shares.

Qualifying Shareholders are being offered the right to subscribe for Open Offer Shares in accordance with the terms of the Open Offer.

The Open Offer is conditional upon, *inter alia*, all Resolutions having been passed by Shareholders at the General Meeting and Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder, Shore Capital and the Company may agree, being not later than 8.00 a.m. on 15 January 2021). If Admission does not become effective by such time and date, the Open Offer will not proceed and application monies in relation to the Open Offer will be returned to applicants (without interest) as soon as possible thereafter.

If Admission does not occur by 15 January 2021, the Placing Agreement shall terminate and the Placees' obligations to complete the Placing shall cease at such time and the Capital Raising will not proceed.

A Qualifying Non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 5 November 2020, being the last date upon which the Existing Ordinary Shares will be marked "ex" the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange.

Pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed, to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer.

The Substantial Shareholder is entitled to assign his rights under the Placing Agreement to subscribe for New Ordinary Shares under the Placing as described below, up to a maximum of 15,789,473 Open Offer Shares, to one or more other members of the Concert Party provided that, if such assignee fails to make payment for such Open Offer Shares, the assignment shall be treated as not having taken place and the Substantial Shareholder shall be obliged to subscribe and pay for such Open Offer Shares (in addition to any other subscription and payment obligation that the Substantial Shareholder has under the Placing Agreement).

A summary of the arrangements relating to the Open Offer is set out below. This document and, for Qualifying Non-CREST Shareholders only, the Application Form contain the formal terms and conditions of the Open Offer.

Terms and conditions of the Open Offer

Subject to the terms and conditions set out below and, in the case of Qualifying Non-CREST Shareholders, in the Application Form, the Company hereby invites Qualifying Shareholders to apply for Open Offer Shares at the Offer Price, payable in full on application, free of all expenses, up to a *pro rata* entitlement, which shall be calculated on the basis of:

11 Open Offer Shares for every 18 Existing Ordinary Shares

held by them and registered in their names on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held. Qualifying Shareholders are also invited, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility, up to a maximum number of Excess Shares equal to the number of Open Offer Shares less their Open Offer Entitlement. Fractions of Open Offer Shares will not be allocated to Qualifying Shareholders and entitlements to apply for Open Offer Shares will be rounded down to

the nearest whole number of Open Offer Shares. The fractional entitlements will be aggregated and be available under the Excess Application Facility. Accordingly, Qualifying Shareholders holding fewer than 18 Existing Ordinary Shares will have no entitlement to subscribe under the Open Offer. The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer (including the Excess Application Facility) is 174,666,053 Open Offer Shares. The total number of Open Offer Shares is fixed and will not be increased in response to applications under the Excess Application Facility.

Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that the applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

The inclusion of a limit on the number of Open Offer Shares that can be applied for under the Excess Application Facility of the number of Open Offer Shares less Qualifying Shareholders' Open Offer Entitlements is due to technical reasons and to ensure the orderly processing of applications for Excess Shares. Please refer to the section "The Excess Application Facility" below in this Part 2 (*Terms and conditions of the Open Offer*) for further details of the Excess Application Facility.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Qualifying Shareholders' entitlements under the Open Offer, as will holdings under different designations and in different accounts.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to and including their maximum entitlement (which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown on their Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST) and they may also apply, on the basis set out below, for Excess Shares under the Excess Application Facility. No application in excess of a Qualifying Shareholder's Open Offer Entitlement and the maximum number of Excess Shares for which he is entitled to apply under the Excess Application Facility will be accepted and any Qualifying Shareholder so applying will be deemed to have applied only for his maximum Open Offer Entitlement as specified on his Application Form and the maximum number of Excess Shares for which he is entitled to apply under the Excess Application Facility (or, in the case of a Qualifying CREST Shareholder, for the Open Offer Entitlement and Excess Entitlement standing to the credit of his stock account in CREST), in each case provided that the application is valid and complete in all other respects. Any monies paid in excess of such entitlement will be returned to the applicant (at the applicant's risk) without interest within 14 days by way of cheque or CREST payment, as appropriate. If a Qualifying Shareholder does not take up any of his entitlement under the Open Offer, his shareholding will be diluted by up to 37.9 per cent. by the issue of the New Ordinary Shares. If a Qualifying Shareholder takes up his full entitlement under the Open Offer, but does not acquire any Excess Shares under the Excess Application Facility, his shareholding will not be diluted by the issue of the New Ordinary Shares.

The attention of Qualifying Shareholders and any person (including, without limitation, custodians, nominees, trustees and agents) who has a contractual or other legal obligation to forward this document and/or the Application Form into a jurisdiction other than the UK is drawn to the section "Overseas Shareholders" of this Part 2 (*Terms and Conditions of the Open Offer*). In particular, subject to the provisions of that section, Qualifying Shareholders with registered addresses in the United States or any of the other Excluded Territories will not be sent Application Forms and will not have their CREST stock accounts credited with Open Offer Entitlements or Excess Entitlements.

The action to be taken in relation to the Open Offer depends on whether, at the time at which application and payment is made, a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer or has Open Offer Entitlements and Excess Entitlements credited to his stock account in CREST in respect of such entitlement:

- a Qualifying Shareholder who receives an Application Form should refer to the section "If a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and Conditions of the Open Offer*); or

- a Qualifying Shareholder who holds his Existing Ordinary Shares in CREST and has received a credit of Open Offer Entitlements to his CREST stock account should refer to the section "If a Qualifying Shareholder has Open Offer Entitlements credited to his stock account in CREST in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and Conditions of the Open Offer*) and also to the CREST Manual for further information on the CREST procedures referred to below.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying CREST Shareholders should also note that, although the Open Offer Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded. Qualifying Shareholders should be aware that, in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market or placed for the benefit of Qualifying Shareholders who do not apply under the Open Offer, and Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Instead, any Open Offer Shares not taken up by Qualifying Shareholders will be sold for the benefit of the Company under the Excess Application Facility.

Before making any decision to acquire Open Offer Shares, a Qualifying Shareholder should read and carefully consider all of the information in this document, including, in particular, the important information set out in Part 1 (*Letter from the Chairman*) of this document, as well as this section and the risk factors set out on pages 15 to 38 (inclusive) of this document. Shareholders may experience dilution of their shareholdings by the issue of the New Ordinary Shares. The material terms of the Capital Raising are contained in this document.

The Existing Ordinary Shares are currently listed on the premium listing segment of the Official List and traded on the Main Market. Application will be made for the Enlarged Share Capital (including the Open Offer Shares to be issued in the Capital Raising) to be admitted to trading on AIM. Subject to the passing of all of the Resolutions at the General Meeting, it is expected that Admission will become effective at 8.00 a.m. on 23 December 2020 and that dealings for normal settlement in the New Ordinary Shares will commence on the same day at 8.00 a.m. on AIM. The New Ordinary Shares and the Existing Ordinary Shares are in registered form and can be held in certificated and uncertificated form.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the Open Offer Shares; all such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Open Offer Entitlements and Excess Entitlements of Qualifying CREST Shareholders to be admitted to CREST. The conditions for such admission have already been met and those Open Offer Entitlements and Excess Entitlements are expected to be admitted to CREST with effect from 6 November 2020.

The New Ordinary Shares will, when issued and fully paid, be identical to and rank in full for all dividends or other distributions declared, made or paid after Admission and in all other respects will rank *pari passu* with the Existing Ordinary Shares in issue. No temporary documents of title will be issued. Further details of the rights attaching to the New Ordinary Shares are set out in **paragraph 4** of Part 11 (*Additional information*) of this document.

The ISIN for the New Ordinary Shares will be the same as that of the Existing Ordinary Shares, being GB00B1P6ZR11.

If, for any reason, it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a RIS giving details of the revised dates.

Conditions of the Capital Raising

The Open Offer is conditional, *inter alia*, upon all of the Resolutions having been passed by Shareholders at the General Meeting and Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder, Shore Capital and the Company may agree, being not later than 8.00 a.m. on 15 January 2021). It

is expected that Admission will become effective at 8.00 a.m. on 23 December 2020 and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 23 December 2020. Definitive certificates in respect of New Ordinary Shares will be prepared and are expected to be posted by 6 January 2021 to those allottees who have validly elected to hold their shares in certificated form. In respect of those allottees who have validly elected to hold their shares in uncertificated form, the New Ordinary Shares are expected to be credited to their accounts maintained in the CREST system as soon as practicable after Admission.

If Admission does not become effective by 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder, Shore Capital and the Company may agree, being not later than 8.00 a.m. on 15 January 2021), the Open Offer will be revoked and will not proceed. In such event, no New Ordinary Shares will be issued, all monies received by the Receiving Agent in connection with the Open Offer will be returned to applicants without interest and at their risk as soon as practicable and any Open Offer Entitlements and Excess Entitlements admitted to CREST will thereafter be disabled.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up under the Open Offer are expected to be posted by no later than 6 January 2021 to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST as soon as practicable after Admission.

If Admission does not occur by 15 January 2021, the Placing Agreement shall terminate and the Placees' obligations to complete the Placing shall cease at such time and the Capital Raising will not proceed.

Procedure for application and payment

The action to be taken by Qualifying Shareholders in respect of the Open Offer depends on whether, at the relevant time, the Qualifying Shareholder is a Qualifying Non-CREST Shareholder who has an Application Form in respect of his entitlement under the Open Offer or, in the case of a Qualifying CREST Shareholder, if he has Open Offer Entitlements and Excess Entitlements credited to his CREST stock account in respect of such entitlement.

Subject to the section "If a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and conditions of the Open Offer*), Qualifying Shareholders who hold their Existing Ordinary Shares in certificated form will be allotted Open Offer Shares in certificated form to the extent that their entitlement to the Open Offer Shares arises as a result of holding Existing Ordinary Shares in certificated form. Qualifying Shareholders who hold their Existing Ordinary Shares in uncertificated form will be allotted Open Offer Shares in uncertificated form to the extent that their entitlement to the Open Offer Shares arises as a result of holding Existing Ordinary Shares in uncertificated from. However, it will be possible to deposit Open Offer Entitlements and Excess Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal is set out in the section "If a Qualifying Shareholder has Open Offer Entitlements credited to his stock account in CREST in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and conditions of the Open Offer*).

CREST-sponsored members should refer to their CREST sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and/or Excess Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If a Qualifying Shareholder does not wish to apply to acquire Open Offer Shares, he should not complete or return the Application Form or submit a USE instruction to Euroclear (as applicable). The Board asks that, whether or not he intends to be present at the General Meeting, such a Qualifying Shareholder still completes a Form of Proxy in accordance with the instructions printed on it and returns it to the Registrar, Link Group, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. on 19 November 2020.

If a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer

General

Subject as provided in the section "Overseas Shareholders" of this Part 2 (*Terms and conditions of the Open Offer*) in relation to certain Overseas Shareholders, Qualifying Non-CREST Shareholders will receive an Application Form. The Application Form will show the number of Existing Ordinary Shares registered in the name of the corresponding Qualifying Shareholder on the Record Date. It will also show the maximum number of Open Offer Shares for which such Qualifying Shareholder is entitled to apply as a result of his holding of Existing Ordinary Shares in certificated form, being the total number of Open Offer Entitlements and Excess Entitlements allocated therein. Fractions of Open Offer Shares will not be allocated to Qualifying Shareholders and entitlements to apply for Open Offer Shares will be rounded down to the nearest whole number of Open Offer Shares. The fractional entitlements will be aggregated and be available under the Excess Application Facility. Accordingly, Qualifying Shareholders holding fewer than 18 Existing Ordinary Shares will have no entitlement to subscribe under the Open Offer.

The aggregate number of Open Offer Shares available for subscription under the Open Offer is 174,666,053 Open Offer Shares. A Qualifying Shareholder may apply for less or more than his full Open Offer Entitlement should he wish to do so. A valid application up to the relevant Qualifying Non-CREST Shareholder's *pro rata* entitlement will be accepted in full. A Qualifying Shareholder may apply for more than the amount of his Open Offer Entitlement should he wish to do so under the Excess Application Facility, provided that he has agreed to take up his Open Offer Entitlement in full. An application by a Qualifying Shareholder for Excess Shares under the Excess Application Facility will be limited to a maximum number of Excess Shares equal to the number of Open Offer Shares less their Open Offer Entitlement.

Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that the applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

A Qualifying Shareholder may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

Subject to certain exceptions, the Application Form has not been, and will not be, sent to Overseas Shareholders in, or with registered addresses in, the United States or any of the other Excluded Territories, and brokers, banks and other agents may not send an Application Form to, or submit Application Forms on behalf of, Overseas Shareholders in, or with addresses in, any of these countries or a person (including, without limitation, stockbrokers, banks or other agents) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom. Your attention is drawn to the information in the section "Overseas Shareholders" of this Part 2 (*Terms and conditions of the Open Offer*).

Market claims

Applications to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked "ex" the entitlement to the Open Offer by the London Stock Exchange, being 5 November 2020. Application Forms may be split in order to satisfy *bona fide* market claims up to 3.00 p.m. on 10 December 2020. A Qualifying Non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 5 November 2020, being the last date upon which the Existing Ordinary Shares will be marked "ex" the entitlement to the Open Offer by the London Stock Exchange, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee from his counterparty pursuant to the rules of the London Stock Exchange. Qualifying

Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The purchaser or transferee may then apply to acquire Open Offer Shares by completing Box 11 on the Application Form (if the Open Offer Shares are to be settled outside of CREST), or Box 13 on the Application Form (if the purchaser or transferee wishes to deposit the Open Offer Shares into CREST). The Application Form should not, however, be forwarded to, or transmitted in or into, the United States (subject to certain exceptions) or any of the other Excluded Territories.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in the section "If a Qualifying Shareholder has Open Offer Entitlements credited to his stock account in CREST in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and conditions of the Open Offer*).

Application procedures

If a Qualifying Non-CREST Shareholder wishes to apply for all or some of his entitlement to Open Offer Shares under the Open Offer (whether in respect of all or part of his Open Offer Entitlement or in addition to his Open Offer Entitlement under the Excess Application Facility), he should complete and sign the Application Form in accordance with the instructions printed on it and send it, together with the appropriate remittance and in accordance with the instructions in the section "If a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and conditions of the Open Offer*), by post or by hand (during normal business hours only) to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU so as to be received no later than 11.00 a.m. on 14 Dcember 2020. A reply-paid envelope is enclosed for use by Qualifying Non-CREST Shareholders in connection with the Open Offer.

A Qualifying Non-CREST Shareholder may only apply for Excess Shares under the Excess Application Facility if he has agreed to take up his Open Offer Entitlement in full. An application by a Qualifying Non-CREST Shareholder for Excess Shares under the Excess Application Facility will be limited to a maximum number of Excess Shares equal to the number of Open Offer Shares less their Open Offer Entitlement. Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that the applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Qualifying Non-CREST Shareholders should note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not a Qualifying Non-CREST Shareholder should take up his entitlement to Open Offer Shares under the Open Offer. If any Application Form is sent by first-class post within the United Kingdom, Qualifying Non-CREST Shareholders are recommended to allow at least four Business Days for its delivery. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender.

If Open Offer Shares have already been allotted to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or bankers' draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently otherwise deemed to be invalid, the Company is hereby irrevocably authorised (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of some or all of such Qualifying Non-CREST Shareholder's Open Offer Shares and for the proceeds of sale (which, for these purposes, shall be deemed to be payments in respect of successful applications) to be paid to and retained by the Company. None of the Receiving Agent, any of the Banks, the Company or any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a result.

Payments

All payments must be in Pounds Sterling and cheques or banker's drafts should be made payable to "Link Market Services Limited re: N Brown Group plc Open Offer A/c" and crossed "A/C payee

only". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Cheques must be drawn on the personal account of the individual investor where they have sole or joint title to the funds. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application.

Cheques or banker's drafts will be presented for payment upon receipt. Post-dated cheques may not be accepted. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect, in its absolute discretion, to treat as invalid acceptances in respect of which cheques are not so honoured.

Application monies will be paid into a separate bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 23 December 2020 or such later time and/or date as the Substantial Shareholder, Shore Capital and the Company shall agree (being not later than 8.00 a.m. on 15 January 2021), the Open Offer will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter. No interest will be earned on monies held in the separate bank account.

Incorrect, incomplete or multiple applications

If a Qualifying Non-CREST Shareholder includes payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

(A) to reject the application in full and refund the payment to the Qualifying Non-CREST Shareholder in question;

(B) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum, without interest, to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £5.00 will be retained for the benefit of the Company; or

(C) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the Application Form and refunding any unutilised sum, without interest, to the Qualifying Non-CREST Shareholder in question, save that any sums of less than £5.00 will be retained for the benefit of the Company.

The Company may, in its sole discretion, treat as valid (and binding on the Qualifying Non-CREST Shareholder concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 2 (*Terms and conditions of the Open Offer*), including an application which is received after 11.00 a.m. on 14 December 2020.

Multiple applications will not be accepted. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

The Excess Application Facility

The Excess Application Facility enables a Qualifying Non-CREST Shareholder who has taken up their Open Offer Entitlement in full to apply for Excess Shares up to a maximum number equal to the number of Open Offer Shares less their Open Offer Entitlement.

Excess Shares will, subject to their availability, be allocated in accordance with demand but subject to an Excess Share Allocation Cap, which respects the relative sizes of the holdings of Ordinary

Shares on the Record Date of applicants for Excess Shares, including the aggregate holdings of the Concert Party. For these purposes, the members of the Concert Party will collectively be regarded and treated as a single Qualifying Shareholder which has taken up all of the Open Offer Entitlements of the members of the Concert Party and applied for the maximum aggregate number of Excess Shares for which the members of the Concert Party could therefore apply.

The Excess Share Allocation Cap for each Excess Share Applicant will be calculated as follows:

(a) the number of available Excess Shares

multiplied by

(b) the number of Ordinary Shares held by the relevant Excess Share Applicant on the Record Date divided by the aggregate number of Ordinary Shares held by all Excess Share Applicants

plus, ***in respect only*** of those Excess Share Applicants whose applications for Excess Shares exceed the product of (a) and (b) above:

(c) the aggregate number (if any) of New Ordinary Shares, by which individual applications for Excess Shares by Excess Share Applicants fall short of the respective products of (a) and (b) above

multiplied by

(d) the number of Ordinary Shares held by the relevant Excess Share Applicant on the Record Date divided by the aggregate number of Ordinary Shares held by all Excess Share Applicants whose applications exceed the respective products of (a) and (b) above.

For the avoidance of doubt, the Open Offer Shares the subject of the Open Offer Entitlements of the members of the Concert Party shall not be Excess Shares or otherwise available under the Excess Application Facility, and:

(v) any Excess Shares for which there is insufficient demand to be allocated to any Qualifying Shareholder (other than the Concert Party members) under the above mechanism; plus

(vi) the number of Excess Shares which are treated as allocated to the Concert Party under the above mechanism

will, in each case, be subscribed for by the Placees on the terms and subject to the conditions of the Placing Agreement and in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder, and will not be allocated to Qualifying Shareholders under the Open Offer.

Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that the applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with the instructions set out on the Application Form.

Should the Open Offer become unconditional and total applications for Excess Shares exceed the total number of Open Offer Shares not applied for by Qualifying Shareholders, resulting in a scaling back of applications under the Excess Application Facility, each Qualifying Non-CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for Excess Shares has been received, will receive a Pounds Sterling amount equal to the number of Excess Shares applied and paid for, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility, and fractions of Excess Shares will be rounded down to the nearest whole number.

Effect of application

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, the applicant:

(A) represents and warrants to the Company and each of the Banks that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;

(B) agrees that all applications, and contracts resulting therefrom, under the Open Offer and any non-contractual obligations related thereto shall be governed by, and construed in accordance with, the laws of England and Wales;

(C) confirms to the Company and each of the Banks that in making the application he is not relying on any information or representation in relation to the Group other than that contained in this document, and he accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all information contained in this document (including information incorporated by reference);

(D) represents and warrants to the Company and each of the Banks that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess Entitlements or, if he has received any Open Offer Entitlements or Excess Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and Excess Entitlements by virtue of a *bona fide* market claim;

(E) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form and subject to the Articles;

(F) represents and warrants to the Company and each of the Banks that he is not a person, and is not applying on behalf of a person, who, by virtue of being resident in or a citizen of any country outside the United Kingdom or a corporation, partnership or other entity created or organised outside the United Kingdom, is prevented by the law of any relevant jurisdiction from lawfully applying for Open Offer Shares;

(G) acknowledges that neither the Open Offer Entitlements nor the Excess Entitlements nor the Open Offer Shares have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States;

(H) unless otherwise agreed by the Company and each of the Banks in their sole discretion, represents and warrants to the Company, each of the Banks and the Receiving Agent that such person (a) is not located in, a citizen or resident of, or a corporation, partnership or other entity created or organised in or under any laws in, the United States or any other Excluded Territory; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares; (c) is not exercising for the account of any person who is located in the United States, unless (1) the instruction to exercise was received from a person outside the United States and (2) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and (y) either (A) it has investment discretion over such account or (B) it is an investment manager or investment company that is acquiring the Open Offer Shares in an "offshore transaction" within the meaning of Regulation S; and (d) it is not applying to acquire the Open Offer Shares with a view to offer, re-offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any Open Offer Shares into, or for the benefit of a person who is located in, a citizen or resident of, or which is a corporation, partnership or other entity created or organised in or under any laws of, the United States, any of the other Excluded Territories or any other jurisdiction referred to in (b) above;

(I) represents and warrants to the Company and each of the Banks that neither the Open Offer Entitlements nor the Excess Entitlements nor the Open Offer Shares were offered to it by means of any "directed selling efforts" as defined in Regulation S;

(J) represents and warrants to the Company and each of the Banks that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depositary receipts) or Section 96 (clearance services) of the Finance Act 1986; and

(K) confirms to the Company and each of the Banks that, in making the application, he is not relying and has not relied on any of the Banks or any parties affiliated with any of them in connection with any investigation of the accuracy of any information contained in this document or his investment decision.

Further representations and warranties are included in the Application Form.

If a Qualifying Non-CREST Shareholder is in doubt as to whether or not he should apply for any of the Open Offer Shares under the Open Offer, he should consult his independent financial adviser immediately. If you have any queries, please contact Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.

If a Qualifying Non-CREST Shareholder does not wish to apply for any of the Open Offer Shares to which he is entitled under the Open Offer, he should not complete or return the Application Form. The Board asks that, whether or not he intends to be present at the General Meeting, such a Qualifying Non-CREST Shareholder still completes a Form of Proxy in accordance with the instructions printed on it and returns it to the Registrar, Link Group, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF, as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. on 19 November 2020.

If a Qualifying Shareholder has Open Offer Entitlements credited to his stock account in CREST in respect of his entitlement under the Open Offer

General

Subject as provided in the section "Overseas Shareholders" of this Part 2 (*Terms and conditions of the Open Offer*) in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements and his Excess Entitlements. Open Offer Entitlements and Excess Entitlements will be rounded down to the nearest whole number. Any fractional entitlement to Open Offer Shares arising will be aggregated and be available under the Excess Application Facility.

The CREST stock account to be credited will be an account under the Participant ID and Member Account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Entitlements have been allocated.

If, for any reason, the Open Offer Entitlements and/or Excess Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, as soon as practicable after 8.00 a.m. on 6 November 2020 or such later time as the Company and the Banks may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and Excess Entitlements which should have been credited to his stock account in CREST. In these circumstances, the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

CREST members who wish to apply for some or all of their entitlements to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST-sponsored member, you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only that CREST sponsor will be able to take the necessary action to make this application in CREST.

Market claims

Each of the Open Offer Entitlements and the Excess Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlements and/or Excess Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Entitlement(s) will thereafter be transferred accordingly.

Shareholders should note that Excess Entitlements will not be subject to Euroclear's market claims process. Qualifying CREST Shareholders claiming Excess Entitlements by virtue of a *bona fide* market claim are advised to contact the Receiving Agent to request a credit of the appropriate number of entitlements to their CREST account.

USE instructions

Qualifying CREST Shareholders who are CREST members and wish to apply for Open Offer Shares in respect of all or some of their Open Offer Entitlements and Excess Entitlements in CREST must send (or, if they are a CREST-sponsored member, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

(A) the crediting of a stock account of the Receiving Agent, under the Participant ID and Member Account ID specified below, with a number of Open Offer Entitlements and/or Excess Entitlements corresponding to the number of Open Offer Shares applied for; and

(B) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in subparagraph (A) above.

Content of USE instructions in respect of Open Offer Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(A) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);

(B) the ISIN of the Open Offer Entitlements. This is GB00BNG6ZC98;

(C) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;

(D) the Participant ID of the accepting CREST Member;

(E) the Participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA33;

(F) the Member Account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 20829NBR;

(G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in sub-paragraph (A) above;

(H) the intended settlement date. This must be on or before 11.00 a.m. on 14 December 2020; and

(I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 14 December 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their CREST sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

(A) a contact name and telephone number (in the free-format shared note field); and

(B) a priority of at least 80.

CREST members and, in the case of CREST-sponsored members, their CREST sponsors should note that the last time at which a USE instruction may settle on 14 December 2020 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 23 December 2020 or such later time and/or date as the Substantial Shareholder, Shore Capital and the Company may agree (being no later than 8.00 a.m. on 15 January 2021), the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

Content of USE instructions in respect of Excess Entitlements

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

(A) the number of Open Offer Shares for which application is being made (and hence the number of the Excess Entitlement(s) being delivered to the Receiving Agent);

(B) the ISIN of the Excess Entitlements. This is GB00BNG6ZD06;

(C) the Member Account ID of the accepting CREST member from which the Excess Entitlements are to be debited;

(D) the Participant ID of the accepting CREST Member;

(E) the Participant ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 7RA33;

(F) the Member Account ID of the Receiving Agent, in its capacity as a CREST receiving agent. This is 20829NBR;

(G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in sub-paragraph (A) above;

(H) the intended settlement date. This must be on or before 11.00 a.m. on 14 December 2020; and

(I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 14 December 2020.

In order to assist prompt settlement of the USE instruction, CREST members (or their CREST sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

(A) a contact name and telephone number (in the free-format shared note field); and

(B) a priority of at least 80.

CREST members and, in the case of CREST-sponsored members, their CREST sponsors should note that the last time at which a USE instruction may settle on 14 December 2020 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess Entitlement security.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 23 December 2020 or such later time and/or date as the Substantial Shareholder, Shore Capital

and the Company may agree (being no later than 8.00 a.m. on 15 January 2021), the Open Offer will lapse, the Excess Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

Deposit of Open Offer Entitlements and Excess Entitlements into, and withdrawal from, CREST

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements and Excess Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and the entitlement under the Excess Application Facility are reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and Excess Entitlements following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 14 December 2020. After depositing their Open Offer Entitlements into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess Entitlements, which will be managed by the Receiving Agent.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements and Excess Entitlements in CREST, is 3.00 p.m. on 9 December 2020, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements or Excess Entitlements from CREST is 4.30 p.m. on 8 December 2020, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and Excess Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements and/or Excess Entitlements prior to 11.00 a.m. on 14 December 2020. CREST holders inputting the withdrawal of their Open Offer Entitlements from their CREST account must ensure that they withdraw both their Open Offer Entitlements and their Excess Entitlements.

Delivery of an Application Form with the CREST Deposit Form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and the Receiving Agent by the relevant CREST member(s) that, subject to certain exceptions: (A) he is not a citizen of, or resident or located in, the United States, any of the other Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares; (B) he is not acting for the account or benefit of a person who is a citizen of or resident in or otherwise located within the United States, any of the other Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares and was not acting for the account or benefit of such a person at the time the instruction to apply for the Open Offer Shares was given; (C) he is not acquiring the Open Offer Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such Open Offer Shares into the United States, any of the other Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for Open Offer Shares, in each case, except where proof satisfactory to the Company has been provided that he is entitled to take up his entitlement without breach of applicable law; and (D) where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

Validity of application

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 14 December 2020 will constitute a valid application under the Open Offer.

CREST procedures and timings

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST-sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 14 December 2020. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Incorrect or incomplete applications

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

(A) to reject the application in full and refund the payment to the CREST member in question;

(B) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum, without interest, to the CREST member in question, save that any sums of less than £5.00 will be retained for the benefit of the Company; or

(C) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction refunding any unutilised sum, without interest, to the CREST member in question, save that any sums of less than £5.00 will be retained for the benefit of the Company.

The Excess Application Facility

The Excess Application Facility enables a Qualifying CREST Shareholder who has taken up his Open Offer Entitlement in full to apply for New Ordinary Shares in excess of his Open Offer Entitlement up to a maximum number of Excess Shares equal to the number of Open Offer Shares less his Open Offer Entitlement.

Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that the applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

An Excess Entitlement may not be sold or otherwise transferred. Subject as provided in the section "Overseas Shareholders" of this Part 2 (*Terms and conditions of the Open Offer*) in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Entitlement in order for any applications for Excess Shares to be settled through CREST. The Excess Entitlements will not be tradeable or listed. The credit of such Excess Entitlement does not in any way give Qualifying CREST Shareholders a right to the Open Offer Shares attributable to the Excess Entitlement, as an Excess Entitlement is subject to scaling back in accordance with the terms of this document.

In order to apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess Entitlements will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Entitlement credited to CREST, and allocated to the relevant Qualifying CREST Shareholder, will be transferred to the purchaser. Please note that an additional USE instruction must be sent in respect of any application under the Excess Entitlement.

Should the Open Offer become unconditional and total applications for Open Offer Shares by Qualifying Shareholders under the Excess Application Facility exceed the total number of Open Offer Shares not applied for by Qualifying Shareholders, resulting in a scaling back of applications under the Excess Application Facility, each Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility, and from whom payment in full for the Excess Shares has been received, will receive a Pounds Sterling amount equal to the number of Open Offer Shares validly applied and paid for but which are not allocated to the relevant Qualifying CREST Shareholder multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest, and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number. Any fractional Excess Shares will be aggregated and sold for the benefit of the Company.

Effect of valid application

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby:

(A) represents and warrants to the Company and each of the Banks that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any person on a non-discretionary basis;

(B) agrees with each of the Company and each of the Banks to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

(C) requests that the Open Offer Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;

(D) agrees with each of the Company and each of the Banks that all applications and contracts resulting therefrom under the Open Offer and any non-contractual obligations related thereto shall be governed by, and construed in accordance with, the laws of England and Wales;

(E) represents and warrants to the Company and each of the Banks that he is not a person, and is not applying on behalf of any such person, who by virtue of being resident in or a citizen of any country outside the United Kingdom, or a corporation, partnership or other entity created or organised outside the United Kingdom is prevented by the law of any relevant jurisdiction from lawfully applying for Open Offer Shares;

(F) acknowledges that neither the Open Offer Entitlements nor the Excess Entitlements nor the Open Offer Shares have been, or will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States;

(G) unless otherwise agreed by the Company and each of the Banks in their sole discretion, represents and warrants to the Company, each of the Banks and the Receiving Agent that such person (a) is not located in, a citizen or resident of, or a corporation, partnership or other entity created or organised in or under any laws in, the United States or any other Excluded Territory; (b) is not in any jurisdiction in which it is unlawful to make or accept an offer to acquire the Open Offer Shares; (c) is not exercising for the account of any person who is located in the United States, unless (1) the instruction to exercise was received from a person outside the United States and (2) the person giving such instruction has confirmed that (x) it has the authority to give such instruction and (y) either (A) it has investment discretion over such account or (B) it is an investment manager or investment company that is acquiring the Open Offer Shares in an "offshore transaction" within the meaning of Regulation S; and (d) it is not applying to acquire the Open Offer Shares with a view to the offer, re-offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any Open Offer Shares into, or for the

benefit of a person who is located in, a citizen or resident of, or which is a corporation, partnership or other entity created or organised in or under any laws of, the United States, any of the other Excluded Territories or any other jurisdiction referred to in (b) above;

(H) represents and warrants to the Company and each of the Banks that neither the Open Offer Entitlements nor the Excess Entitlements nor the Open Offer Shares were offered to it by means of any "directed selling efforts" as defined in Regulation S;

(I) represents and warrants to the Company and each of the Banks that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (Depository receipts) or section 96 (Clearance services) of the Finance Act 1986;

(J) confirms to the Company and each of the Banks that, in making the application, he is not relying and has not relied on any of the Banks or any parties affiliated with any of them in connection with any investigation of the accuracy of any information contained in this document or his investment decision;

(K) confirms to the Company and each of the Banks that, in making such application, he is not relying on any information or representation in relation to the Group other than that contained in this document and he accordingly agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, he will be deemed to have had notice of all of the information contained in this document (including information incorporated by reference);

(L) represents and warrants to the Company and each of the Banks that if they have received some or all of their Open Offer Entitlements and/or Excess Entitlements from a person other than the Company, they are entitled to apply under the Open Offer in relation to such Open Offer Entitlements and/or Excess Entitlements by virtue of a *bona fide* market claim; and

(M) represents and warrants to the Company and each of the Banks that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and Excess Entitlements or that he has received such Open Offer Entitlements and Excess Entitlements by virtue of a *bona fide* market claim.

The Company's discretion as to rejection and validity of applications

The Company may, in its sole discretion:

(A) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part 2 (*Terms and conditions of the Open Offer*), including an application which is received after 11.00 a.m. on 14 December 2020;

(B) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;

(C) treat a properly authenticated dematerialised instruction (in this sub-paragraph, the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; or

(D) accept an alternative instruction or notification from a CREST member or CREST-sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST-sponsored member or (where applicable) CREST sponsor, the CREST member or CREST-sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal

circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrar in connection with CREST.

The Company reserves the right to reject any Application Form or USE instruction if it has reason to believe the relevant representations and warranties cannot be given.

The Company also reserves the right detailed in the fourth paragraph under the sub-heading United States of this section.

Money Laundering Regulations and holders of Application Forms

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations (as amended and supplemented), the Receiving Agent may require, in its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements").

The person(s) (the "applicant") who, by lodging an Application Form with payment, and in accordance with the other terms as described above, accept(s) the Open Offer in respect of the Open Offer Shares (the relevant shares) comprised in such Application Form shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as it may require to satisfy the verification of identity requirements.

The Receiving Agent may therefore undertake searches for the purposes of verifying identity. To do so, the Receiving Agent may verify the details against the applicant's identity, but also may request further proof of identity.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant shares (notwithstanding any other term of the Open Offer) will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither the Receiving Agent, nor any of the Banks nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable period of time and in any event by not later than 11.00 a.m. on 14 December 2020, following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, terminate the contract of allotment in which event the monies payable on acceptance of the Open Offer will be returned at the applicant's risk and without interest to the account of the bank from which such monies were originally debited (without prejudice to the right of the Company to take proceedings to recover the amount by which the net proceeds of sale of the relevant Open Offer Shares fall short of the amount payable thereon).

Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company, each of the Banks and the Receiving Agent from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

(i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));

(ii) if the acceptor is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;

(iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the name of such applicant; or

(iv) if the aggregate subscription price for the relevant shares is less than the sterling equivalent of €15,000 (approximately £13,500 (as at the Latest Practicable Date)).

In other cases, the verification of Identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

(A) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank endorsing on the cheque or draft the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature by the building society or bank on the reverse of the cheque or banker's draft;

(B) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the current non-European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, India, Japan, Malaysia, Mexico, New Zealand, Norway, People's Republic of China, Republic of Korea, Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United Kingdom, the United States of America and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will, on demand, make such evidence available to the Registrar or the relevant authority;

(C) in order to confirm the acceptability of any written assurance referred to in sub-paragraph (B) above or any other case, the applicant should contact the Receiving Agent; or

(D) if (an) Application Form(s) is/are in respect of relevant shares with an aggregate subscription price of the sterling equivalent of €15,000 (currently approximately £13,500 at the Latest Practicable Date) or more and is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant's name at the building society or bank by stamping or endorsing the back of the building society cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted.

If a Qualifying Shareholder delivers an Application Form by hand, he should ensure that he has with him evidence of identity bearing his photograph (for example, a passport). If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 14 December 2020, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Receiving Agent may, at its discretion, as agent of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without prejudice to the rights of the Company to undertake proceedings to receive monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

Open Offer Entitlements and Excess Entitlements in CREST

If a Qualifying Shareholder holds his Open Offer Entitlements and Excess Entitlements in CREST and applies for Open Offer Shares in respect of all or some of his Open Offer Entitlements and/or Excess Entitlements as agent for one or more persons and he is not a UK or EU regulated person or institution (for example, a UK financial institution), irrespective of the value of the application, the Registrar is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf the application is being made. Such Qualifying Shareholder must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which, on its settlement, constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Receiving Agent may, in its absolute discretion, take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

Overseas Shareholders

General

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers without delay.

Whilst Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are resident in, or citizens of, countries other than the United Kingdom are entitled to participate in the Open Offer, the ability of those persons to take up their allocations may be affected by the laws of the relevant jurisdiction. Those persons should consult their professional advisers as to all legal, tax, regulatory or other formalities required to enable them to take up their allocations, including whether they require any governmental or other consents or need to observe any other formalities in such territory, including paying any issue, transfer or other taxes. The comments set out in the section "Overseas Shareholders" of this Part 2 (*Terms and conditions of the Open Offer*) are intended as a general guide only and any Overseas Shareholder should seek professional advice without delay.

This document has been approved by the FCA, being the competent authority in the UK. It is expected that Shareholders in each EEA State other than any Excluded Territories will be able to participate in the Open Offer. No action has been or will be taken by the Company or any other person to permit a public offering or distribution of this document or the Application Form in any jurisdiction where action for that purpose may be required, other than in the UK.

Having considered the circumstances, the Directors have formed the view that it is necessary or expedient to restrict the ability of Shareholders in the United States or other Excluded Territories to participate in the Open Offer due to the time and costs involved in the registration of this document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements or Excess Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form or credit of Open Offer Entitlements or Excess Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements or Excess Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements or Excess Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in or into the territories in which it would be unlawful to make an invitation or offer and, in such circumstances, this document and/or any Application Forms are sent for information only and should not be copied or distributed. It is the responsibility of any Shareholder receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements or Excess Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any Open Offer Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory.

Accordingly, persons receiving a copy of this document and/or an Application Form or whose stock account in CREST is credited with Open Offer Entitlements and/or Excess Entitlements should not,

in connection with the Capital Raising, distribute or send the same in or into, or transfer Open Offer Entitlements and/or Excess Entitlements to any person in or into, any Excluded Territory, including the United States. If an Application Form or credit of Open Offer Entitlements and/or Excess Entitlements in CREST is received by any person in any Excluded Territory, including the United States, or by their agent or nominee in any such territory, they must not seek to take up the entitlements referred to in the Application Form or in this document or renounce the Application Form or transfer the Open Offer Entitlements and/or Excess Entitlements in CREST, unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person who does forward this document or an Application Form into any Excluded Territory (whether under contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

The Company reserves the right, in its absolute discretion, to treat as invalid any application for Open Offer Shares under the Open Offer and/or any acceptance or purported acceptance of the offer of the Open Offer Entitlements and/or Excess Entitlements, and the Company will not be bound to allot or issue any Open Offer Shares in respect of any acceptance or purported acceptance of the offer of Open Offer Shares, if it appears to the Company or its agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if, in the case of an Application Form, it provides an address for delivery of the definitive share certificates for New Ordinary Shares, or, in the case of a credit of New Ordinary Shares in CREST, the Shareholder's registered address is in an Excluded Territory, including the United States, or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements or if in respect of such application the Company has not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate. All payments under the Open Offer must be made in Pounds Sterling.

Neither the Company, nor any of the Banks is making any representation to any offeree or purchaser of Open Offer Shares regarding the legality of an investment in the Open Offer Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Despite any other provisions of this document or the Application Form, the Company reserves the right to permit any Overseas Shareholder (other than those located in Excluded Territories) to take up their entitlements if the Company in its sole and absolute discretion is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restriction in question. If the Company is so satisfied, the Company will arrange for the relevant Overseas Shareholder to be sent an Application Form if they are reasonably believed to be a Qualifying Non-CREST Shareholder or, if they are reasonably believed to be a Qualifying CREST Shareholder, arrange for the Open Offer Entitlements and/or Excess Entitlements to be credited to the relevant CREST stock account.

Those Overseas Shareholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in this Part 2 (*Terms and conditions of the Open Offer*).

The provisions of this section will apply generally to Shareholders located in Excluded Territories and other Overseas Shareholders who do not or are unable to take up New Ordinary Shares provisionally allotted to them.

Specific restrictions relating to certain jurisdictions are set out below.

United States and other Excluded Territories

Due to restrictions under the securities laws of the Excluded Territories and certain commercial considerations, Application Forms will not be sent to, and neither Open Offer Entitlements nor Excess Entitlements will be credited to stock accounts in CREST of, Shareholders in Excluded Territories or their agents or intermediaries, except where the Company and each of the Banks are satisfied, in their sole and absolute discretion, that such action would not result in the contravention of any registration or other legal requirement in the relevant jurisdiction. Persons (including stockbrokers, banks and other agents) receiving an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer Open Offer Entitlements and/or Excess Entitlements into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an Application Form or a credit of Open Offer Entitlements and/or Excess Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the stockbrokers, banks and other agents or nominees of such person, he must not seek to take up the Open Offer Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer Open Offer Entitlements and/or Excess Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph. The Company reserves the right to reject an Application Form or transfer of Open Offer Entitlements and/or Excess Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring Open Offer Shares for resale in any such jurisdiction.

United States

None of the New Ordinary Shares or the Open Offer Entitlements or the Excess Entitlements have been, or will be, registered under the Securities Act or any relevant securities laws of any state or other jurisdiction of the United States or with any securities regulatory authority of any state or other jurisdiction of the United States and, accordingly, none of the New Ordinary Shares, Open Offer Entitlements or Excess Entitlements may be offered, sold, resold, taken up, transferred, delivered or distributed, directly or indirectly, within the United States absent registration or in reliance on an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offer of the New Ordinary Shares or the Open Offer Entitlements or the Excess Entitlements in the United States.

The Company has not been, and will not be, registered under the US Investment Company Act of 1940, as amended, and investors will not be entitled to the benefits of that Act.

The Company is not extending the Open Offer into the United States unless an exemption from the registration requirements of the Securities Act is available and, subject to certain exceptions set out below, this document and the Application Form are intended for use only in connection with offers and sales of New Ordinary Shares outside the United States and are not to be sent or given to any person with a registered address, or who is resident or located, in the United States. Subject to certain exceptions set out below, none of this document, the Application Form nor the crediting of any Open Offer Entitlements or Excess Entitlements to a stock account in CREST constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to acquire any Open Offer Shares in the United States. Subject to certain limited exceptions, neither this document nor the Application Form will be sent to, and neither Open Offer Entitlements nor Excess Entitlements nor Open Offer Shares will be credited to a stock account in CREST of, any Qualifying Shareholder with a registered address in the United States. Subject to certain limited exceptions, Application Forms sent from or postmarked in the United States, or including a United States registered address, will be deemed to be invalid and all persons acquiring Open Offer Shares and wishing to hold such Open Offer Shares in registered form must provide an address outside the United States for registration of the Open Offer Shares.

The Company reserves the right in its absolute discretion to treat as invalid any Application Form that appears to the Company or its agents to have been executed in, or despatched from, the United States or any other Excluded Territory, or that provides an address in the United States or any other Excluded Territory for the receipt of Open Offer Shares, or which does not make the warranties set out in the Application Form or where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements, and the Company shall not be bound to issue any New Ordinary Shares in respect of any such Application Form. In addition, except as set out below, any person exercising Open Offer Entitlements or Excess Entitlements must make the representations and warranties set out in the section "If a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and conditions of the Open Offer*), as appropriate. Accordingly, except as set out below, the Company reserves the right to treat as invalid (i) any Application Form which does not make the representations and warranties set out in the section "Procedure for application and payment" of this Part 2 (*Terms and conditions of the Open Offer*) and (ii) any USE instruction which does not make the representations and warranties set out in the section "If a Qualifying Shareholder has Open Offer Entitlements credited to his stock account in CREST in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and conditions of the Open Offer*). The attention of persons holding for the account of persons located in the United States or located or resident in

any of the other Excluded Territories is directed to such paragraphs. In addition, the Company reserves the right to reject any USE instruction sent by or on behalf of any CREST member with a registered address in the United States, any other Excluded Territory or which appears to the Company to have been despatched from the United States or any other Excluded Territory, in a manner which may involve a breach of the laws of any jurisdiction or they or their agents believe may violate any applicable legal or regulatory requirement, or which does not make the representations and warranties set out in the section "If a Qualifying Shareholder has an Application Form in respect of his entitlement under the Open Offer" of this Part 2 (*Terms and conditions of the Open Offer*).

Any person in the United States into whose possession this document comes should inform himself about and observe any applicable legal restrictions; any such person in the United States is required to disregard this document.

Neither the New Ordinary Shares, the Form of Proxy, the Application Form, this document nor any other document connected with the Capital Raising has been or will be approved or disapproved by the SEC or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Form of Proxy, the Application Form, or the accuracy or adequacy of this document or any other document connected with the Capital Raising. Any representation to the contrary is a criminal offence in the United States.

Until 40 days after the commencement of the Open Offer, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Open Offer) may violate the registration requirements of the Securities Act.

No representation has been, or will be, made by the Company or any of the Banks as to the availability of any exemption under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares.

The New Ordinary Shares may not be deposited, or caused to be deposited, in any unrestricted depositary receipt facility in the United States.

Restrictions on Regulation S Offering

Each purchaser to whom the New Ordinary Shares are distributed, offered or sold outside the United States will (on behalf of itself and on behalf of each investment account for which it is acting as fiduciary or agent) be deemed by its subscription for or purchase of New Ordinary Shares to have represented, warranted and agreed as follows:

(a) it is acquiring the New Ordinary Shares in an offshore transaction meeting the requirements of Regulation S;

(b) it is aware and acknowledges that the New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States absent registration or an exemption from, or in a transaction not subject to, registration under the Securities Act;

(c) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the New Ordinary Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act;

(d) it is acquiring the New Ordinary Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for sale or other transfer in connection with any distribution of the New Ordinary Shares in any manner that would violate the Securities Act or any other applicable securities laws;

(e) it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the New Ordinary Shares to any persons in the United States, nor will it do any of the foregoing;

(f) it is aware and acknowledges that the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that the Company, each of the Banks and their respective directors, officers, agents, employees, advisors and others will rely upon the truth and accuracy of the foregoing representations and agreements; and

(g) if any of the representations or warranties made or deemed to have been made by its subscription for or purchase of the New Ordinary Shares are no longer accurate or have not been complied with, it will immediately notify the Company and each of the Banks, and if it is acquiring any New Ordinary Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make, and does make, such foregoing representations, warranties and agreements on behalf of each such account.

Other Excluded Territories

Due to the restrictions under the securities laws of the Excluded Territories, Shareholders who have registered addresses in or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not, subject to certain exceptions, qualify to participate in the Open Offer and will not be sent an Application Form and no Open Offer Entitlements or Excess Entitlements will be credited to their CREST stock accounts.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any of the Excluded Territories or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly, in or into any of the Excluded Territories or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territories except pursuant to an applicable exemption.

This document and any other document or material in connection with the offer or sale or invitation for subscription or purchase of any investment described in this document is not a prospectus, short form prospectus, profile statement, offer information statement, or product disclosure statement (as those terms are defined by the Corporations Act 2001 (Commonwealth of Australia) ("Corporations Act")), does not purport to include the information required of any such document, and has not and will not be lodged with the Australian Securities and Investments Commission.

The document(s) provided may not be circulated or distributed, nor may shares or other securities be offered or sold, or be made the subject of any invitation for subscription or purchase, whether directly or indirectly to any Australian domiciled persons except where disclosure would not be required to such persons under Chapters 6 and 7 of the Corporations Act.

Other overseas territories

Application Forms will be posted to Qualifying Non-CREST Shareholders (other than those Qualifying Non-CREST Shareholders who have registered addresses in the Excluded Territories) and Open Offer Entitlements and/or Excess Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than those Qualifying CREST Shareholders who have registered addresses in the Excluded Territories). No offer of or invitation to subscribe for New Ordinary Shares is being made by virtue of this document or the Application Form into the Excluded Territories. Overseas Shareholders in jurisdictions other than the Excluded Territories may, subject to the laws of their relevant jurisdiction, accept their entitlements under the Open Offer in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form.

Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements and/or Excess Entitlements. If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares, you should contact your appropriate professional adviser immediately.

EEA States (other than the UK)

In relation to EEA States (except for the UK) (each, a "relevant member state" in this section), no New Ordinary Shares have been offered or will be offered to the public in that relevant member state prior to the publication of a prospectus in relation to the New Ordinary Shares which has

been approved by the competent authority in that relevant member state or, where appropriate, approved in another relevant member state and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Regulation, except that offers of New Ordinary Shares may be made to the public in that relevant member state at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or

(c) in any other circumstances falling within Articles 1(3), 1(4) or 3(2) of the Prospectus Regulation,

provided that no such offer of New Ordinary Shares shall require the Company or any other person to publish a prospectus pursuant to article 3 of the Prospectus Regulation or supplement a prospectus pursuant to article 23 of the Prospectus Regulation.

For this purpose, the expression "an offer of any New Ordinary Shares to the public" in relation to any New Ordinary Shares in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and any New Ordinary Shares to be offered so as to enable an investor to decide to acquire any New Ordinary Shares.

Representations and warranties relating to Overseas Shareholders

Qualifying Non-CREST Shareholders

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, each of the Banks and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (A) such person is not requesting registration of the relevant Open Offer Shares from within any Excluded Territory; (B) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it; (C) such person is not acting on a non-discretionary basis for a person located within any Excluded Territory or any territory referred to in (B) above at the time the instruction to accept was given; and (D) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; (ii) provides an address in an Excluded Territory for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this paragraph.

Qualifying CREST Shareholders

A CREST member or CREST-sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part 2 (*Terms and conditions of the Open Offer*) represents and warrants to the Company, the Receiving Agent and each of the Banks that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (A) neither it nor its client is within any Excluded Territory; (B) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (C) it is not accepting on a non-discretionary basis for a person located within any Excluded Territory or any territory referred to in (B) above at the time the instruction to accept was given; and (D) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

Waiver

The provisions of this Part 2 (*Terms and conditions of the Open Offer*) and of any other terms of the Open Offer relating to Overseas Shareholders may be waived, varied or modified as regards

specific Shareholders or on a general basis by the Company, in their absolute discretion. Subject to this, the provisions of the section "Overseas Shareholders" of this Part 2 (*Terms and conditions of the Open Offer*) supersede any terms of the Open Offer inconsistent herewith. References in the section "Overseas Shareholders" of this Part 2 (*Terms and conditions of the Open Offer*) to Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of the section "Overseas Shareholders" of this Part 2 (*Terms and conditions of the Open Offer*) shall apply to them jointly and to each of them.

Withdrawal rights

Qualifying Shareholders wishing to exercise statutory withdrawal rights under Article 23 of the Prospectus Regulation after publication by the Company of a supplementary prospectus supplementing this document must do so by lodging a written notice of withdrawal, which includes a notice sent via email to withdraw@linkgroup.co.uk, which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST member, with Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, so as to be received by no later than two Business Days after the date on which the supplementary prospectus is published, withdrawal being effective as at posting of the written notice of withdrawal. Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Qualifying Shareholder of its subscription in full and the allotment of Open Offer Shares to such Qualifying Shareholder becoming unconditional, save to the extent required by statute. In such event, Shareholders are advised to seek independent legal advice.

Taxation

Information regarding the United Kingdom in respect of the New Ordinary Shares and the Capital Raising is set out in Part 10 (*Taxation*) of this document. If a Qualifying Shareholder is in any doubt about his tax position or is subject to tax in a jurisdiction other than the United Kingdom, he should consult his professional advisers without delay.

Listing, settlement, dealings and publication

Application will be made to the London Stock Exchange for the Enlarged Share Capital (including the New Ordinary Shares) to be admitted to trading on AIM subject to the fulfilment of the conditions of the Open Offer. Subject to the Open Offer becoming unconditional in all respects (save only as to Admission), it is expected that admission of the New Ordinary Shares to trading on AIM will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 23 December 2020.

Open Offer Entitlements and Excess Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 14 December 2020 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 23 December 2020). On this day, the Registrar will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlement to Open Offer Shares with effect from Admission (expected to be 8.00 a.m. on 23 December 2020). The stock accounts to be credited will be the accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess Entitlements and to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by the Receiving Agent in connection with CREST.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, definitive share certificates in respect of the Open Offer Shares validly applied for are expected to be despatched by post no later than 6 January 2021. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers of the Open Offer Shares by Qualifying Non-CREST Shareholders will be certified against the share register. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying Non-CREST Shareholders are referred to the Application Form.

Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of the Open Offer Shares to their CREST stock account or any other written communication by the Company in respect of the issue of the Open Offer Shares.

The completion and results of the Capital Raising will be announced and made public through an announcement on a RIS as soon as possible after the results are known on 15 December 2020.

Times and dates

The Company shall be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall notify the FCA, and make an announcement on a RIS and, if appropriate, to Shareholders, but Qualifying Shareholders may not receive any further written communication.

If a supplementary prospectus is published by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is at least three Business Days after the date of publication of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

Governing law and jurisdiction

The terms and conditions of the Capital Raising as set out in this document and the Application Form, and any non-contractual obligation related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Capital Raising, this document or the Application Form, including disputes relating to any non-contractual obligations arising out of or in connection with the Capital Raising, this document or the Application Form. By taking up Open Offer Shares under the Open Offer (whether by way of their Open Offer Entitlements or through the Excess Application Facility) in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

Other information

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Shareholders to whom the Company sends Application Forms, to the terms, conditions and other information printed on the Application Form.

PART 3

QUESTIONS AND ANSWERS ABOUT THE CAPITAL RAISING

The questions and answers set out in this Part 3 (Questions and answers about the Capital Raising) are intended to be in general terms only and, as such, you should read Part 2 (Terms and conditions of the Open Offer) of this document for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, duly authorised under FSMA, if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part 3 (Questions and answers about the Capital Raising) deals with general questions relating to the Capital Raising and more specific questions relating to Ordinary Shares held by persons resident in the UK who hold their Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read the section "Overseas Shareholders" in Part 2 (Terms and conditions of the Open Offer) of this document and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your rights. If you hold your Ordinary Shares in uncertificated form (that is, through CREST), you should read Part 2 (Terms and conditions of the Open Offer) of this document for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Ordinary Shares are in certificated or uncertificated form, please call the Receiving Agent, Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Timetable dates in this Part 3 (Questions and answers about the Capital Raising) have been included on the basis of the expected timetable set out on page 39 of this document.

What is the Placing?

Pursuant to the Placing Agreement, the Placees, subject to certain conditions , irrevocably agreed to subscribe for all of the Open Offer Shares at the Offer Price subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer.

What is the Open Offer?

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire 11 Open Offer Shares for every 18 Existing Ordinary Shares at a price of 57 pence per Open Offer Share. In this document, this is referred to as your "Open Offer Entitlement". Qualifying Shareholders are also being given the opportunity, provided that they take up their Open Offer Entitlement in full, to apply for Excess Shares through the Excess Application Facility, up to a maximum number of Excess Shares equal to the number of Open Offer Shares less their Open Offer Entitlement. In this document, this is referred to as your "Excess Entitlement". If you hold Existing Ordinary Shares on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder either located, or with a registered address, in an Excluded Territory, you will be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 11 Open Offer Shares for every 18 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your Open Offer Entitlement is not a whole number, you will not be entitled, in relation to your Open Offer Entitlement, to buy Open Offer Shares in respect of any fraction of an Open Offer Share and your Open Offer Entitlement will be rounded down to the nearest whole number. If you hold fewer than 18 Existing Ordinary Shares, you will not receive an Open Offer Entitlement. Fractional entitlements to New Ordinary Shares will be aggregated and made available to Qualifying Shareholders under the Excess Application Facility. New Ordinary Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the closing mid-market share price on the last dealing day before the details of the Capital Raising were announced on 5 November 2020. Members of the Concert Party who would otherwise be entitled to participate in the Open Offer have irrevocably undertaken not to take up their pro-rata entitlements under the Open Offer.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their Open Offer Entitlement.

Qualifying Shareholders are also being given the opportunity to apply for excess New Ordinary Shares at the Offer Price through the Excess Application Facility. Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

The inclusion of a limit on the number of Excess Shares that can be applied for under the Excess Application Facility of the number of Open Offer Shares less Qualifying Shareholders' Open Offer Entitlements is due to technical reasons and to ensure the orderly processing of applications for Excess Shares. The number of available Excess Shares under the Excess Application Facility is dependent, among other things, on the level of take-up of Open Offer Entitlements. If every Qualifying Shareholder takes up their Open Offer Entitlement in full, there will be no Excess Shares available under the Excess Application Facility.

To the extent that Open Offer Shares are not taken up under the Open Offer (whether by way of Qualifying Shareholders' Open Offer Entitlements or through the Excess Application Facility), the Placees have, subject to certain conditions, irrevocably agreed to acquire such Open Offer Shares at the Offer Price pursuant to the Placing Agreement.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and/or Excess Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for under the Open Offer will not be sold in the market for the benefit of those who do not apply to take up their Open Offer Entitlements and/or Excess Entitlements. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer. Instead, any Open Offer Shares not taken up by Qualifying Shareholders will be sold for the benefit of the Company under the Placing.

New Ordinary Shares for which applications have not been made under the Open Offer (including the Excess Application Facility) will not be sold in the market for the benefit of those who do not apply under the Open Offer (including the Excess Application Facility) and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer (including the Excess Application Facility) will be subscribed for by the Placees, subject to the terms of the Placing Agreement and in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder, with the proceeds of such subscription ultimately accruing for the benefit of the Company.

However, Shareholders should note that the Open Offer is conditional upon: (i) all of the Resolutions being passed by Shareholders at the General Meeting; and (ii) Admission becoming effective by not later than 8.00 a.m. on 23 December 2020 (or such later time or date as the Substantial Shareholder, Shore Capital the Company may agree in writing).

When will the Capital Raising take place?

The Open Offer is subject to, amongst other things, Admission becoming effective by not later than 8.00 a.m. on 23 December 2020, or such later time and/or date as the Substantial Shareholder, Shore Capital and the Company may agree (being not later than 8.00 a.m. on 15 January 2021).

If Admission does not occur by 15 January 2021, the Placing Agreement shall terminate and the Placees' obligations to complete the Placing shall cease at such time and the Capital Raising will not proceed.

What is an Application Form?

It is a form sent to those Qualifying Shareholders who hold their Existing Ordinary Shares in certified form. It sets out your entitlement to subscribe for Open Offer Shares and is a form which you should complete if you want to participate in the Open Offer.

I hold my Existing Ordinary Shares in certificated form. How do I know whether I am eligible to participate in the Open Offer?

If you receive an Application Form and, subject to certain exceptions, are not a Shareholder either located, or with a registered address, in an Excluded Territory, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 5 November 2020 (the time when the Existing Ordinary Shares were marked "ex-entitlement" by the London Stock Exchange).

I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

If you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address, and are not located, in an Excluded Territory, you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held on the Record Date;
- how many Open Offer Shares are comprised in your Open Offer Entitlement;
- how much you need to pay if you want to take up your right to buy the maximum number of Open Offer Shares under your Open Offer Entitlement;
- how many Excess Shares you may apply for under the Excess Application Facility if you take up your Open Offer Entitlement in full; and
- how much you need to pay if you wish to take up your maximum entitlement to Excess Shares.

If you would like to apply for any or all of, or more than, the Open Offer Shares comprised in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying pre-paid envelope or returned by post or by hand (during normal office hours only) to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by no later than 11.00 a.m. on 14 December 2020, after which time Application Forms will not be valid (unless otherwise determined by the Company).

I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?

If you do not want to take up your Open Offer Entitlement

If you do not want to take up your Open Offer Entitlement, you do not need to do anything but you are encouraged to complete a Form of Proxy and return it to the Registrar, Link Group, PXS 1, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF as soon as possible and, in any event, so as to arrive no later than 10.00 a.m. on 19 November 2020. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form, your Open Offer Entitlement or your Excess Entitlement to anyone else.

If you do not return your Application Form applying for Open Offer Shares to which you are entitled by 11.00 a.m. on 14 December 2020, other Qualifying Shareholders may acquire those Open Offer Shares under the Excess Application Facility or the Placees will subscribe for them themselves.

If you do not take up any of your Open Offer Entitlement, then, following the issue of the New Ordinary Shares pursuant to the Capital Raising, your interest in the Company will be diluted by approximately 37.9 per cent. If you do take up your maximum Open Offer Entitlement but do not acquire any Excess Shares, then, following the issue of the New Ordinary Shares pursuant to the Capital Raising, your interest in the Company will not be diluted.

If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement

If you want to take up some but not all of the Open Offer Shares under your Open Offer Entitlement, you should write the number of Open Offer Shares you want to take up in Box 2 and Box 4 of your Application Form. For example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write "25" in Box 2 and Box 4 of your Application Form. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, 25) by 57 pence, which is the price in pence of each Open Offer Share (giving you an amount of £14.25 in this example). You should write this total sum in Box 5 of your Application Form, rounding up to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope or return by post or by hand (during normal office hours only) to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by no later than 11.00 a.m. on 14 December 2020, after which time Application Forms will not be valid (unless otherwise determined by the Company). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in Pounds Sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: **N Brown Group plc Open Offer A/c**" and crossed "**A/C Payee Only**".

Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Cheques must be drawn on the personal account of the individual investor where they have sole or joint title to the funds. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques may not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Link Group to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 6 January 2021.

If you want to take up all of the Open Offer Shares under your Open Offer Entitlement

If you want to take up all of the Open Offer Shares under your Open Offer Entitlement, you need to send the Application Form, together with your cheque or banker's draft for the full amount (as indicated in Box 8 of your Application Form), payable to "Link Market Services Limited **re: N Brown Group plc Open Offer A/c**" and crossed "**A/C payee only**", in the accompanying pre-paid envelope or return by post or by hand (during normal office hours only) to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by the Receiving Agent by no later than 11.00 a.m. on 14 December 2020, after which time Application Forms will not be valid (unless otherwise determined by the Company). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in Pounds Sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: **N Brown Group plc Open Offer A/c**" and crossed "**A/C Payee Only**". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques may not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Link Group to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you by no later than 6 January 2021.

If you want to take up more than the Open Offer Shares under your Open Offer Entitlement

If you want to take up more than the Open Offer Shares under your Open Offer Entitlement, provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares up to a maximum number of Excess Shares equal to the number of Open Offer Shares less your Open Offer Entitlement (detailed in Box 7 of your Application Form) using the Excess Application Facility. You should write the number of Open Offer Shares comprising your Open Offer Entitlement in Box 2 of your Application Form, the number of Excess Shares for which you want to apply in Box 3 of your Application Form and the aggregate of them both in Box 4 of your Application Form. For example, if you have an Open Offer Entitlement of 50 shares but you want to apply for 80 shares, then you should write "50" in Box 2, "30" in Box 3 and "80" in Box 4 of your Application Form. To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example, 80) by 57 pence, which is the price in pence of each Open Offer Share (giving you an amount of £45.60 in this example). You should write this total sum in Box 5 of your Application Form, rounding up to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return the completed Application Form, together with a cheque or banker's draft for that amount, in the accompanying pre-paid envelope or return by post or by hand (during normal office hours only) to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer) so as to be received by no later than 11.00 a.m. on 14 December 2020, after which time Application Forms will not be valid (unless otherwise determined by the Company). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

All payments must be in Pounds Sterling and made by cheque or banker's draft made payable to "Link Market Services Limited re: **N Brown Group plc Open Offer A/c**" and crossed "**A/C Payee Only**". Cheques or banker's drafts must be drawn on a bank or building society or branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees and must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application. Cheques must be drawn on the personal account of the individual investor where they have sole or joint title to the funds. Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder and the number of an account held in the applicant name at the building society or bank by stamping or

endorsing the back of the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques may not be accepted.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct Link Group to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent at the risk of the sender. Payments via CHAPS, BACS or electronic transfer will not be accepted.

Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up and otherwise successfully apply for using the Excess Application Facility. Your definitive share certificate for Open Offer Shares (including any Excess Shares) is expected to be despatched to you by no later than 6 January 2021.

I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part 2 (*Terms and conditions of the Open Offer*) of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of the number of Open Offer Shares that they are entitled to acquire under the Open Offer under their Open Offer Entitlement and their Excess Entitlement respectively, and should contact them should they not receive this information.

I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?

If you do not receive an A6pplication Form, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to participate in the Open Offer, namely:

- Qualifying CREST Shareholders who held their Existing Ordinary Shares in uncertificated form on 3 November 2020 and who have converted them to certificated form;
- Qualifying Non-CREST Shareholders who bought Existing Ordinary Shares before 8.00 a.m. on 5 November 2020 but were not registered as the holders of those shares at the close of business on 5 November 2020; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.

I am a Qualifying Shareholder, do I have to apply for all the Open Offer Shares I am entitled to apply for? Can I apply for more?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your maximum Open Offer Entitlement will be shown on your Application Form. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or

less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be more diluted than if you do take up all of your Open Offer Entitlement.

Provided you have agreed to take up your Open Offer Entitlement in full, you can apply for further Open Offer Shares up to a maximum number of Excess Shares equal to the number of Open Offer Shares less your Open Offer Entitlement (shown on your Application Form) using the Excess Application Facility. Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

What if I change my mind?

If you are a Qualifying Shareholder, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of Open Offer Shares for which you have applied, except in very limited circumstances.

What if the number of Open Offer Shares to which I am entitled is not a whole number: am I entitled to fractions of Open Offer Shares?

If the number is not a whole number, you will not receive a fraction of an Open Offer Share and your entitlement will be rounded down to the nearest whole number.

I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 8 of the Application Form?

If you want to spend more than the amount set out in Box 8 of your Application Form, you should divide the amount you want to spend by 57 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £200, you should divide £200 by 57 pence. You should round that down to the nearest whole number, to give you the number of shares you want to apply for. Write the total number of Open Offer Shares you want to apply for (in this example, "350") in Box 4 of your Application Form and then copy into Box 2 of your Application Form the number in Box 7 of your Application Form and enter in Box 3 of your Application Form the difference between Box 4 and Box 2 of your Application Form. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 350) by 57 pence and then fill in that amount rounded up to the nearest whole pence (in this example, being, rounded up to the nearest whole pence, £199.50) in Box 5 of your Application Form and on your cheque or banker's draft accordingly.

You should note that the number of available Open Offer Shares under the Excess Application Facility is dependent on, among other things, the level of take-up of Open Offer Entitlements. Applications under the Excess Application Facility will be scaled back in accordance with the Excess Share Allocation Caps. As a result, no assurance can be given that applications for Excess Shares by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

If you want to spend less than the amount set out in Box 8 of your Application Form, you should divide the amount you want to spend by 57 pence (being the price, in pence, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100, you should divide £100 by 57 pence. You should round that down to the nearest whole number, to give you the number of shares you want to take up. Write that number (in this example, "175") in Box 2 and Box 4 of your Application Form. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example, 175) by 57 pence and then fill in that amount rounded up to

the nearest whole pence (in this example, being, rounded up to the nearest whole pence, £99.75) in Box 5 of your Application Form and on your cheque or banker's draft accordingly.

What if I hold options or awards under the Share Incentive Schemes?

Any option, award or similar right to acquire Ordinary Shares which is outstanding under the Share Incentive Schemes may be adjusted, in each case in accordance with the rules of the relevant Share Incentive Scheme, to take account of the Capital Raising. In relation to any outstanding options under the SRSOS 2000, any such adjustment shall be subject to any necessary approval from HMRC. Any participant in the DABS or the 2014 DSBP for whom the Trustee holds Ordinary Shares as a bare nominee on behalf of the participant concerned may direct the Trustee in respect of the Ordinary Shares concerned, as to how to exercise the rights relating to such Ordinary Shares in connection with the Capital Raising. It is intended that any participant in the 2014 LTIP who holds an interest in Ordinary Shares jointly with the Trustee will be given the opportunity to agree with the Trustee how the rights arising in respect of the Capital Raising in relation to such jointly held Ordinary Shares should be dealt with as between the participant and the Trustee in accordance with their respective interests in such Ordinary Shares. In respect of any options, awards or other rights to acquire Shares that are outstanding under the Share Incentive Schemes and which are subject to performance conditions, such performance conditions may be amended in accordance with the rules of the relevant Share Incentive Scheme to take account of the Capital Raising, where this is deemed appropriate. Participants in the Share Incentive Schemes will be contacted separately with further information on how their options and awards will be affected by the Capital Raising.

I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?

If you hold Existing Ordinary Shares in certificated form and you have sold some or all of your Existing Ordinary Shares before 5 November 2020, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 3 November 2020, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

I hold my Existing Ordinary Shares in certificated form. How do I pay?

Completed Application Forms should be returned with a cheque or banker's draft drawn in the appropriate form. All payments must be in Pounds Sterling and cheques or banker's drafts should be made payable to "Link Market Services Limited re: **N Brown Group plc Open Offer A/c**" and crossed "**A/C payee only**". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

If you decide not to apply for any Open Offer Shares under your Open Offer Entitlement, or only apply for a proportion of the Open Offer Shares under your Open Offer Entitlement, your proportionate ownership and voting interest in the Company will be further diluted.

I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?

You should send your completed Application Form in the accompanying pre-paid envelope or returned by post or by hand (during normal office hours only), together with the monies in the appropriate form, to Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (who will act as Receiving Agent in relation to the Open Offer). If you post your Application Form by first-class post, you should allow at least four Business Days for delivery.

If you do not want to take up or apply for any Open Offer Shares, then you need take no further action.

I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?

Link Group (as Receiving Agent) must receive the Application Form by no later than 11.00 a.m. on 14 December 2020, after which time Application Forms will not be valid (unless otherwise determined by the Company). If an Application Form is being sent by first-class post in the United Kingdom, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

I hold my Existing Ordinary Shares in certificated form. When will I receive my new share certificate?

It is expected that the Receiving Agent will post all new share certificates within 5 days of Admission.

What should I do if I live outside the United Kingdom?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up Open Offer Shares under your Open Offer Entitlement or the Excess Application Facility. If you are an Overseas Shareholder, you should read the section "Overseas Shareholders" in Part 2 (*Terms and conditions of the Open Offer*) of this document for further information.

Further assistance

If you have any queries, please contact Link Group on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.30 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Capital Raising nor give any financial, legal or tax advice.

PART 4

INFORMATION ON THE GROUP

Investors should read this Part 4 (Information on the Group) in conjunction with the more detailed information contained in this document. Where stated, financial information in this Part 4 (Information on the Group) has been extracted without material adjustment from Part 7 (Historical financial information) of this document.

1. Introduction

N Brown is a top 10 UK clothing & footwear digital retailer, focusing on the needs of the under-served customer groups. The Group's wealth of experience over the past 160 years in making its customers look and feel amazing has led to it becoming a leader in fashion for plus size and older customers.

The Group operates through a portfolio of five main brands; three womenswear brands being JD Williams, Simply Be and Ambrose Wilson, one menswear brand, Jacamo and the Group's recently launched stand-alone homeware brand, Home Essentials. The Group employs over 2,000 colleagues and is headquartered in Manchester, with the main distribution centre being in Oldham.

N Brown also operates a financial services offering. This is an important part of the Group's overall proposition, strengthening customer loyalty and further enabling the retail business to thrive. In order to offer customers convenience and flexibility, the Group allows customers to pay either immediately or utilise a credit account for their purchases, spreading the cost of their purchase over time.

2. History and Background

N Brown was founded in 1859 by Manchester entrepreneur James David "JD" Williams, who pioneered catalogue based mail-order shopping. Over the years, the Group launched or acquired a number of mail order fashion brands which were primarily targeted at niche areas of the market, such as plus size or the mature fashion market. In 1963, Alliance Brothers Limited acquired the Group from the Williams family. In 1970, JD Williams was wholly acquired by Lord David Alliance and became part of his property company, N Brown.

The Group's other brands have been established in the last 50 years: Ambrose Wilson was launched in 1969 and has operated in the traditional market since then. In 1999, Simply Be was launched, offering an affordable range of plus-size ladieswear. In 2007, Jacamo was launched catering for 25 – 45-year-old men of all body shapes, from small to 5XL. JD Williams has evolved into an online boutique, offering fashion and home products for 45-65 year old women and their families. Finally, Home Essentials was launched as a standalone brand in April 2020.

The changing retail landscape and shopping habits of consumers has seen N Brown evolve into a digital retailer with a strategy focused on profitable digital revenue growth. As at the end of the first quarter of the financial year 2021, 91 per cent. of N Brown's revenue was digital, rising to 92 per cent. by the end of the first half of the financial year 2021.

3. Industry and Trends Review

3.1 UK Online Clothing and Footwear Market

N Brown operates in the UK online clothing market. Prior to the outbreak of COVID-19, the online clothing market was a rapidly growing segment of the UK apparel market. Since the outbreak of COVID-19, the online clothing and footwear market initially declined but has since returned to growth towards the end of May 2020[1]. The Board believes that N Brown is ideally positioned to capitalise on this growth, in turn gaining share through the focus of its core brands on under-served customer groups and clear segmentations of the online market. N Brown believes that its focus on both these under represented segments, in combination with its expertise, particularly around size and fit, will position it well to thrive in a highly promotional market where retailers must stand out from the crowd. The Group's current heartland offers a market size of £5.5 billion, however the refreshed strategy announced in conjunction with the Group's 2020 full year results unlocks access to new customer groups with a potential addressable market of £21.7 billion.

1 Source: BRC

In recent years the UK clothing market, like many industries across the UK has seen a significantly increased focus on sustainability. Increasingly customers, faced with a wide array of clothing options both on the high street and online, are driven away from brands which do not meet a level of focus on sustainability and their environmental impact. N Brown is committed to sustainable supply chains and sustainable business practice across its Product and Financial Services divisions. It has partnered with the Forest Stewardship Council (FSC) to ensure that timber-based packaging is as sustainable as possible. All swing tickets for Jacamo, Simply Be and JD Williams are sustainable, and proudly display the FSC approved logo. Over the past year, there has been a concerted effort to improve sustainability across plastic product and despatch bags. Product bags are now made from 50 per cent. recycled content, which is well above the statutory minimum of 30 per cent. Product bag sizes have been streamlined so the bags are smaller, requiring less plastic, and fewer bag sizes enable more efficient packing. Within the initial three month period of this financial year (March – June 2020), N Brown has saved 6,000 kgs as a result and the annual forecast (dependant on volumes) is expected to be around 90,000 kgs. To add to this, the product (clear) poly bags used in returns have been changed to 50 per cent. recycled content and the target for this initiative is to save 15,000 kgs of virgin plastic. Therefore, the total annual saving is expected to be approximately 105,000 kgs of plastic. N Brown continues to promote the philosophy that a transparent supply chain will allow for a more sustainable one. Factory audits and gradings are carried out by its supply chain partner, Verisio, who deliver comprehensive supplier audits including information on wages, working hours, general sustainability and ethical practices.

3.2 UK Consumer Credit

The UK consumer credit market has continued to grow as low interest rates and credit availability have remained prevalent. From December 2014 to December 2019, the total value of UK consumer credit grew from £168.9 billion to £224.3 billion, representing compound annual growth of 5.8 per cent.[1]

As the UK consumer credit market has grown, the retail credit market has faced increasing competition from other non-standard lending products. In response to this increased competition, the Group continues to look at ways to improve its offering and innovate within this space utilising data analytics to create the optimum products for its customers potential needs. In the financial year to February 2020, the Group launched a pay no interest offer, up to 6 months, alongside competitive headline rates and a discount for opening a credit account across Simply Be, Jacamo and JD Williams. The Group recognises that innovation is key to its success and one way in which it is innovating in the financial services space is to partner with leading fintech company Aire. Through the use of data and analytics, this has provided additional insights to augment existing credit bureau data and models when assessing affordability and improve credit decisions, leading to better outcomes for customers.

3.3 Competitive Landscape

In 2019, N Brown was ranked number six within the UK online clothing and footwear retailers, which also included some of its main competitors such as M&S, Next and Very. The Directors and the Proposed Director estimate that it currently holds a share of approximately 3 per cent. of the online womenswear market and a share of approximately 2 per cent. of the online menswear market.

In their core market, the online plus size market, the Directors and the Proposed Director estimate that N Brown is a leader for womenswear size 20+, with approximately 29 per cent. market share.

4. Business Overview

4.1 Product

4.1.1 *Brands*

N Brown operates through a portfolio of five main brands; the Group's womenswear brands are JD Williams, Simply Be and Ambrose Wilson, its menswear brand is Jacamo and Home Essentials is its stand-alone homeware brand.

JD Williams is an online boutique experience showcasing fashion and home product for women aged 45-65.

---

1 Source: Bank of England: Statistical Release: Money and Credit: December 2014, 30 January 2015 and Bank of England: Statistical Release: Money and Credit – December 2019, 31 January 2020

Simply Be is an online fashion and beauty brand for plus size women aged 25-45.

Ambrose Wilson is a womenswear fashion led brand supported by Home, available online and offline, that truly values the mature customer aged over 65.

Jacamo, is an online fashion and grooming brand for plus size men aged 25-50.

Home Essentials is a standalone one stop home brand focused on modern homeware and enabled by a credit offering. The target customer will be young families with children at home.

4.1.2 *Key Financial Highlights*

In financial year 2020, Group revenue declined 6.1 per cent. to £858.2 million, driven by a 7.8 per cent. decline in product revenue and a 2.7 per cent. decline in financial services revenue.

Product revenue declined as a result of the continued managed decline of the legacy offline business, the shift in focus away from USA and the impact of the closure of the store portfolio in the prior years. Excluding stores and USA, product revenue was down 5.7 per cent.

The Group's successful transformation to a leading digital retailer continues, with digital sales accounting for 92 per cent. of product revenue during the first half of the financial year 2021, an increase of 8 percentage points over the last 12 months. In the financial year 2020, digital revenue grew by 0.2 per cent.compared to financial year 2019 and was ahead by 5.5 per cent. for N Brown's Womenswear and Menswear brands combined.

Womenswear revenue was down 1.3 per cent. in the financial year 2020 as N Brown continued to reduce unprofitable marketing and offline recruitment. However, in line with its strategy, Womenswear digital revenue increased 5.5 per cent. in the year. JD Williams revenue was down 4.0 per cent. but digital revenue grew 2.0 per cent. compared to the previous period. Simply Be grew revenue by 6.6 per cent. during the period excluding stores and reported an 8.2 per cent. growth in digital revenue compared to the prior period. Ambrose Wilson revenue was down 11.5 per cent. but the Group's focus has been on growing its digital revenue which increased 10.5 per cent. in the period – the highest digital growth rate of any of the brands. Menswear, which is the Jacamo brand, increased revenue by 4.5 per cent. and delivered digital revenue growth of 5.5 per cent. in the year.

4.1.3 *Competitive Strengths*

The Group's brands target the key demand drivers, for example affordability or trend led products, for each of the respective under-served markets they operate within, to target delivering the optimum product range for each of their customers. The Board believes that the re-defined brand architecture gives each brand real clarity of proposition and appeal in the chosen markets and increases the addressable market by extending the Group's reach to a broader set of customers to drive growth.

The Group's proprietary design and fit technology has allowed it to innovate and rapidly develop fashionable and great fitting clothes that leave the customers satisfied and likely to return to their favourite N Brown brand time and again.

In 2019, N Brown won the Drapers Digital Awards for the Best Use of AI (Artificial Intelligence). The award recognised the work of the Group's Personalisation Squad who, using AI, addressed the issue of abandoned baskets with positive results; achieving an increase in conversion rates and reducing abandonment. N Brown won the Best Use of AI once again at the 2020 Drapers Digital Awards for its work on Customer Lifetime Value Modelling.

One of N Brown's key strengths is in its ability to offer its customers a payment solution that suits their circumstances through its Financial Services division. This is an important part of the Group's overall proposition, strengthening customer loyalty.

4.1.4 *Marketing*

Over the last two financial years, N Brown has reduced the total amount spent on marketing and focused on customer lifetime value modelling and more efficient marketing channels, with an increased focus on social media. N Brown has a multi-channel marketing strategy and utilises TV, outdoor press, digital and social media advertising to increase awareness of its brand and product offering.

4.1.5 *Technology and Data*

The Group continues to invest in its core technology platforms to streamline digital user experience in both the Product and Financial Services areas. The Group's IT squads are driving continuous improvements to its apps, which are expected to deliver higher conversion rates and a better customer experience.

The Group's size and fit recommendations service powered by the US innovator True Fit, is now live across JD Williams, Simply Be, Ambrose Wilson and Jacamo. The service aims to improve confidence when purchasing and reduce the number of times customers buy multiple sizes to find their perfect fit, reducing returns rates.

N Brown is working with Bloomreach which uses machine learning and artificial intelligence technologies to offer advanced merchandising tools that optimise and personalise each customer's digital experience. This includes the capability to serve every customer a personalised product list based on their preferences. Bloomreach is live on Jacamo, SimplyBe, Home Essentials, JD Williams and Ambrose Wilson.

N Brown recently launched its automated returns facility at its warehouse in Shaw, Oldham. This investment delivers benefits to the customer through faster refunds, better stock availability and improved presentation of items returned to stock. It will also deliver operational benefits, by removing 66 per cent. of receiving and sortation activity.

4.1.6 *Design Process*

N Brown has an in-house design team who design products across all categories and brands, including footwear and homeware. Making clothes in larger sizes is a significant skill – it requires sealing samples on a range of sizes, not just 'scaling up', understanding how body shapes change as dress sizes do, how to interpret trends to ensure clothes still flatter, and how to tailor and use specific materials so that N Brown's customers look and feel amazing irrelevant of their size.

N Brown owns its own body scanner to continually scan its customers: capturing data for all age profiles, sizes and gender to understand their body shape and not just be completely size centric. Great fit is determined by adjustments for posture, proportion and shape and not just measurements which is why N Brown is creating customer centric fit by brand.

N Brown uses all the scan data to create basic garment pattern templates called blocks which incorporate all the learnings on the above from the scans to standardise fit across styles as well as innovate fit to accommodate plus size growth and posture changes through ageing.

A further output of the body scan data is the creation of the Group's own 3D avatars by brand to enhance 3D style concept visualisation on real body shapes leading the way eventually to virtual fitting. 2D pattern creation continues to evolve. The next phase of creating styled patterns from the Group's in-house designs in order to visualise new designs in 3D and review in a virtual world prior to the sample making process with the supplier is well underway. This new 3D development process was completed for nightwear in Spring/Summer2020/Autumn/Winter2020 and the Group is looking to scale the process across a phased transition to all product categories. Benefits to date include, a significant reduction in development lead times, cost price reductions and the ability to allow N Brown to develop styles right first time.

4.1.7 *Suppliers and Sourcing*

The Group has moved towards fewer, better, more efficient and timely suppliers in recent years. There has been a consolidation of suppliers from a total of 1,648 suppliers in 2019 to 982 at June 2020; 25.7 per cent. of the Group's total cost of goods sold is sourced from its 15 largest suppliers.

The key focus of N Brown's sourcing strategy is to rebalance the sourcing mix, with an increased mix of UK and European sourcing, to ensure that it can serve its customers through flexibility and delivering key products and trends at the right time. China remains the key territory for homewares, however the Group's sourcing from China decreased this year as it explores new territories to support an improved service level. The revised sourcing strategy has not only improved availability by enabling the Group to buy back into best sellers within weeks but has also driven a reduction in stock cover.

The Group focuses on working closely with suppliers to build partnerships that promote responsible sourcing and build clear strategies that ensure all workers are respected, treated fairly and work in safe conditions. N Brown undertakes robust checks for all new suppliers by using the Ethical Trade Initiative base code (which is an internationally recognised set of labour standards) which covers the following areas:

- No forced labour
- Freedom of association and right to collective bargaining are respected
- Safe and hygienic working conditions
- Child labour shall not be used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practised
- Regular employment is provided
- No harsh or inhumane treatment.

N Brown collaborates with several organisations such as ETI (ethical trade initiative), UN Global Compact and ACT Living wage projects (Action Collaboration and Transformation) to ensure the Group maintains key relationships with third parties to ensure that informed decisions and actions can be implemented where required.

4.1.8 *Warehouse and Distribution*

N Brown's main distribution centre in Shaw, Oldham is freehold and is approximately 1,106 thousand sq. ft in size, holding approximately 9.75 million items. Its smaller distribution centre in Hadfield, Glossop is also freehold and is approximately 842 thousand sq. ft in size, holding approximately 255,000 items. The Group despatches over 15 million parcels a year to customers or approximately 34.5 million units. The Group works with a number of distribution and imports partners including Hermes, Parcel Force, DHL, Arrow XL, Uniserve, Fastway couriers and Kerry Logistics offering Standard, Next Day and Nominated Day Delivery and some products are despatched direct from the supplier.

4.2 Financial Services

4.2.1 *Overview*

N Brown started offering credit to its customers in 1982 as a traditional catalogue credit offer. Now the role of financial services is to support customers and make shopping more convenient and flexible, whilst providing affordable financial services to customers who are under-served by mainstream lenders.

The Group's in-house financial services model is a key differentiator and gives N Brown a strategic advantage over most other retailers in the market. The vertically integrated retail and financial services model allows the Group to make lending decisions which collectively assess the risk across the Group, unlike mainstream lenders. Combining data across retail and financial services, the Group provides integrated personalised offers, targeted to each customer and their shopping needs. By leveraging significant quantities of historic customer base data, aligned to the latest risk appraisal techniques, N Brown can make better lending decisions at application and through the customer lifecycle. N Brown has approximately 2.1 million active credit accounts and the quality of the customer base has been continually improving (with the arrears rate having decreased from 9.9 per cent. in FY2017 to 8.5 per cent. in FY2020).

4.2.2 *Key Financial Highlights*

In financial year 2020, financial services revenue decreased 2.7 per cent. to £290.5 million. Revenue was lower in the year as a result of lower product revenue and proactive measures on the implementation of credit limit increases and affordability assessments. In the year, credit account interest was down 1.5 per cent. reflecting management initiatives such as risk-based pricing. This decrease was accompanied by a 13.4 per cent. reduction in other financial services revenue as a result of lower admin fees. More than 80 per cent. of sales are on credit, with 72 per cent. advance rate funding from the debt securitisation facility.

4.2.3 *Key Products*

N Brown currently offers customers a single revolving 'credit card' style product with agreed minimum payments. Representative annual percentage rate ("APR") rates for new customers of 29.9 per cent. or 39.9 per cent. are offered to new customers aligned to an interest free period of up to 6 months. The Group operates a risk based pricing model and periodically re-prices established customers where a change in risk profile is noted.

4.2.4 *Customer Profiles*

N Brown credit customers spend around 5.25x that of cash only customers. Established customers are offered significantly higher credit spending power as their relationship with N Brown develops. On average, approximately 97,000 new account applications are received each month, with approximately 29 thousand converting to accounts where product is dispatched, as applications flow through the Group's detailed credit and risk frameworks.

4.2.5 *Customer Loan Book*

N Brown is managing its customer loan book to further improve its quality and reduce bad debt rates. For financial year 2020 the customer loan book (presented as 'Amounts receivable for the sale of goods and services' in the Annual Report and Accounts of N Brown for the 52 weeks ended 28 February 2020) was £656.9 million and there has been a steady reduction in the IFRS9 bad debt provision ratio from 17.9 per cent. at the beginning of financial year 2019 to 10.9 per cent. as at financial year 2020. The Group has achieved this by focusing on credit limit management for new and established customers.

4.2.6 *Regulation*

N Brown is regulated by the FCA and, over the last 18 months, there has been a significant amount of industry-wide regulatory change. N Brown is committed to improving outcomes for customers and has made several changes to policies and procedures over the past few years to do this and ensure full compliance with regulation. N Brown is facing two particular headwinds in Unsolicited Credit Limit Increases ("UCLI") and persistent debt.

UCLI was introduced in 2 phases with the first phase starting in March 2019. Changes were made to the credit limit increase process whereby customers were given 30 days before any proposed increase in a credit limit was applied and were provided the option to 'opt-out'. Further rule changes came into effect as part of phase 2 in December 2019. Customers were given more control over credit limit increases by giving them the option to 'opt-in' vs. 'opt-out' when signing up for credit and providing options to change their preference throughout the customer lifecycle. On phase 2, N Brown also introduced hard policy rules around arrears and persistent debt. These changes have reduced the number of credit limit increases that are offered to customers.

Persistent debt is defined as where, over a period of 18 months, a consumer pays more in interest, fees and charges than they have repaid of the principal. From June 2019, N Brown communicated with customers identified to make them aware of the implications of continuing to make low repayments and sign-post the customers to not-for-profit-debt-advice. From March 2020, N Brown sent a further reminder to customers at 27 months whose payment profile indicates that they would still be in persistent debt by December 2020. Finally, N Brown is required to take intervention starting in December 2020 by proposing ways to help customers repay their balance more quickly and within the defined reasonable period (3-4years), for example by increasing their minimum repayment level or transferring their balance to a fixed sum fixed term loan.

N Brown expects that the steady improvement in the quality of its debtor book and the changes that it has made in response to the new regulatory environment will have further medium-term consequences for the performance of its Financial Services business. Improved credit quality has reduced the IFRS9 bad debt provision; N Brown's IFRS9 bad debt provision ratio declined to 10.9 per cent. as at the end of the financial year. This compares with a 17.9 per cent. provision when IFRS9 was first introduced at the start of FY19. Changes to N Brown's policies and procedures, specifically the embedding of new measures around affordability and the introduction of new rules concerning credit limits – effective March and December 2019 – and persistent debt, some of which took effect in March 2020 and the rest of which are due to take effect in December 2020, will have a significant influence on the size and shape of its debtor book (that is, reduce the size of it). The Group continues to assess its strategies to mitigate the impact of these changes, including the phased introduction of new financial products and further reductions in its operating cost base.

4.2.7 *Assessing Customer Creditworthiness*

The Group bases its creditworthiness assessment on appropriate and proportionate customer-level and statistical information obtained from credit reference agencies and from internal data. To ensure fairness to customers, the Group's creditworthiness assessment consists of determining the risk to the customer of not being able to make repayments in accordance with the agreement ('affordability risk') and the risk that the customer will not make repayments under the agreement ('credit risk'). The Group uses Experian market leading Credit Risk Decision Systems for applying both originations and existing customer credit strategies and creditworthiness assessment. To be approved for a N Brown credit account a new customer must pass both the credit risk and affordability assessments.

4.2.8 *Collections*

The Group has a clear and defined approach to customer arrears that balances the commercial objectives of the business with the need to treat customers fairly, thus ensuring the promotion of good customer outcomes. N Brown recognises that an individual customer's personal circumstances can change due to unforeseen events and could result in a customer falling behind on their repayments. The Group has a dedicated Customer Recovery inbound team who manage customer calls and correspondence for those customers experiencing financial difficulty. When financial difficulty is identified, the team engages with the customer to understand their current financial circumstances and agree a mutually agreeable solution that provides appropriate forbearance. Ultimately, it is in both the customer and the Group's interests to move out of arrears. Consequently, customers managed out of arrears generally have the opportunity to return to trade, i.e. have their credit limit re-instated (unless they have requested to have their account closed). In 2012, the Group introduced a debt sale process whereby various customer cohorts are sold at both fixed and ad hoc intervals throughout the financial year. All customer accounts identified are sold on the basis that the customer would demonstrably benefit from having their wider debt position managed by a specialist external debt purchase agency.

4.2.9 *Write Off Policy and Procedures*

Customer balances enter into a write off process once they have missed 4 payments (for customers who are classified as being new to Financial Services) or 5 payments for established customers. Thereafter, the customer is issued a default notice (at which point a customer can still bring their account up to date). A transfer of ownership letter follows, and the account progresses to charge off, ensuring that the required legal and regulatory process is followed. Following this process, accounts will be sold to third party debt collection agencies where deemed appropriate.

4.2.10 *Fraud*

All customer transactions are monitored through the application of rules which identify orders that require review before being executed. If fraud is suspected, these are passed to the Fraud Team (comprised of 3 key functions) for review:

Account Protection – This team reviews referred orders to prevent fraud. Referred orders are those which meet a certain threshold or trigger a series of rules which hold the order pending review;

Fraud Investigations – This team is a contact point for victims of fraud where their details have been used to order goods from the Group; and

Credit Control – This team liaises with the credit reference agencies to resolve credit file disputes / liaise with customers where an order is cancelled due to credit limit issues. Fraud and fraud prevention activity is reported via the Credit Risk Committee.

4.2.11 Financial Services Governance

Following the implementation of the Senior Managers and Certification Regime for FCA solo regulated firms in December 2019, N Brown committed to uplift the governance relating to its financial services business through the inception of a new Financial Services Board Committee ("FSB"). The FSB is responsible to the Board for the oversight of N Brown's financial services business in relation to its financial services activities and setting its values and standards. The FSB is also responsible for the oversight and development of culture and approval of long-term objectives and strategy in relation to the financial services business. The FSB establishes strategy and risk appetite and approves capital and plans presented by management for the achievement of the strategic objectives it has set.

The FSB is a committee of the Board and is chaired by Vicky Mitchell, an independent Non-Executive Director with industry-specific expertise. The FSB comprises 4 independent Non-executive Directors, including Vicky, and meets quarterly. There are 4 further committees:

The Financial Services Operating Committee (FSOC): reports to the Executive Board and FSB. The purpose of this committee is to assist the CEO of Financial Services in the performance of their duties and provide effective oversight of the financial services business including the development and implementation of strategies to meet the overall objectives of the financial services business, oversight and monitoring of the overall financial and operational performance of the financial services business against approved plans, and oversight of the financial services risk profile (credit, conduct, operational, regulatory and financial crime risk (including risks managed outside the financial services business that impact financial services);

The Credit Risk Committee: responsible to the Financial Services Operating Committee for the oversight of retail credit lending risks ensuring that the Group operates within agreed parameters set out in the lending policy and overall risk appetite statement set by the N Brown Board. The purpose of this committee is to review and provide direction on all elements of credit risk management including but not limited to; credit portfolio performance; arrears and forbearance; scorecard performance; credit strategies; model deep dives and IFRS 9;

The Financial Services Operations, Regulatory and Customer Conduct Committee: responsible to the Financial Services Operating Committee for the oversight of financial services operational, regulatory and conduct risks ensuring the business operates within the relevant risk appetite approved by the N Brown Board. The purpose of this committee is to review the operations of the financial services business and to ensure that the systems and controls the Group has in place are sufficiently robust to manage operational, compliance and conduct risks effectively and consistently deliver fair outcomes for customers. Where it is deemed that this is not the case, it will make recommendations to implement remedial action and monitor these through to completion; and

Commercial Committee: to exercise oversight of the commercial and trading decisions made in Financial Services across other areas of the Group that have a material impact on the financial services business ensuring these are properly considered and documented.

5. Group Strategy

Competitive strengths

The Group's principal strengths are:

1. **Digital retailer with a distinct brand offering to an underserved target market –** N Brown is an inclusive digital retailer, focusing on the needs of underserved customer groups. The Group benefits from a strong core, reliable and long-standing customer base with increasing digital penetration, 92 per cent. in the first half of FY21. Without N Brown, 11 million+ customers would have fewer or less adequate desirable options available. The distinct and clear brand proposition with four Apparel brands and one mainstream Home brand stands out in the market and attracts a broad range of customers, with the Home brand boosting cross-sell opportunity.

2. **Differentiated Financial Services proposition –** N Brown's convenient and personalised credit provision strengthens its existing customer base and increases its appeal to new customers. N Brown is a proven credit provider, operating in the retail finance market and competing with other popular market-standard offerings. Credit customers typically place more orders than cash customers, have greater purchasing ability and are more loyal. Approximately 80 per cent. of N Brown's customers are C1, C2, D, E socio-demographic groups, while almost 50 per cent. of N Brown's credit customers are not in work due to retirement or unemployment and just over one in three of N Brown's credit customers are over 60 years in age. There is significant scope to extend the credit offering to a wider range of customers in order to drive increasing incremental retail demand.

3. **Appealing structural growth drivers –** N Brown's digital business model is well positioned to capitalise on the ongoing shift to online retail, expedited by COVID-19. In the UK, the online clothing and footwear market is forecast to grow by 6.5 per cent. per year for the next five years. In respect of the Group's market share, its key target markets are the mature age groups, with a higher percentage of customers being aged 45 and above. N Brown is the market leader for online womenswear size 20+, significant opportunities exist for the Group to leverage its brands online to gain market share in existing markets and expand into new customer categories, enabled by the investment in data and technology. N Brown's current heartland offers a market size of £5.5 billion, however the refreshed strategy unlocks access to new customer groups with a potential addressable market of £21.7 billion, within which retail credit is expected to grow between 3 per cent. – 7 per cent. per annum over the next two years, reaching £12 billion by 2022. The standalone Home brand supported by Financial Services presents a large opportunity, market size of £15 billion with the Group's Financial Services offering being a key differentiator.

4. **Highly profitable with strong underlying operational cash generation –** N Brown generates significant and recurring cashflows driven by its complementary Product and Financial Services customer proposition. The integrated nature of these offerings serves as an attractive characteristic for online retailers and customers. The Group is highly profitable having achieved gross profit margins consistently greater than 50 per cent. in recent years. Furthermore, N Brown enjoys material operational leverage which when viewed alongside clearly identified cost-saving initiatives present a clear path to further increasing profitability, cash generation and shareholder value.

Strategy

During FY20, N Brown undertook a detailed review of its strategy focused on returning the Group to sustainable growth and built a plan based on driving profitability through the Retail business, whilst defending the Financial Services business. N Brown has successfully restructured its operating model and the Directors and the Proposed Director believe that the refreshed strategy is the right one to deliver sustainable long-term growth, completing its transformation from a traditional to a digital retailer. The Directors and the Proposed Director believe that the Group's refreshed strategy will enable it to improve efficiencies, accelerate growth and address the key drivers of historical underperformance.

With the proposed strengthened capital structure in place and less restrictive leverage, the Directors and the Proposed Director believe that the Group would be better positioned to capitalise on market

opportunities, accelerate its growth strategy and be more agile to respond to any headwinds under a refreshed and strengthened leadership team at the helm.

Over the last two financial years, the Group has undertaken a significant restructuring programme which has created the right platform for sustainable growth. Digital penetration and capabilities have significantly increased, international markets have been exited and the store estate has been closed. The executive and senior leadership team has been refreshed, with a clearer strategic focus and the cost base is now more appropriate for a digital retailer, with further cost saving opportunities identified.

N Brown has put in place the building blocks for implementing the refreshed strategy and will now begin an "accelerate" phase driven by five growth pillars which have been developed to reflect the focus of the business and the external environment:

1. Distinct brands to attract broader range of customers
2. Improved product to drive customer frequency
3. New Home offering for customers to shop more across categories
4. Enhanced digital experience to increase customer conversion
5. Flexible credit to help customers shop

These growth pillars will be underpinned by people and culture, data and a sustainable cost base appropriate for a digital retailer. Combined, these elements will deliver a sustainably more profitable and higher free cash flow generating business.

1. Distinct brands to attract broader range of customers

N Brown undertook a thorough review of the markets in which it operates, which highlighted that it is serving a specific set of customers well but needs to extend its reach to a broader set of customers to drive sustainable and profitable growth. This would require a rationalised portfolio of brands with clearer, more focused propositions. As a result, from FY21, N Brown has simplified its portfolio of brands to four apparel brands, supplemented with one standalone home brand. The Group's clear brand proposition will standout against the market and each other, quadrupling the addressable market within apparel. The brand architecture and target customer segments are as follows:

- **Simply Be** – an online fashion & beauty brand for plus size women, targeting plus size women aged 25-45.
- **Jacamo** – an online fashion & grooming brand for plus size men, targeting plus size men aged 25-50.
- **JD Williams** – an online boutique experience showcasing fashion and home product for 45-65 year old women.
- **Ambrose Wilson** – a womenswear fashion led brand supported by home, available on and offline that truly values the mature customer.
- **Home Essentials** – a standalone one stop home brand focused on modern homeware and enabled by a credit offering. The target customer will be young families with children at home.

N Brown's other brands will either be folded into the rationalised portfolio or gradually wound down. The Group will continue to be focused on protecting its loyal and valuable customers to ensure that they continue to receive the product they want and the customer service they have come to expect. This refined brand strategy ensures that N Brown's brands have a clear proposition, appealing to distinct customer segments in order to return N Brown to sustainable and profitable growth.

2. Improved product to drive customer frequency

Refining and improving N Brown's product offering is key to driving its new brand propositions, encouraging customer loyalty and frequency. N Brown will focus on three key areas:

- Improve product 'handwriting' through clearly defined designs for each brand, investing in fabric, quality and consistency of fit. N Brown's focus will be on delivering trends for customers at the right time in the right way. This will result in a better product, which is more relevant to customers, thereby driving loyalty.
- Renew its 'good / better / best' product architecture. This will be done through increasing the importance in N Brown's 'own designed' ranges in Womenswear, Menswear and Home, better curation of branded products and a well-defined and responsive pricing strategy. These initiatives will help to drive increased order frequency and customer loyalty.
- Continue to focus on ethical and sustainable sourcing, ensuring a consistent and consolidated supply base. N Brown's proactive approach has resulted in a 50 per cent. supplier reduction in the last 18 months and will increase the mix of UK and European sourcing to increase flexibility and speed to market. By evolving its sourcing model, N Brown will be able to respond with increasing flexibility to shifting customer demands, while reducing its lead times.

3. New Home offering for customers to shop more across categories

Previously, N Brown's Home proposition extended across its apparel brands with no consistent, curated offer. The separation of its Home offering from the apparel brand sites represents a significant market opportunity for the Group, enabling cross sell into its existing apparel-focused customer base and attracting new customers.

N Brown's new Home Essentials trading website launched on 1 April 2020 and is a standalone Home brand targeting young families who are balancing their budgets. The brand focuses on soft furnishings, helping customers "dress their home," while still providing access to larger items and white goods.

The Home Essentials launch was timely, coming just one week after commencement of the "UK lockdown". The launch had an immediate impact on the Group's Home sales and the strength of demand has subsequently been sustained, demonstrating the exciting opportunity that this presents for the Group.

4. Enhanced digital experience to increase customer conversion

N Brown will invest to support its strategic priorities, improving its digital capabilities and ultimately improving the customer experience with better search along with size and fit recommendations. Through FY20, N Brown substantially changed how it delivered technology projects, moving away from largescale, waterfall delivery to a more agile methodology focused on driving frequent, incremental value gains. Working under this methodology has already delivered a new Home Essentials trading website, Android and iOS apps for JD Williams, Simply Be, Jacamo, Ambrose Wilson and Home Essentials and Artificial Intelligence enabled search. The Company has taken a mobile first design principle following the market trend for increased sales through mobile devices. Simply Be will be the first brand to benefit from it, with others to follow thereafter.

For the next two financial years, the Group will focus on progressing N Brown with a "digital first" mentality. Its investment will be focused on new front-end websites, providing significant benefit to the customer experience, and improving site speed to drive performance of organic search. In addition, N Brown will invest in a new Financial Services platform to support new credit products, increasing customer satisfaction.

5. Flexible credit to help customers shop

N Brown's credit proposition is a key differentiator. It enables N Brown to provide convenient financial services to customers, while using data to provide personalised and targeted offers. N Brown's credit customers are also loyal to N Brown and have improved purchasing power, helping to drive demand for its products.

N Brown is resolutely focused on continuing to provide convenient financial services to its core customers, delivering ongoing improvements to customer outcomes and, at the same time, continuing to improve the quality of the debtor book. As the refined brand propositions attract a broader and more affluent section of the market, N Brown will develop new financial products that are familiar to these customers and drive higher volumes of full price incremental retail sales. The new financial services platform will support the delivery of these new credit options.

N Brown will also enhance its use of data sources and analytical tools and techniques to improve its lending proposition. Its partnership with Aire Labs is already driving incremental improvement and the Group sees further opportunities in this area.

Finally, flexible credit is a key enabler of the new Home proposition which will allow the Group to compete within the market by ensuring the relevancy and appeal of its Home products.

These five growth pillars will continue to be supported by N Brown's key enablers:

People and Culture

Underpinning N Brown's refreshed strategy is its people. It is fundamental that N Brown creates the right culture within the business to allow colleagues to thrive and deliver a great experience to its customers. Within the last 12 months, N Brown has hired a new CFO, Chief Brand Officer, CEO of Financial Services, CEO of Retail and Director of Strategy Transformation. In addition to this, almost a third of its senior leadership team has joined the business within the last 18 months, bringing in further relevant capabilities to support the business. The Group has also re-aligned its organisation design to support the needs of a digital retailer. Multi-functional trading squads are now in place, focusing on each brand and driving high quality performance.

Data

The use of data within the business is key to powering its refreshed strategy and N Brown is prioritising building on the foundations that have already been put in place in the last year.

N Brown will continue to increase its use of data across the business to get to know its customer better and drive continued efficiencies in revenue, marketing and product ranging. N Brown has enhanced its use of data by implementing Bloomreach to increase data driven search across its sites. N Brown has also improved financial services decisioning and customer outcomes through partnering with the fintech company Aire Labs.

Enhanced KPI reporting has already been implemented to improve visibility of operational performance and current trading, allowing informed decisions to be taken on a timely basis.

Sustainable cost base

Key to enabling the refreshed strategy is an appropriate cost base which will help build retail profitability. As part of N Brown's review of strategy, it undertook a thorough benchmarking analysis of its cost base. This activity identified two cost areas which were higher than peers: marketing expenditure and payroll & admin.

N Brown began a cost reduction programme in FY20, with a 13.8 per cent. reduction in marketing spend achieved by removing unprofitable expenditure through attribution modelling and a focus on driving more efficient marketing channels. This will be accelerated in FY21 with more data-led initiatives to further reduce spend and improve efficiency. N Brown also expects payroll & admin to be lower, in-line with continued head office efficiencies and creating the right, sustainable cost base for a digital retailer.

There is further scope to focus on operating efficiencies in light of recent, unprecedented events. In addition to its focus on reducing operating expenditure, N Brown also has a strong emphasis on working capital efficiency to drive future cash generation.

Summary

The Directors and the Proposed Director believe that the Group has developed a clear and compelling strategy to unlock significant addressable market potential in the future, based on five deliverable pillars and underpinned by three enablers. The Directors and the Proposed Director are excited about the opportunity for N Brown to return to growth, building on the strong platform that has been created through the strategic restructuring, with a priority to deliver long-term, sustainable shareholder returns.

6. Real Estate and Leases

N Brown has 3 principal, unencumbered freehold properties. The main distribution centre in Shaw, Oldham, a smaller distribution centre in Hadfield, Glossop and the Head Office, Griffin House in

Manchester. Properties on the Group's balance sheet as at 29 February 2020 had an original balance sheet cost of £59.1 million.

7. Health, Safety and Environment

In order to continue operations safely, N Brown has made a number of changes to ensure that it strictly follows the Public Health England guidelines on social distancing. The layout of distribution centres has been re-organised to maintain social distancing, introducing one-way routes, increased points of access and exit, staggered entry and exit times and clear floor markings. Usual cleaning regimes have been increased and additional hand washing stations have been introduced. Whilst the majority of Head Office colleagues are now working from home, a small number of critical financial services and operational team members continue to work on site, providing support to other teams and servicing N Brown's customers. A number of changes have been made to the Head Office to ensure that social distancing guidelines are being met and that the workplace is Covid secure for the colleagues who work on site. Strict social distancing guidelines have been introduced with enhanced hygiene and cleaning protocols implemented at all sites. UK standard protocols have also been implemented at the Group's sourcing office in Dhaka. The Dhaka office reopened in August and continues to receive briefings from the UK sourcing team three times per week. The Dhaka team provide key local updates to the business on the COVID-19 situation across Bangladesh.

The Group publishes its GHG emissions across its direct operations and supply chain, with annual targets aimed at reducing emissions and increasing the sustainability of packaging across its brands.

8. Insurance

The Directors and the Proposed Director believe the Group maintains insurance policies customary (including the terms of, and the coverage provided by, such insurance) for the industry in which it operates to cover certain risks. The Directors and the Proposed Director consider the Group's insurance coverage to be adequate both as to risks and amounts for the business the Group conducts. The Group also has directors' and officers' insurance.

9. Regulatory Disclosures

The following is a summary of the information disclosed under the Market Abuse Regulation over the last 12 months which is relevant as at the date of this document.

9.1 Trading Updates

In May 2019, N Brown announced its full year results for the year to 2 March 2019. The Group highlighted its ongoing transformation to a digital retailer with revenues of £914.4 million, a reduction of 0.8 per cent. versus the prior year. Growth in the customer loan book (presented as 'Amounts receivable for the sale of goods and services' in the Annual Report and Accounts of N Brown for the 52 weeks ended 29 February 2020) of £34.6 million to £682.2 million drove financial services revenue growth of 10.8 per cent., albeit with a gross margin reduction to 54.4 per cent., primarily as a result of the impact of IFRS 9. Group profit before tax and exceptional items grew 2.5 per cent. to £83.6 million on an adjusted basis, however on a statutory basis the Group reported a loss before tax of £57.5 million. The statutory loss before tax was driven by £145.6 million of exceptional items, largely relating to legacy issues. The Group confirmed a full year dividend per share of 7.1 pence, a reduction of approximately 50 per cent. on the previous year.

Alongside the full year results, N Brown announced a refocussed customer centric strategy focussed on profitable, digital growth to ensure that the Group's brands and product proposition continue to improve and resonate with customers.

The Group also simultaneously provided guidance for the financial year to 29 February 2020 including, but not limited to: product gross margin to be flat to 100 basis points off, financial services gross margin to be flat to 100 basis points off and net debt to be in the range of £440 million to £460 million.

N Brown next updated the market on its first quarter performance in June 2019 with positive product digital revenue growth of 3.0 per cent. and financial services revenue growth of 8.0 per cent. However, total revenues for the Group were off 3.8 per cent. on a year on year basis,

reflecting the Group's strategy of reducing unprofitable marketing and recruitment. The Group reiterated its guidance for the financial year 2020 at this point.

N Brown reported its half year results for the 26 weeks to 31 August 2019 in October 2019. The Group saw a year on year decline in revenue of 5.4 per cent. to £432.9 million, however statutory profit before tax grew 169.4 per cent. to £18.8 million and adjusted profit before tax grew 3.9 per cent. to £31.8 million. The Group also announced net debt growth to £481.6 million, in line with guidance owing to an increase in customer redress claims ahead of the August deadline for payment protection insurance ("PPI") claims. The Group declared a flat interim dividend of 2.83 pence.

Following the deadline for PPI information requests and complaints, the Group announced that volumes had increased significantly in the weeks leading up to the deadline. With volumes exceeding even the Group's heightened expectations, N Brown announced that it would make a further provision in the range of £20 – £30 million which would result in net debt being £20 – £30 million higher than the guidance previously provided of £440 – £460 million. The Group also changed its guidance on both product and financial services gross margin to reflect market conditions and its operating cost guidance to reflect increased operational efficiencies.

On 16 January 2020, the Group provided its trading statement for the 18 weeks to 4 January 2020 which included robust digital revenue growth but with a decline in total revenue growth of 5.0 per cent. Owing to a lower than expected benefit from the IFRS 9 non-cash provision estimate, combined with lower than anticipated financial services revenue due to industry-wide regulatory issues, the Group announced it expected adjusted profit before tax to be in the range of £70 to £72 million.

In light of the growing impact of the COVID-19 pandemic on all aspects of life in the United Kingdom, N Brown issued an unscheduled update in March 2020 setting out measures the Group was taking to ensure its stakeholders' safety and mitigate the unprecedented difficulties facing the Group as a result of the pandemic. These included a raft of measures to reduce costs and preserve liquidity during both the lock down phase and thereafter. The Group announced it had £62.8 million of liquidity as at 20 March 2020. At this point the Group also announced that it expected adjusted profit before tax to be below the previously stated range of £70 to £72 million due to the impact of COVID-19 on the financial year 2020 IFRS9 bad debt provision and felt it inappropriate to provide guidance for the financial year 2021.

On 19 May 2020, the Group provided a further unscheduled update on trading and financing facilities in light of the sustained impact of COVID-19 on its operations. At this time, the Group flagged that, during the previous six weeks, trading had improved from the lows experience during March. In this six week period, the Group saw significant growth in its Home & Gift categories, up 74 per cent., but continued weakness in apparel sales, down 48 per cent. Within apparel, offline sales declined significantly more than digital sales. Its financial services business continued to provide consistent streams of both revenue and cash inflows. Through focused operational activity and the migration of more credit customers to automated payment methods, cash collections were in line with those of the prior year. In line with the FCA's Covid-19 Guidance, the Group offered customers in financial difficulty as a result of COVID-19 the option to defer payments for 3 months. Consequently, the Group expressed an expectation to see cash collections fall in the coming months.

On 25 June 2020, the Group released its full year results for the 52 weeks ended 29 February 2020. Group revenue fell 6.1 per cent. during the financial year driven by a 7.8 per cent. drop in product revenue. This led to a 16.6 per cent. fall in adjusted EBITDA to £106.7 million. However with exceptional items shrinking significantly, the group experienced significant growth in statutory profit before tax from a loss of £57.5 million in the prior year to a profit of £35.7 million in the financial year to 29 February 2020. This improvement led a minor fall in unsecured net debt to £77.5 million versus £77.7 million in the prior year.

Alongside the Group's full year results, it provided both a refreshed strategy as set out in **paragraph 5** above, and provided an update on trading during the first quarter of the financial year 2021. Group revenue was reported as being down 22 per cent. for the quarter, driven by a 28.8 per cent. decline in product sales, however this showed improvement in the final three weeks of the quarter with revenue down 21 per cent. in this three week period versus the prior year. The Group also highlighted that, owing to measures taken following the outbreak of COVID-19, operating costs

were down 42.6 per cent. for the first quarter against the same period in the prior year, this led to a fall in total net debt of 9.9 per cent. versus the financial year 2020 year end.

On 30 September 2020, N Brown provided an update on trading for the six months to 29 August 2020. The Group highlighted that product revenue had continued its positive trajectory in Q2 following the sudden and significant decline experienced in Q1 of the financial year 2021. Q2 product revenues were down 12.0 per cent. on the comparable period in the prior year, meaning product revenues for the six months to 29 August 2020 were down 20.5 per cent. versus the comparable period in the prior year. Financial services revenues were down 15.8 per cent. in Q2, bringing total financial services revenue for the six months to 29 August 2020 to be down 12.3 per cent. versus the comparable period in the prior year. Resultant Group revenue for the six months was down 17.6 per cent. versus the prior year. The Group also highlighted the positive cash generation during the period driven by the continued focus on operating costs. This culminated in the 17.3 per cent. reduction in net debt to £411.1 million during the period.

9.2 Financing Facilities

As part of its trading update on 23 March 2020 around measures to be taken to mitigate the impact of the COVID-19 pandemic, the Group set out its current debt facilities arrangements as at 20 March 2020. These facilities included:

A private revolving securitisation facility secured by a charge over certain eligible customer receivables which is without recourse to any of the Group's other assets, and which is currently committed to 17 December 2021. The facility is £500 million but the amount that can be drawn under the facility is lower than this and depends on the level of eligible customer receivables at any one point in time, and was drawn to the maximum extent then possible, being £414.7 million;

A revolving credit facility of £125 million which is committed to 1 October 2021, which was fully drawn; and

An overdraft of £27.5 million, of which £9 million was drawn.

On 19 May 2020, alongside its trading update, the Group announced that it had reached agreement with both of its lenders and funders under its senior funders under the Securitisation and set out both details of new facilities and an amendment to the Securitisation designed to mitigate the impact of COVID-19 on the advance rate (and thus funding level) which the Group achieves under the Securitisation. Under the revised financing arrangements, in addition to the existing facilities, the Group now announced:

A new up to £50 million 3-year term loan facility, provided by its lenders under the Government's Coronavirus Large Business Interruption Loan Scheme ("CLBILS");

Amendment of certain terms and covenants of the Securitisation, designed to mitigate a significant amount of the impact that COVID-19 may have during 2020 on the Securitisation. This is to address variations in collection rates and customer behaviour, and to enable the Group to continue to offer its customers enhanced flexibility. The amendments to the facility are in place until late December 2020 and are intended to fully cover the impact of the current Covid-19 Guidance (as supplemented by the FCA on 30 September 2020); and

The widening of certain covenants at the August 2020 half-year test date in its existing unsecured £125 million RCF and the introduction of quarterly covenant tests.

9.3 Board Changes

On 28 January 2020, N Brown announced the appointment of Vicky Mitchell as a Non-Executive Director with immediate effect. It was also announced that Vicky would Chair the Group's Financial Services Board Committee in addition to becoming a member of the Audit and Risk Committee.

On 29 January 2020, N Brown announced that Rachel Izzard would be joining the Group as Chief Financial Officer following the resignation of Craig Lovelace who is leaving to take up a new position. Craig Lovelace left the business on 28 June 2020 and Rachel Izzard became CFO on 29 June 2020.

9.4 Director / PDMR Shareholdings

During the course of the past 12 months, in line with its obligations to do so, the Group has announced a number of dealings by Directors and persons discharging managerial responsibilities ("PDMR") within the Group. A summary of these dealings is set out below:

- On 3 September 2019 nil cost options were granted to its Chief Executive Officer, Steve Johnson, over 601,983 Ordinary Shares and its Chief Financial Officer, Craig Lovelace, over 429,292 Ordinary Shares under the terms of the 2014 LTIP;
- On 18 June 2019 nil cost options were granted to its Chief Executive Officer, Steve Johnson, over 35,410 Ordinary Shares and to its Chief Financial Officer, Craig Lovelace, over 48,836 Ordinary Shares in accordance with the 2014 DSBP.

PART 5

DIRECTORS, PROPOSED DIRECTOR, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

1. Directors

The following table lists the names, ages, positions and dates of appointment for each Director and the Proposed Director:

Name	Age	Position	Date appointed as a Director	Date joined the Group
Matthew (Matt) Davies	50	Chairman	19 February 2018	19 February 2018
Stephen (Steve) Johnson	48	Chief Executive Officer	12 September 2018	25 February 2016
Rachel Claire Izzard	46	Chief Financial Officer	29 June 2020	6 April 2020
Ronald (Ron) Thomas McMillan	68	Senior Independent Non-Executive Director	1 April 2013	1 April 2013
Lord David Alliance of Manchester CBE	88	Non-Executive Director	25 November 1968	25 November 1968
Margaret Lesley (Lesley) Jones	66	Non-Executive Director	1 October 2014	1 October 2014
Richard Moross	42	Non-Executive Director	6 October 2016	6 October 2016
Gillian (Gill) Carole Barr	62	Non-Executive Director	16 January 2018	16 January 2018
Michael Alexander Nunes Ross	51	Non-Executive Director	16 January 2018	16 January 2018
Victoria (Vicky) Grant Mitchell	55	Non-Executive Director	28 January 2020	28 January 2020
Proposed Director				
Joshua Jacob Moshe Alliance	31	Non-Executive Director	To be appointed on Admission	To be appointed on Admission

The business address of all the Directors is Griffin House, 40 Lever Street, Manchester, M60 6ES.

The management expertise and experience of each of the Directors and the Proposed Director is set out below:

Matt Davies (Chairman)

Matt was appointed as Chairman on 1 May 2018 after joining the Board in February 2018 as Independent Non-Executive Director and Chairman Elect. He was previously the CEO of Tesco UK and ROI. Prior to Tesco, Matt was CEO of Halfords from 2012 to 2015 and Finance Director (2001 – 2004) and CEO (2004 – 2012) of Pets at Home.

Steve Johnson (Chief Executive Officer)

Steve was appointed CEO in February 2019, having been appointed Interim CEO in October 2018. Steve joined the Group as Financial Services Director in February 2016 and was appointed CEO of the Financial Services Operating Board in November 2017. Steve joined N Brown from Shop Direct where he was Financial Services Marketing and Product Director for four years and prior to that held senior roles at Sainsbury's and Halifax.

Rachel Izzard (Chief Financial Officer)

Rachel was appointed CFO on 29 June 2020 after joining as CFO elect in April 2020. Rachel joined from Aer Lingus where she had been Chief Financial Officer since 2015. Rachel started her career at Mobil Oil and British Airways, moving on to a range of senior financial roles. With the forming of International Airlines Group ("IAG"), she became CFO of IAG Cargo, joining together the cargo businesses of BA and Iberia. In 2015, Rachel moved to become CFO of Aer Lingus, successfully integrating Aer Lingus into IAG.

Ron McMillan (Senior Independent Non-Executive Director)

Appointed a Director on 1 April 2013. Ron is Senior Independent Director and Chairman of the Audit & Risk Committee. Previously, he was the Deputy Chairman of PricewaterhouseCoopers in the Middle East and Northern Regional Chairman of the UK firm. Ron is the Senior Independent Director and Chair of the Audit Committee of B&M European Value Retail SA and SCS Group plc. He is also a Non-Executive Director and Chair of the Audit Committee of Homeserve plc.

Lord Alliance of Manchester CBE (Non-Executive Director)

Lord Alliance was appointed a Director and Chairman in 1968. He stood down as Chairman on 1 September 2012. Co-founder and former Chairman of Coats Viyella Plc. Lord Alliance holds numerous honorary doctorates Lord Alliance is a director of a number of private companies, committees and trustee bodies. He was appointed a life peer in 2004.

Lesley Jones (Non-Executive Director)

Lesley was appointed a Director on 1 October 2014. Lesley has nearly 40 years of experience in financial services, having spent 30 years at Citigroup where she had global responsibility for the corporate credit portfolio and six years as Chief Credit Officer at RBS from 2008 to 2014. She serves as Non-Executive Director and Board Risk Committee Chair of Close Brothers Group plc and is also a Non-Executive Director of Moody's Investor Services Limited.

Richard Moross (Non-Executive Director)

Richard was appointed to the Board on 6 October 2016. As the CEO and founder of MOO.com Richard brings significant expertise in digital retailing and technology. Before founding MOO, Richard worked for the design company Imagination. Other past companies include sorted.com and the BBC. Richard is an Executive Director of Moo Print Ltd and Modern Organisation Limited.

Gill Barr (Non-Executive Director)

Appointed on 16 January 2018, Gill is currently a Non-Executive Director of McCarthy & Stone Plc, PayPoint plc and Wincanton plc. She is also the Chair of the Customer Challenge Group for Severn Trent Water. Gill was previously a Non-Executive Director of Morgan Sindall Plc. Formerly, she was Group Marketing Director of The Co-operative Group, Marketing Director of John Lewis and spent seven years at Kingfisher Plc in a variety of senior strategy, marketing and business development roles.

Michael Ross (Non-Executive Director)

Appointed a Director on 16 January 2018, Michael is the co-founder and Chief Scientist of Dynamic Action which is a leader in big data analytics and AI for retail. He is also a Non-Executive Director of Sainsbury's Bank, and sits on the commercial development board at the Turing Institute. He was previously the co-founder and CEO of figleaves.com and started his career at McKinsey consulting in the early days of the internet.

Vicky Mitchell (Non-Executive Director)

Appointed on 28 January 2020, Vicky brings over 20 years of consumer finance experience to the Board. Formerly Chief Operating Officer of Capital One (Europe) plc, she was one of the original executives of Capital One in the UK, previously holding the positions of Chief Risk Officer and Chief Legal Counsel. Vicky chairs the Group's Financial Services Board Committee in addition to being a member of the Audit and Risk Committee. Vicky is currently a Non-Executive Director of Lookers plc, sits on the Audit and Risk, Remuneration and Nomination Committees and is Chair of Lookers Motor Group Ltd. She is also a Non-Executive Director of the West Bromwich Building Society and sits on both the Audit and Risk Committees.

Joshua Alliance (Proposed Non-Executive Director)

Joshua graduated from Manchester University in 2011 and, following experience working in other developing hi-tech businesses, he joined the Group in 2014. He was formerly Head of Business Innovation for J.D. Williams & Company Limited and is a Non-Executive Director of a number of digitally based private companies in the UK and Israel.

2. Senior management

The Company's current senior management, in addition to the Executive Directors listed above, is as follows:

Name	Age	Position	Date appointed as an employee of the Group
Sarah Welsh	49	CEO of Retail	30 March 2020
Dan Joy	47	CEO of Financial Services	6 January 2020
Adam Warne	42	Chief Information Officer	3 April 2018
Alyson Fadil	47	Chief People Officer	3 April 2018
Kenyatte Nelson	43	Chief Brand Officer	3 June 2019
Theresa Casey	52	Group Counsel and Company Secretary	6 January 2015

The management expertise and experience of each of the senior management team is set out below:

Sarah Welsh (CEO of Retail)

Sarah was appointed CEO of Retail on 30 March 2020. With over 25 years of retail and brand experience within the UK high street; Sarah started her career on the shop floor, with her great passion for product, she quickly developed her skills in buying and has held senior buying roles at both River Island and Miss Selfridge before joining Oasis. Having spent 18 years at Oasis she has been fundamental in shaping the unique customer and product proposition, most recently as Managing Director.

Dan Joy (CEO of Financial Services)

Dan was appointed CEO of Financial Services in January 2020, following 11 years at Ikano Bank where he held several leadership roles including UK Country Manager and, latterly, Group Chief Commercial Officer. Dan has extensive financial services experience across multiple sectors having worked at Zurich Insurance, Fairpoint plc and Capital One.

Adam Warne (Chief Information Officer)

Adam joined in April 2018 as Chief Information Officer following ten years in a position leading the technology capability at AO World PLC. Prior to this Adam held senior technology roles building successful teams within Skipton Building Society and EDS.

Alyson Fadil (Chief People Officer)

Alyson joined in April 2018, with 20 years' experience in recruitment, internal communications, talent development and building employee engaged cultures. developing culture, people policy and talent in dynamic, fast paced retail businesses. Alyson has worked on the boards of dynamic, fast paced retail businesses including Missguided, Sofology and Selfridges.

Kenyatte Nelson (Chief Brand Officer)

Kenyatte was appointed Chief Brand Officer in June 2019, with responsibility for Customer Insight, Marketing Strategy, Proposition Design, Creative and Customer Communication. Before joining Kenyatte spent time at both Shop Direct and Missguided as Group Marketing and Creative Director and Chief Customer Officer respectively. Before moving to the UK he spent 16 years at Procter & Gamble in various general management roles across the Americas and EMEA.

Theresa Casey (Group Counsel and Company Secretary)

Theresa joined in January 2015. Admitted as a solicitor in 1997, Theresa has held a number of legal and company secretarial roles in the financial services and retail sectors, including the Co-operative Bank, Shop Direct and Brown Shipley Private Bank. Theresa acts as Secretary to all Board Committees and is a member of the Executive Board.

3. Relationship Agreement with the Substantial Shareholder

The Substantial Shareholder, together with his associates (as defined in the Listing Rules), exercises or controls approximately 33.81 per cent. of the votes which may be cast on the Existing Ordinary Shares at general meetings of the Company. On 22 October 2014, the Substantial

Shareholder and the Company entered into the Relationship Agreement, which regulates the ongoing relationship between the Company and the Substantial Shareholder and his associates.

The principal purpose of the Relationship Agreement is to ensure that the Company is capable at all times of carrying on its business independently of the Substantial Shareholder. The Relationship Agreement contains, among other things, undertakings from the Substantial Shareholder that he shall exercise all rights and powers (including without limitation voting rights) attached to shares in the Company in which he or his associates or any of them is interested ("Voting Rights") and shall procure (so far as he is properly able to do so) that his associates shall exercise their respective Voting Rights to procure that:

(a) the Group shall be managed for the benefit of the shareholders as a whole and independently of the Substantial Shareholder and any of his associates;

(b) all transactions, agreements and arrangements between (i) any member of the Group and (i) the Substantial Shareholder and his associates shall be on an arm's length basis and on normal commercial terms;

(c) neither the Substantial Shareholder or any of its associates will take any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules;

(d) neither the Substantial Shareholder nor any of its associates will propose or procure the proposal of a Company shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules;

(e) the Board shall at all times be comprised of a majority of directors who at the relevant time are considered by the Board to be independent as determined by reference to the UK Corporate Governance Code published by the Financial Reporting Council as updated from time to time (the "CG Code") ("Independent Directors");

(f) if an Independent Director ceases to be either an Independent Director or a Director, one or more new Independent Directors will be appointed to the Board as shall be necessary to ensure compliance with paragraph (e) above;

(g) only the Independent Directors shall be permitted to vote on any resolution of the Board or a Board committee in respect of a matter set out in the schedule to the Relationship Agreement (relating to, amongst other things, agreements and arrangements with the Substantial Shareholder or any associate, corporate governance arrangements, the appointment or removal of Independent Directors and the appointment or dismissal of the sponsor or auditors to the Group) unless a majority of the Independent Directors otherwise consent;

(h) the committees of the Board established from time to time shall be comprised of Independent Directors and chaired by an Independent Director;

(i) subject to the applicable laws and the provisions of the Relationship Agreement, the Company shall be managed in accordance with the CG Code; and

(j) the provisions of the Relationship Agreement are properly and promptly observed and given full force and effect according to the spirit and intention of the Relationship Agreement.

The Relationship Agreement also contains, among other things, undertakings from the Substantial Shareholder that he shall not and shall procure (so far as he is properly able to do so) that no associate shall:

(a) influence or seek to influence the running of the Company or any member of the Group at an operational level;

(b) exercise their Voting Rights in respect of any resolution relating to a transaction, agreement or arrangement with or relating to the Substantial Shareholder or any associate; and

(c) exercise their Voting Rights to procure or seek to procure any amendment to the Articles which would be inconsistent with the provisions of the Relationship Agreement.

The Relationship Agreement will remain in force for so long as the Substantial Shareholder and his associates together control 30 per cent. of the Voting Rights at general meetings of the Company.

The Board believes that the terms of the Relationship Agreement enable the Group to carry on its business independently of the Substantial Shareholder. For the reasons explained in this document, the Substantial Shareholder has not participated in the Board's decision to approve the Capital Raising, including its consideration of the Relationship Agreement.

4. New Relationship Agreement

On 5 November 2020, the Company entered into the New Relationship Agreement with the Substantial Shareholder and SCC. The purpose of the New Relationship Agreement is to ensure that the Company is capable of carrying on an independent business. The New Relationship Agreement is conditional upon, and will take effect on, Admission and will continue in force for so long as the Substantial Shareholder and his Shareholder Group (as defined therein) holds not less than 15 per cent. of the Ordinary Shares. The New Relationship Agreement provides that the Relationship Agreement will terminate upon Admission. The New Relationship Agreement contains undertakings by the Substantial Shareholder in favour of the Company and SCC, including:

- to exercise his voting rights as a shareholder of the Company to ensure that the Group is managed for the benefit of the Shareholders as a whole and independently of the Substantial Shareholder and any member of his Shareholder Group;
- to exercise his voting rights to ensure that any business between the Group and the Substantial Shareholder (and/or any member of his Shareholder Group) is conducted on an arm's length basis and normal commercial terms;
- except in respect of the Substantial Shareholder's right to appoint a Nominated Director to the Remuneration Committee (as noted below), to exercise his voting rights to ensure that the committees of the Board established from time to time shall be comprised of and chaired by independent directors (being directors who, at the relevant time, are considered by the Board to be independent, as determined by reference to the UK Corporate Governance Code or following agreement with SCC (with such agreement of SCC not having been revoked due to a change in circumstances) and, as at the date of this document, the independent directors are Matt Davies, Ron McMillan, Lesley Jones, Gill Barr, Richard Moross, Michael Ross and Vicky Mitchell);
- not to exercise his its voting rights to change the Articles in any way that would be inconsistent with the AIM Rules for Companies or the Company's independence from the Substantial Shareholder and his Shareholder Group; and
- not to take any action that would have the effect of preventing any member of the Group from complying with its obligations under applicable laws, including Rule 13 (Related party transactions) of the AIM Rules for Companies.

Under the New Relationship Agreement, for so long as the Substantial Shareholder and his Shareholder Group holds above 30 per cent. of the Ordinary Shares, the Substantial Shareholder has the right to nominate two directors to the Board as non-executive directors (subject to the Company's and SCC's standard pre-appointment due diligence and vetting process, and to the other Board members' approval of new director candidates (such approval not to be unreasonably withheld or delayed)). The New Relationship Agreement separately states that, in the event that the Substantial Shareholder's shareholding and that of his Shareholder Group equates to above 20 per cent. but not more than 30 per cent. of the Ordinary Shares, the Substantial Shareholder has the right to nominate one director to the Board as a non-executive director (subject to the Company's and SCC's standard pre-appointment due diligence and vetting process, and to the other Board members' approval of new director candidates (such approval not to be unreasonably withheld or delayed)). Pursuant to the terms of the New Relationship Agreement, the Proposed Director shall, upon Admission, be appointed as a Nominated Director and the Substantial Shareholder shall, upon Admission, be designated a Nominated Director.

Notwithstanding that committees of the Board shall be comprised of and chaired by independent directors (as noted above), the Substantial Shareholder shall be entitled to nominate one Nominated Director to be a member of the Remuneration Committee. The Substantial Shareholder has notified the Company that the first Nominated Director to be a member of the Remuneration Committee will be the Proposed Director. A Nominated Director will be subject to future re-election by Shareholders at the first annual general meeting of the Company following their appointment (save for in the event that such Nominated Director is an existing Director). If the Substantial Shareholder

has not exercised his right to appoint a Nominated Director, the Substantial Shareholder has the right to appoint one person as a board observer, who shall have the right to attend Board meetings, but shall not have the right to vote at such meetings.

For the reasons explained in this document, the Substantial Shareholder has not participated in the Board's decision to approve the Capital Raising, including its consideration of the New Relationship Agreement.

5. Corporate governance

The Board supports the highest standards of corporate governance and bases its arrangements on the UK Corporate Governance Code.

The following parts of the Annual Report and Accounts of N Brown for the 52 weeks ended 29 February 2020 (which are available on the Company's website at https://www.nbrown.co.uk/~/media/Files/N/N-Brown/press-releases/2020/ar2020-full-report.pdf, all of which have been approved by, or filed with, the FCA and are incorporated in full into this document by reference, explain how the Group complies with the UK Corporate Governance Code.

Information incorporated by reference	*Page number in document*
Governance report	49 – 96

6. Conflicts of interest

Save as arising out of their being directors of or partners in the companies and partnerships set out opposite their names in **paragraph (b)** of Part 11 (*Additional information*) of this document and, in the case of the Substantial Shareholder, the proposed related party transaction with him and the Proposed Director referred to in **paragraph 20** of Part 1 (*Letter from the Chairman*) of this document, there are no potential conflicts of interest between any duties owed by the Directors, Proposed Director or senior management to the Company and their private interests or other duties.

Each of the Directors has a statutory duty under the 2006 Act to avoid conflicts of interests with the Company and to disclose the nature and extent of any such interest to the Board. Under the Articles and, as permitted by the 2006 Act, the Board may authorise any matter which would otherwise involve a Director breaching this duty to avoid conflicts of interest and may attach to any such authorisation such conditions and/or restrictions as the Board deems appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles.

The Substantial Shareholder has not participated in the Board's recommendation of the Capital Raising to Shareholders, or with respect to the Independent Directors' recommendation that Shareholders vote in favour of the Resolutions, by reason of his participation in the Placing.

PART 6

CAPITALISATION AND INDEBTEDNESS

The information below should be read together with N Brown's consolidated financial information. The tables below are prepared for illustrative purposes only.

CAPITALISATION

The capitalisation information as at 29 August 2020 set out below has been extracted without material adjustment from N Brown Group plc's historical financial information set out in Part 7 (*Historical financial information*) of this document:

	As at 29 August 2020
	(£ million)
Shareholders' equity	
Share capital	31.4
Share premium	11.0
Other reserves	290.9
Total capitalisation	333.3

There has been no material change in the Company's capitalisation since 29 August 2020.

The following table sets out the Company's indebtedness as at 29 August 2020:

	As at 29 August 2020 (unaudited)
	(£ million)
Total current debt	
Guaranteed	—
Secured	—
Unguaranteed/Unsecured	(2.2)
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	—
Secured	(378.9)
Unguaranteed/Unsecured	(80.8)

NET FINANCIAL INDEBTEDNESS

The following table sets out the Group's net financial indebtedness as at 29 August 2020:

	As at 29 August 2020 (unaudited)
	(£ million)
Cash	44.8
Cash equivalents	—
Trading securities	—
Liquidity	**44.8**
Current financial receivables	**—**
Current bank debt	—
Current portion of non-current debt	—
Other current financial debt	(2.2)
Current financial debt	**(2.2)**
Net current financial indebtedness	**42.6**
Non-current bank debt	(455.9)
Bonds issued	—
Non-current other financial debt	(3.8)
Non-current financial indebtedness	**(459.7)**
Net financial indebtedness	**(417.1)**

The Company had no other indirect or contingent liabilities, or any contingent commitments, as at 29 August 2020 other than as disclosed in note 16 of the Unaudited Interim Results of N Brown for the 26 weeks ended 29 August 2020.

PART 7

HISTORICAL FINANCIAL INFORMATION

Historical financial information

The following parts of the following documents, all of which have been approved by, or filed with, the FCA, are incorporated in full into this document by reference:

Information incorporated by reference	*Page number in document*
The following parts of the Annual Report and Accounts of N Brown for the 52 weeks ended 29 February 2020 (which are available on the Company's website at https://www.nbrown.co.uk/~/media/Files/N/N-Brown/press-releases/2020/ar2020-full-report.pdf):	
Chair's statement	4
Chief Executive's Statement	15 – 17
Sustainability and ethical sourcing	19
Key Performance Indicators	22 – 23
Financial Review of the Year	28 – 31
ESG report	32 – 39
Independent auditor's report	97
Consolidated income statement	106
Consolidated statement of comprehensive income	106
Consolidated balance sheet	107
Consolidated cash flow statement	108
Consolidated statement of changes in equity	109
Notes to the group accounts	110
The Unaudited Interim Results of N Brown for the 26 weeks ended 29 August 2020 (which are available on the Company's website at https://www.nbrown.co.uk/investors) including the following parts:	15 – 21
Consolidated income statement	15
Consolidated statement of comprehensive income	16
Consolidated balance sheet	16
Consolidated cash flow statement	18
Consolidated statement of changes in equity	20
Notes to the group accounts	21

Independent auditor's report to the members of N Brown

The independent auditor's report to the members of N Brown on the consolidated financial statements as at and for the 52 weeks ended 29 February 2020 includes a material uncertainty in relation to going concern. Item 11.2.1 of Annex 3 of the PR Regulation requires the reproduction in full in this document of any qualification, modification, disclaimer or emphasis of matter; accordingly the relevant section of the independent auditor's report to the members of N Brown Group plc has been reproduced below. Users of this document are nonetheless recommended to read the independent auditor's report to the members of N Brown Group plc, including the opinion, which was not modified in relation to the material uncertainty, and the related disclosures referred to in that auditor's report, in full.

"Going concern

We draw attention to note 2 in the financial statements which indicates that due to the uncertain economic outlook resulting from Covid-19, the group may not be able to successfully refinance their facilities at the end of their terms and under certain severe and plausible downside scenarios, the Group would need to take appropriate mitigating actions to remain compliant with its banking covenants during the going concern assessment period.

These events and conditions, along with other matters as explained in note 2, constitute a material uncertainty that may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.".

Dividends

For the 52 weeks ended 29 February 2020, the Company paid an interim dividend of 2.83p per share and did not pay a final dividend.

PART 8

UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

The unaudited *pro forma* statement of net assets of the Group set out below has been prepared to illustrate the impact of the issue of the New Ordinary Shares on the net assets of N Brown, as if the issue of the New Ordinary Shares had taken place on 29 August 2020. The unaudited *pro forma* statement of net assets has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited *pro forma* statement of net assets is based on the consolidated net assets of N Brown as at 29 August 2020 and has been prepared on the basis that the issue of the New Ordinary Shares was effective as of 29 August 2020 and in a manner consistent with the accounting policies adopted by N Brown in preparing the unaudited financial statements for the 26 weeks ended 29 August 2020.

The unaudited *pro forma* statement of net assets has been prepared for illustrative purposes only and in accordance with Annex 20 of the PR Regulation. Because of its nature, the unaudited *pro forma* statement of net assets addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited *pro forma* statement of net assets does not constitute a statutory account within the meaning of section 434 of the 2006 Act. Investors should read the whole of this document and not rely solely on the summarised financial information contained in this Part 8 (*Unaudited pro forma* financial information).

UNAUDITED *PRO FORMA* STATEMENT OF NET ASSETS OF THE GROUP

£m	Consolidated net assets of N Brown as at 29 August 2020 *Note 1*	Adjustments: Adjustment for issue of ordinary shares *Note 2*	Adjustments: Adjustments in respect of Capital Raising related costs *Note 3*	Adjustments: Use of proceeds for debt repayments *Note 4*	*Pro forma* Total
Non-current assets					
Intangible assets	145.0	—	—	—	145.0
Property, plant and equipment	61.8	—	—	—	61.8
Right of use assets	4.7	—	—	—	4.7
Retirement benefit surplus	31.0	—	—	—	31.0
Derivative financial instruments	0.6	—	—	—	0.6
Deferred tax assets	13.2	—	—	—	13.2
	256.3	—	—	—	256.3
Current assets					
Inventories	80.5	—	—	—	80.5
Trade and other receivables	568.7	—	(1.8)	—	566.9
Derivative financial instruments	1.3	—	—	—	1.3
Cash and cash equivalents	44.8	99.6	(3.7)	(77.0)	63.7
	695.3	99.6	(5.5)	(77.0)	712.4
Total assets	951.6	99.6	(5.5)	(77.0)	968.7
Current liabilities					
Bank overdraft	—	—	—	—	—
Provisions	(7.2)	—	—	—	(7.2)
Trade and other payables	(112.2)	—	—	—	(112.2)
Lease liability	(2.2)	—	—	—	(2.2)
Derivative financial instruments	(1.5)	—	—	—	(1.5)
Current tax liability	(17.6)	—	—	—	(17.6)
	(140.7)	—	—	—	(140.7)
Net current assets	554.6	99.6	(5.5)	(77.0)	571.7
Non-current liabilities					
Bank loans	(455.9)	—	—	77.0	(378.9)
Lease liability	(3.8)	—	—	—	(3.8)
Derivative financial instruments	(1.5)	—	—	—	(1.5)
Deferred tax liabilities	(16.4)	—	—	—	(16.4)
	(477.6)	—	—	77.0	(400.6)
Total liabilities	(618.3)	—	—	77.0	(571.7)
Net assets	333.3	99.6	(5.5)	—	427.4

Notes

1. *The net assets of the Group as at 29 August 2020 have been extracted without adjustment from the Unaudited Interim Results of N Brown for the 26 weeks ended 29 August 2020 incorporated by reference into this document.*
2. *The adjustment in Note 2 reflects the cash proceeds from the issue of the New Ordinary Shares pursuant to the Capital Raising.*
3. *The adjustment in Note 3 reflects the costs associated with the Capital Raising. Total transaction costs are expected to total £5.5 million. £1.8 million of such transaction costs had already been incurred as at 29 August 2020 and was presented within prepayments in the balance sheet as at 29 August 2020, such amounts will be released from prepayments to equity on completion of the transaction.*
4. Proceeds of the Capital Raising are expected to be utilised to repay drawings under both the Revolving Credit Facility and the CLBILS facility. Borrowings under the Revolving Credit Facility amounted to £75.0 million as at 29 August 2020. Borrowings under the CLBILS facility amounted to £2.0 million as at 29 August 2020.

No adjustment has been made to reflect the trading results of the Group since 29 August 2020 or any change in its financial position in this period.

ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

KPMG LLP
Transaction Services
15 Canada Square
London E14 5GL
United Kingdom

Tel +44 (0) 20 7311 1000
Fax +44 (0) 20 7311 3311

The Directors
N Brown Group plc
Griffin House
40 Lever Street
Manchester
M60 6ES

5 November 2020

Ladies and Gentlemen

N Brown Group plc

We report on the *pro forma* financial information (the '*Pro forma* financial information') set out in Part 8 of the prospectus dated 5 November 2020. This report is required by Section 3 of Annex 20 of Commission Delegated Regulation (EU) 2019/980 (the 'PR Regulation') and is given for the purpose of complying with that Section and for no other purpose.

Opinion

In our opinion:

- the *Pro forma* financial information has been properly compiled on the basis stated; and
- such basis is consistent with the accounting policies of N Brown Group plc.

Responsibilities

It is the responsibility of the directors of N Brown Group plc to prepare the *Pro forma* financial information in accordance with Annex 20 of the PR Regulation.

It is our responsibility to form an opinion, as required by Section 3 of Annex 20 of the PR Regulation, as to the proper compilation of the *Pro forma* financial information and to report that opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the *Pro forma* financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility arising under Prospectus Regulation Rule 5.3.2R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Item 1.3 of Annex 3 of the PR Regulation, consenting to its inclusion in the prospectus.

Basis of Preparations

The *pro forma* financial information has been prepared on the basis described in Part 8 Unaudited *Pro Forma* Financial Information, for illustrative purposes only, to provide information about how the

issue of shares in connection with the Capital Raising might have affected the financial information presented on the basis of the accounting policies adopted by N Brown Group plc in preparing the financial statements for the period ended 29 August 2020.

Basis of Opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the 'FRC'). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the *Pro forma* financial information with the directors of N Brown Group plc.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the *Pro forma* financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of N Brown Group plc.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Declaration

For the purposes of Prospectus Regulation Rule 5.3.2R (2)(f) we are responsible for this report as part of the prospectus and declare that, to the best of our knowledge, the information contained in this report is in accordance with the facts and that the report makes no omission likely to affect its import. This declaration is included in the prospectus in compliance with Item 1.2 of Annex 3 of the PR Regulation.

Yours faithfully

KPMG LLP

PART 9

PROFIT FORECAST

In its trading statement dated 16 January 2020, N Brown announced that it expected that the reduced scope for bad debt provision improvements referred to in that announcement, combined with industry-wide regulatory changes, would result in FY21 adjusted profit before tax being at a similar level to FY20 adjusted profit before tax. In its trading update dated 23 March 2020 in light of the then current market conditions and the rapidly changing developments regarding COVID-19, N Brown announced that, given the then current acute uncertainty, the Board did not believe it appropriate to provide financial guidance for the financial year ending 27 February 2021. The Board considers that the COVID-19 pandemic was an unforeseeable event which has had a material impact on the forecast made on 16 January 2020, which has rendered that previous forecast invalid.

PART 10

TAXATION

The tax legislation of the investor's Member State and of the country of incorporation of the Company may have an impact on the income received from the shares.

The following is a summary of certain United Kingdom tax considerations relating to an investment in the Ordinary Shares. It assumes that the Company is and remains resident for applicable tax purposes solely in the United Kingdom.

The comments set out below are based on current United Kingdom law and published HMRC practice (which is not generally binding on HMRC), as at the date of this document, and which may be subject to change, possibly with retrospective effect. They are intended as a general guide and, unless expressed otherwise, apply only to Shareholders resident and, in the case of an individual, domiciled for tax purposes in (and only in) the United Kingdom and to whom "split year" treatment does not apply (except insofar as express reference is made to the treatment of non-United Kingdom residents), who hold the Ordinary Shares directly and as an investment (and the Ordinary Shares are not held through an Individual Savings Account, Self-Invested Personal Pension or any other investment vehicle) and who are the absolute beneficial owners of them. The discussion does not address all possible tax consequences relating to an investment in the Ordinary Shares. Certain categories of Shareholders, including personal representatives, trustees, those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs or exemptions, those connected with the Company and those for whom the Ordinary Shares are employment-related securities, may be subject to special rules and this summary does not apply to such Shareholders.

Shareholders or prospective Shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

1. Taxation of dividends

The Company will not be required to withhold amounts on account of United Kingdom tax at source when paying a dividend.

A United Kingdom resident and domiciled (or deemed domiciled) individual Shareholder who receives a dividend from the Company in respect of their Ordinary Shares will pay no income tax on the first £2,000 in aggregate of dividend income he/she receives in a year (the "Nil Rate Amount"). For dividends received in excess of the Nil Rate Amount, the rates of income tax are 7.5 per cent. for dividends taxed in the basic rate band, 32.5 per cent. for dividends taxed in the higher rate band and 38.1 per cent. for dividends tax in the additional rate band.

Dividend income falling within the Nil Rate Amount still counts towards an individual Shareholder's basic or higher rate limit, and will therefore impact on the level of savings allowance to which he/she is entitled, and the rate of tax applicable to any dividend income above the Nil Rate Amount. In calculating into which tax band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the top slice of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

Corporate Shareholders that are within the charge to corporation tax will be subject to corporation tax (currently at a rate of 19 per cent.) on dividends paid by the Company, unless (subject to special rules for such Shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each Shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class. However, it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules.

No tax credit will attach to any dividend paid by the Company to a non-United Kingdom resident Shareholder. A Shareholder resident outside the United Kingdom may be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

2. Taxation of capital gains

2.1 The Capital Raising

As a matter of United Kingdom law, the Open Offer may not, strictly speaking, be a reorganisation of the share capital of the Company for the purposes of United Kingdom taxation of chargeable gains. Although HMRC's published practice to date has been to treat an acquisition of shares by an existing shareholder up to his pro-rata entitlement pursuant to the terms of an open offer as a reorganisation notwithstanding the strict legal analysis, the Company understands that HMRC may not apply this practice in circumstances where an open offer is not made to all Shareholders. Consequently, the capital gains tax treatment is not free from doubt.

If the Open Offer is treated as a reorganisation, to the extent that a Shareholder takes up all or part of his entitlement under the Open Offer, he/she would not be treated as making a disposal of all or part of his/her holding of Existing Ordinary Shares. Instead, his Existing Ordinary Shares and his New Ordinary Shares issued pursuant to the Open Offer would generally be treated as a single asset (a "New Holding"), acquired at the time he/she is deemed to have acquired his Existing Ordinary Shares. In these circumstances, the issue of New Ordinary Shares will not result in United Kingdom taxation of chargeable gains. For the purpose of computing any capital gain or loss on a subsequent disposal by a Shareholder of any shares comprised in his New Holding, the subscription amount paid for the New Ordinary Shares issued pursuant to the Open Offer will be added to the base cost of his/her Existing Ordinary Shares.

If, or to the extent that, the issue of New Ordinary Shares by the Company to Shareholders under the terms of the Open Offer is not treated as a reorganisation of the Company's share capital for the purposes of United Kingdom taxation of chargeable gains, or to the extent any Shareholder acquires shares in excess of his *pro rata* entitlement, such New Ordinary Shares will be treated as acquired as part of a separate acquisition. In these circumstances, the issue of New Ordinary Shares will not result in United Kingdom taxation of chargeable gains. Subject to specific rules for acquisitions within specified periods either side of disposal, the New Ordinary Shares issued pursuant to the Open Offer will be treated as a separate acquisition. When computing any gain or loss on a disposal of New Ordinary Shares, the relevant statutory share identification provisions will need to be taken into consideration.

In the event that the New Ordinary Shares are offered at a discount, Shareholders may be regarded as having a part-disposal of their existing shareholding when they take up New Ordinary Shares under the Open Offer.

2.2 United Kingdom resident individual Shareholders

For a United Kingdom resident individual Shareholder within the charge to United Kingdom capital gains tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of United Kingdom capital gains tax. Subject to available reliefs or allowances, gains arising on a disposal of Ordinary Shares by an individual United Kingdom resident Shareholder will be taxed at the rate of 10 per cent. for individuals who are subject to income tax at the basic rate and to the extent that any chargeable gain does not exceed the unused part of their basic rate income tax band. Where an individual is subject to income tax at the basic rate but any chargeable gain exceeds the unused part of their basic rate income tax band, the rate of capital gains tax on the excess is 20 per cent. The rate of capital gains tax is also 20 per cent. for individuals who are subject to income tax at the higher or additional rates. The capital gains tax annual exemption (£12,300 for the 2020/21 tax year) may be available to individual Shareholders (to the extent it has not already been utilised) to offset against chargeable gains realised on a disposal of their Ordinary Shares.

2.3 United Kingdom resident corporate Shareholders

For a corporate Shareholder within the charge to United Kingdom corporation tax, a disposal (or deemed disposal) of Ordinary Shares may give rise to a chargeable gain or allowable loss for the purposes of United Kingdom corporation tax.

Corporation tax is charged on chargeable gains at the corporation tax rate (currently 19 per cent.), subject to any available exemption or relief.

2.4 Shareholders not resident in the United Kingdom

An individual Shareholder who is only temporarily resident outside the United Kingdom may, under anti-avoidance legislation, still be liable to United Kingdom tax on any capital gain realised (subject to available allowances, exemptions or reliefs).

Shareholders who are not resident in the United Kingdom and, in the case of an individual Shareholder, not temporarily non-resident, will generally not be liable for United Kingdom tax on capital gains realised on a sale or other disposal of their Ordinary Shares unless such Ordinary Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the United Kingdom through a branch or agency or, in the case of a corporate Shareholder, through a permanent establishment.

Shareholders who are not resident in the United Kingdom may be subject to foreign taxation on any gain under local law.

3. United Kingdom inheritance tax

Ordinary Shares will be assets situated in the United Kingdom for the purposes of United Kingdom inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to the death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares bringing them within the charge to inheritance tax. Shareholders should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Ordinary Shares through a trust or similar indirect arrangements. They should also seek professional advice in a situation where there is potential for a double charge to United Kingdom inheritance tax and an equivalent tax in another country or if they are in any doubt about their United Kingdom inheritance tax position.

Following the Delisting and Admission, the Ordinary Shares should constitute relevant business property for UK inheritance tax purposes. Accordingly, following the Delisting and Admission, individuals who hold Ordinary Shares and who meet the applicable conditions may be eligible for UK inheritance tax business property relief. Shareholders and prospective investors should seek advice from their own professional advisers in order to determine the availability and extent of any business property relief.

4. Stamp duty and stamp duty reserve tax ("SDRT")

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. Shareholders should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

4.1 The Capital Raising

In relation to the New Ordinary Shares being issued by the Company, no stamp duty or SDRT will arise on the issue of such New Ordinary Shares in registered form by the Company.

4.2 Subsequent transfers

An agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser.

Instruments transferring Ordinary Shares will generally be subject to stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the next £5). The purchaser normally pays the stamp duty. An exemption from stamp duty is available on an instrument transferring Ordinary Shares where the amount or value of the consideration is £1,000 or less, and it is certificated on the instrument that the transaction effected by the instrument does not form part

of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000.

If a duly stamped transfer completing an agreement to transfer is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is generally repayable, normally with interest, and otherwise the SDRT charge is cancelled.

Special rules apply where listed securities are transferred between connected companies. Corporate holders of Ordinary Shares should consult an appropriate professional adviser if they intend to transfer Ordinary Shares at less than full market value to a company with which they are connected.

4.3 CREST

Paperless transfers of Ordinary Shares within the CREST system are generally liable to SDRT, generally payable by the purchaser, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Ordinary Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration.

4.4 Depositary receipt systems and clearance services

Following litigation, HMRC has confirmed that 1.5 per cent. SDRT is no longer payable when new shares are issued to a clearance service or depositary receipt system. HMRC's view is that the 1.5 per cent. stamp duty or SDRT charge will continue to apply to transfers of shares into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital. This view is disputed.

Consequently, where Ordinary Shares are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT may be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the Ordinary Shares. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

There is an exception from the 1.5 per cent. charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer on sale of Ordinary Shares into such an account and on subsequent agreements to transfer such Ordinary Shares within such account.

Given the ongoing uncertainty in this area, it may be appropriate to seek specific professional advice before payment of a 1.5 per cent. stamp duty or SDRT charge.

4.5 Transfer of Ordinary Shares following Delisting and Admission

AIM qualifies as a recognised growth market for the purposes of UK stamp duty and SDRT legislation. Therefore, for so long as the Ordinary Shares are admitted to trading on AIM and are not listed on any market (and being admitted to trading on AIM will not constitute a listing for these purposes), no charge to UK stamp duty or SDRT should arise on their subsequent transfer. If the Ordinary Shares do not qualify for this exemption, their transfer on sale should be subject to stamp duty (ordinarily payable by the purchaser and generally at the rate of 0.5 per cent. of the consideration given), save in respect of certain transfers such as transfers of shares held in a clearance service or in a depositary receipt arrangement in respect of which other provisions may apply.

Any person who is in any doubt as to his or her taxation position or who is liable to taxation in any jurisdiction other than the United Kingdom should consult his or her professional advisers.

PART 11

ADDITIONAL INFORMATION

1. Responsibility statements

The Company, the Directors and the Proposed Director accept responsibility for the information contained in this document. To the best of the knowledge of the Company, the Directors and the Proposed Director, the information contained in this document is in accordance with the facts and this document makes no omission likely to affect the import of such information.

The Takeover Panel has confirmed that, as the Substantial Shareholder and the Proposed Director have accepted responsibility for the information contained in this document, the remaining members of the Concert Party are not required to accept responsibility for the information contained in this document.

2. History and development

(a) The Company was incorporated and registered in England and Wales on 29 July 1964 under the name of N Brown Investments Limited with registered number 814103 as a private company with limited liability under the Companies Act 1948. The LEI of the Company is 213800QFPJQF2NUVAP09.

(b) The Company was re-registered as a public company with the name N Brown Investments p.l.c. on 9 October 1981 and changed its name to N Brown Group plc on 15 December 1986.

(c) The Company's registered office and its principal place of business and head office is at Griffin House, 40 Lever Street, Manchester, M60 6ES. It is domiciled in the United Kingdom. The Company's telephone number is +44 (0)161 236 8256 and its website is www.nbrown.co.uk (please note that, without limitation, the contents of the Group's website do not form part of this document (including the contents of any websites accessible from the hyperlinks of such website), other than the information set out in **paragraph 19** of this Part 11 (*Additional information*)).

(d) The principal laws and legislation under which the Company operates and the Ordinary Shares have been created are the 2006 Act and regulations made under that Act.

3. Share capital

(a) As at the date of this document, the Company holds no Shares in treasury.

(b) As at 29 August 2020, there were no convertible securities, exchangeable securities or securities with warrants in the Company.

(c) As at 29 August 2020, except under or pursuant to the Share Incentive Schemes and any options and/or awards made under or pursuant to them, there were no acquisition rights in the capital of the Company, obligations over authorised but unissued capital of the Company or undertakings to increase the capital of the Company.

(d) (i) Pursuant to an ordinary resolution passed at the annual general meeting on 10 September 2020, the Directors were generally and unconditionally authorised to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company (A) up to an aggregate nominal amount of £10,530,106 and (B) comprising equity securities (as defined in section 560 of the 2006 Act) up to a further nominal amount of £10,530,106 in connection with an offer by way of a rights issue, such authorities to expire on the earlier of the next annual general meeting or on the close of business on 11 September 2021.

(ii) Pursuant to a special resolution passed at the annual general meeting on 10 September 2020, the Directors were generally authorised to allot equity securities (as defined in the 2006 Act) for cash under the authority given by the resolution described in **paragraph 3(h)** above and/or to sell treasury shares, as if section 561 of the 2006 Act did not apply to any such allotment or sale, such power being limited to (A) the allotment of equity securities and sale of treasury shares for cash in connection with a pre-emptive offer (but in the case of the authority referred to in **paragraph 3(h)(i)(B)** above, by way of a rights issue only) and (B) in the case of the authority referred to in

paragraph 3(h)(i)(A) above and/or in the case of any sale of treasury shares for cash, the allotment (otherwise than under the authority referred to in **paragraph (A)** above) of equity securities or sale of treasury shares up to a nominal amount of £1,579,515, such authority to expire on the earlier of the next annual general meeting or on the close of business on 11 September 2020, whichever is earlier.

(e) The unissued share capital of the Company following the Capital Raising, will be Ordinary Shares up to an aggregate nominal amount of £21,060,212, which the Directors will be authorised to allot pursuant to the authorities referred to in **paragraph 3(h)** above.

(f) The New Ordinary Shares will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

(g) The New Ordinary Shares are in registered form and capable of being held in uncertificated form. None of the New Ordinary Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission other than pursuant to the Capital Raising. The New Ordinary Shares to be issued pursuant to the Capital Raising are being issued at a price of 57p per share, representing a premium of 45.9p over the nominal value of 11 1/19p each. The expected issue date is 23 December 2020.

(h) The New Ordinary Shares will be issued pursuant to the Resolutions.

(i) The currency of the issue is pounds sterling.

(j) The Existing Ordinary Shares are currently listed on the premium listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities. Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. Subject to the passing of all of the Resolutions at the General Meeting, it is expected that Admission will become effective, and that dealings in the Ordinary Shares will commence on AIM, at 8:00 a.m. on 23 December 2020. In the event that the Delisting takes effect and the Ordinary Shares are admitted to trading on AIM, the Ordinary Shares will not be admitted to the Official List or to trading on any investment exchange other than AIM.

(k) The ISIN of the Existing Ordinary Shares is GB00B1P6ZR11.

4. Share rights

The following is a description of the rights attached to the Ordinary Shares, including any limitations of those rights, and procedure for the exercise of those rights.

(a) ***Voting rights***

Subject to **paragraph 4(e)** below, and to any special terms as to voting upon which any Shares may have been issued or may for the time being be held or a suspension or abrogation of voting rights pursuant to the Articles, every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly appointed representative shall, on a show of hands, have one vote and, on a poll, have one vote for every Share held by him. A proxy need not be a member of the Company.

(b) ***Variation of rights***

Subject to the 2006 Act, whenever the capital of the Company is divided into different classes of shares, the rights attached to any class may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of three-fourths of the issued shares of the class or with the sanction of a special resolution passed at a separate meeting of such holders (but not otherwise). To every such separate meeting the provisions of the Articles relating to general meetings of the Company shall apply, except that the necessary quorum at any such meeting shall be two persons together holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question and at an adjourned meeting shall be one person holding shares of the class in question.

(c) ***Transfer of shares***

A member may transfer all or any of his Shares:

(i) in the case of certificated shares, by instrument of transfer in writing in any usual form or in another form approved by the Board; and

(ii) in the case of uncertificated shares, in accordance with the CREST Regulations (as amended from time to time).

The instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, if the share is not fully paid, by or behalf of the transferee. Subject to **paragraph 4(e)** below and the requirements of the London Stock Exchange, the Board may, in its absolute discretion and without giving a reason, refuse to register the transfer of:

(iii) a certificated share which is not fully paid or on which the Company has a lien, provided that dealings in the share are not prevented from taking place on an open and proper basis;

(iv) a certificated share or a renunciation of a renounceable letter of allotment unless it is:

1. in favour of a single person or not more than four persons jointly;
2. in respect of only one class of Shares;
3. duly stamped (if required); and
4. delivered for registration to the registered office of the Company or such other place as the Board may decide, accompanied by the certificate for the Shares to which it relates (except in certain cases) and such other evidence as the Board may reasonably require to prove the title of the transferor or person renouncing and the due execution by him of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on his behalf, the authority of that person to do so.

Subject to that and to **paragraph 4(e)** below, the Articles contain no restrictions on the free transferability of fully paid Shares.

(d) ***Dividends***

Subject to the 2006 Act and other legislation relating to companies and affecting the Company, the Company may by ordinary resolution in general meeting declare a dividend to be paid to the members according to their respective rights and interests in the profits but no dividend shall be declared which exceeds the amount recommended by the Directors.

In accordance with and subject to the provisions of the 2006 Act and other legislation relating to companies and affecting the Company, the Directors may declare and pay such interim dividends as appear to the Directors to be justified by the profits of the Company available for distribution.

Subject to the rights of persons, if any, entitled to Shares with special rights as to dividend, and subject to **paragraph 4(e)** below, all dividends shall be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid and shall be apportioned and paid proportionately to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid or credited as paid in advance of calls shall be regarded as paid on Shares for this purpose.

All dividends unclaimed for a period of 12 years after the payment date for such dividend shall be forfeited and shall revert to the Company absolutely.

The Directors may, if authorised by an ordinary resolution of the Company in general meeting, offer the holders of Ordinary Shares the right to elect to receive new Ordinary Shares credited as fully paid instead of cash in respect of the whole or part of such dividend or dividends as are specified by such resolution. The Directors may apply such exclusions or other arrangements as they may deem necessary or expedient to deal with legal or practical problems (including, without limitation, the requirements of any regulatory body or stock exchange) in respect of overseas shareholders.

(e) ***Suspension of rights***

If a member, or any other person appearing to be interested in Shares held by such member, has been served by the Company with notice under section 793 of the 2006 Act and is in default in supplying to the Company within 14 days the information required by such notice, then (unless the Board otherwise decides):

(i) such member shall not be entitled to be present or to vote at general meetings of the Company or at separate meetings of the holders of a class of Shares or on a poll, in respect of the Shares which are the subject of such notice;

(ii) where the Shares which are the subject of such notice represent at least 0.25 per cent. in nominal value of the issued shares of their class:

1. the payment of dividends and other amounts payable in respect of those Shares may be withheld; and

2. no transfer of any such Share which is certificated shall be registered except in certain limited circumstances, including transfers to unconnected persons.

No member shall (unless the Directors otherwise determine) be entitled to be present or to vote at general meetings of the Company or at separate meetings of the holders of a class of Shares or on a poll or to exercise any privilege as a member in relation to meetings of the Company in respect of any Shares held by such member if:

(iii) any calls or other moneys due and payable in respect of such Shares remain unpaid; or

(iv) such member, or any other person appearing to be interested in any such Shares, has been duly served, pursuant to any provision of the 2006 Act or other legislation relating to companies and affecting the Company concerning the disclosure of interesting in voting shares, with a notice lawfully requiring the provision to the Company, within 14 days (or such longer period as may be specified in such notice), of information regarding any such Shares and such member or other person is in default in complying with such notice.

(f) ***Return of capital***

A liquidator on any winding-up of the Company (whether voluntary or under supervision or compulsory) may, with the authority of a special resolution and after deduction of any provision made under section 187 of the Insolvency Act 1986 and section 247 of the 2006 Act, divide among the members in kind the whole or any part of the assets of the Company, and for such purpose may set such value as he deems fair upon any one or more class or classes of property, and may determine how such division shall be carried out as between members or classes of members. If any such division shall be otherwise than in accordance with the existing rights of the members, every member shall have the same right of dissent and other ancillary rights as if such resolution were a special resolution passed in accordance with section 110 of the Insolvency Act 1986.

(g) ***Pre-emption rights***

There are no rights of pre-emption under the Articles in respect of transfers of issued Shares.

In certain circumstances, members may have statutory pre-emption rights under the 2006 Act in respect of the allotment of new Shares. These statutory pre-emption rights would require the Company to offer new Shares for allotment by existing members on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such Shares would be offered to the members.

5. Concert Party, disclosure of interests and dealings in Shares, market quotations, ratings, financial information, special arrangements and financing

(a) ***Concert Party***

The members of the Concert Party are (i) the Substantial Shareholder and the persons whose names and relationships to the Substantial Shareholder are set out below, (ii) Nigel Alliance and the persons whose names and relationships to Nigel Alliance are set out below, (iii) the Proposed

Director and (iv) those members of the families of the Substantial Shareholder, the Proposed Director and/or Nigel Alliance (including related trusts and controlled companies) that hold or will hold legal or beneficial rights to shares in the Company from time to time (including Joshua Adam Senior):

Name	*Relationship to the Substantial Shareholder*
The Anglo-Eastern Trust Limited	Company of which the Substantial Shareholder is a shareholder and director
Northern Counties Securities Limited	Subsidiary of The Anglo-Eastern Trust Limited (of which the Substantial Shareholder is a shareholder and director)
The trustees of The Alliance 1994 Settlement	Trust of which the Substantial Shareholder is a trustee
The trustees of The Alliance 1997 Settlement	Trust of which the Substantial Shareholder is a trustee
Sara Esterkin	Daughter
Alma Bettie Alliance	Former wife
Alliance Family Foundation Limited	Charitable foundation of which the Substantial Shareholder is a shareholder and director
The trustees of the Sir David Alliance Children's Trust	Trust of which the Substantial Shareholder is a trustee
Finemere Limited	Subsidiary of Cringle Corporation Limited (of which Nigel Alliance is a shareholder and director) and of which Nigel Alliance is a director
The trustees of a Discretionary Settlement relating to Nigel & Victoria Alliance's children	Trust of which the Nigel Alliance is a trustee
The trustee of the Mrs V Settlement	Trust of which the Nigel Alliance is the trustee
The trustees of Mr Alliances Number 1 Children's Settlement and Mr Alliances Number 2 Children's Settlement	Trust of which the Nigel Alliance is a trustee
The trustees of Mr M Alliance Trust 1982	Trust of which the Nigel Alliance is a trustee
Victoria Alliance	Wife

(b) ***Definitions***

For the purposes of this **paragraph 5**, reference to:

(i) "acting in concert'' is to such term as defined in the City Code;

(ii) an "arrangement'' includes any indemnity or option arrangement, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;

(iii) an "associate'' of any company means, unless otherwise stated:

- its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which any such companies are associated companies ("relevant associates''). For this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status;
- connected advisers and persons controlling, controlled by or under the same control as any such connected advisers;
- the directors (together in each case with their close relatives and related trusts) of the company or any relevant associate;
- the pension funds of the company or any relevant associate;
- any investment company, unit trust or other person whose investments an associate manages on a discretionary basis, in respect of the relevant investment accounts;
- an employee benefit trust of the company or any relevant company; and
- a company having a material trading arrangement with the company;

(iv) a "connected adviser'' is to such term as defined in the City Code;

(v) "connected person" has the meaning attributed to it in section 252 of the 2006 Act;

(vi) "control" means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control;

(vii) "dealing" or "dealt" includes the following:

- the acquisition or disposal of securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to the securities, or of general control of securities;
- the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any securities;
- subscribing or agreeing to subscribe for securities;
- the exercise or conversion, whether in respect of new or existing securities, of any securities carrying conversion or placing rights;
- the acquisition of, or disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to securities;
- entering into, terminating or varying the terms of any agreement to purchase or sell securities; and
- any other action resulting, or which may result, in an increase or decrease in the number of securities in which a person is interested or in respect of which he has a short position;

(viii) "derivative" includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of any underlying security;

(ix) "disclosure period" means the period of 12 months ending on 4 November 2020 (being the latest practicable date prior to the publication of this document);

(x) "exempt principal trader" or "exempt fund manager" is to such term as defined in the City Code;

(xi) "Directors" the directors of the Company as at the date of this document;

(xii) a person has an "interest" in or is "interested" if he has a long economic exposure, whether absolute or condition, to change in the price of those securities (and a person who only has a short position in securities is not treated as interested in those securities). In particular, a person is treated as "interested" in securities if:

- he owns them;
- he has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
- by virtue of any agreement to purchase any option or derivative, he has the right or option to acquire them or call for their delivery, or is under an obligation to take delivery of them, in each case, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
- he is party to any derivative whose value is determined by reference to their price and which results, or may result, in his having a long position in them; or
- in the case of Rule 5 of the City Code only, he has received an irrevocable commitment in respect of them;

(xiii) "related parties" in relation to a director, means those persons whose interests in shares the director would be required to disclosure pursuant to Part 22 of the 2006 Act and related regulations;

(xiv) "relevant securities" includes: (1) shares and any other securities conferring voting rights, (2) equity share capital, (3) any securities convertible into or rights to subscribe for securities, described in (1) and (2) above and (4) securities convertible into, rights to subscribe for, options (included traded options) in respect of and derivatives referenced to any of the foregoing; and

(xv) "short position" means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

(c) ***Interests and dealings in relevant securities***

(i) As at 4 November 2020 (being the latest practicable date prior to the date of this document), the interests of each Director and the Proposed Director, including those of any connected person (within the meaning of section 252 of the 2006 Act and the provisions of the Disclosure Guidance and Transparency Rules), the existence of which is known to, or could with reasonable diligence be ascertained by, that Director or the Proposed Director whether or not held through another party, in the share capital of the Company were as follows:

Name	*Shares*	*%*
Matt Davies	31,130	0.011
Steve Johnson	60,240	0.021
Rachel Izzard	Nil	Nil
Ron McMillan	50,000	0.017
Lord Alliance of Manchester CBE (including his associates)	96,643,694	33.81
Lesley Jones	Nil	Nil
Richard Moross	Nil	Nil
Gill Barr	8,506	0.003
Michael Ross	Nil	Nil
Vicky Mitchell	Nil	Nil
Joshua Alliance[1]	96,643,694	33.81

(ii) As at 4 November 2020 (being the latest practicable date prior to the date of this document), the interests of each Director and the Proposed Director, including those of any connected person (within the meaning of section 252 of the 2006 Act and the provisions of the Disclosure Guidance and Transparency Rules), the existence of which is known to, or could with reasonable diligence be ascertained by, that Director or the Proposed Director whether or not held through another party, in options in respect of the share capital of the Company were as follows:

Name	**Scheme**	**Date of grant**	**Exercise price per Share (pence)**	**Vesting date**	**Number of Shares over which options exercisable**
	2014 LTIP	9 August 2017	Nil	9 August 2020	65,645
	DABS	16 August 2018	Nil	16 August 2020	17,316
	2014 LTIP	22 August 2018	Nil	22 August 2021	126,225
Steve	DSBP	18 June 2019	Nil	18 June 2022	35,410
Johnson	2014 LTIP	3 September 2019	Nil	3 September 2022	601,983
Rachel	2014 LTIP	To be granted	Nil	8 March 2021	170,998
Izzard[2]	2014 LTIP	To be granted	Nil	4 March 2022	482,674

[1] These are the same shares in which Lord Alliance of Manchester CBE (including his associates) is interested. With effect from Admission, by virtue of him becoming a Director, Joshua Alliance will be classed as being interested in only 22,374,383 of these shares.

[2] Although these options have not yet been granted, the Directors referred to their intention to grant them in the directors' remuneration report in the Annual Report and Accounts of N Brown for the 52 weeks ended 29 February 2020.

(iii) As at 4 November 2020 (being the latest practicable date prior to the date of this document), the interests of the Concert Party in the share capital of the Company together with any options in respect of such capital were as follows:

Name	**Shares**	**%**
Lord Alliance of Manchester CBE	68,678,083	24.03
The Anglo-Eastern Trust Limited	468,210	0.16
Northern Counties Securities Limited	6,169,889	2.16
The trustees of The Alliance 1994 Settlement	7,600,000	2.66
The trustees of The Alliance 1997 Settlement	3,619,047	1.27
Sara Esterkin	2,129,071	0.74
Alma Bettie Alliance	1,595,728	0.56
Alliance Family Foundation Limited	4,517,237	1.58
The trustees of the Sir David Alliance Children's Trust	1,866,429	0.65
Nigel Alliance	22,600,552	7.92
Finemere Limited	2,053,464	0.72
The trustees of a Discretionary Settlement relating to Nigel & Victoria Alliance's children	622,924	0.22
The trustee of the Mrs V Settlement	4,297	0.002
The trustees of Mr Alliances Number 1 Children's Settlement and Mr Alliances Number 2 Children's Settlement	5,268,880	1.84
The trustees of Mr M Alliance Trust 1982	124,854	0.04
Victoria Alliance	814,285	0.28
Total	**128,132,950**	**44.83**

(iv) During the disclosure period, there were no dealings in the share capital of the Company by Directors or the Proposed Director, including any connected person (within the meaning of section 252 of the 2006 Act and the provisions of the Disclosure Guidance and Transparency Rules).

(v) During the disclosure period, there were no dealings in the share capital of the Company by members of the Concert Party

(vi) Save as disclosed in this **paragraph 5**, as at 4 November 2020 (being the latest practicable date prior to the date of this document), none of:

- the Company;
- the Directors, the Proposed Director or their respective immediate families, related trusts or any other connected persons;
- any person acting in concert with the Company;
- any person who is a party to an arrangement with the Company or any person acting in concert with the Company of the kind referred to in Note 11 on the definition of "acting in concert" in the City Code;
- any member of the Concert Party; or
- any person who is a party to an arrangement with any member of the Concert Party or any person acting in concert with any member of the Concert Party of the kind referred to in Note 11 on the definition of "acting in concert" in the City Code,

held any interest in or right to subscribe for or any short position in any relevant securities of the Company, nor had any agreements to sell or any delivery obligations or rights to require another person to purchase or take any delivery of any relevant securities of the Company nor, save for any borrowed shares which have either been on-lent or sold, had borrowed or lent any relevant securities of the Company (including for these purposes any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the City Code) nor has any such person dealt in any relevant securities of the Company during the disclosure period.

(vii) During the disclosure period, the Company has not redeemed or purchased any of its relevant securities or taken or exercised an option over any of its relevant securities.

(d) ***Market quotations***

Date	Middle market quotation (pence)
27 October 2020	62.50
28 October 2020	55.70
29 October 2020	53.10
30 October 2020	57.20
2 November 2020	55.60
3 November 2020	58.50
4 November 2020	59.00

(e) ***Ratings and outlooks***

There are no current ratings or outlooks publicly accorded to any member of the Concert Party or the Company by ratings agencies.

(f) ***Financial information***

The Company's audited consolidated accounts for the last two financial years and unaudited financial statements for the 26 weeks ended 29 August 2020 are available on the Company's website (www.nbrown.co.uk) and are incorporated into this document by reference for the purposes of compliance with the City Code only (and are not required to be incorporated into this document by the Prospectus Regulation Rules, the Listing Rules or otherwise). Except for the half-yearly financial report for the 26 weeks ended 29 August 2020 mentioned above, the Company has not published any preliminary statement of annual results, half-yearly financial report or interim financial information since the date of its last published audited accounts.

(g) ***Special arrangements***

Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between any member of the Concert Party or any person acting in concert with any of them and any of the directors, recent directors, shareholders or recent shareholders of the Company, or any person interested or recently interested in Ordinary Shares, having any connection with or dependence upon the Capital Raising.

(h) ***Financing***

The Placees will fund their participation in the Placing through the use of their own resources.

6. Notification of major holdings of Shares

Whilst disclosure of shareholdings is not a requirement of the Articles, Chapter 5 of the Disclosure Guidance and Transparency Rules makes provision regarding notification of certain shareholdings and holdings of financial instruments.

Where a person holds voting rights in the Company as shareholder or through direct or indirect holdings of financial instruments, then the person has an obligation to make a notification to the FCA and the Company of the percentage of voting rights held where that percentage reaches, exceeds or falls below three per cent. or any whole percentage figure above three per cent.

The requirement to notify also applies where a person is an indirect Shareholder and can acquire, dispose of or exercise voting rights in certain cases.

7. Directors', Proposed Director's, Senior Management's and other interests and Directors' service contracts

(a) The Directors, the Proposed Director and members of the senior management, their functions within the Group and brief biographies are set out in Part 5 (*Directors, Proposed Director, senior management and corporate governance*) of this document.

(b) Save for any directorships of companies within the Group, the Directors, Proposed Director and senior managers have held the following directorships and/or been a partner in the following partnerships within the five years prior to the date of this document:

Name	Current directorships/ partnerships	Former directorships/ partnerships
Directors		
Matt Davies	Barnardo's Cannes Bidco Limited Cannes Topco Limited Hobbycraft Group Limited Mission Mars Limited Travel Counsellors Group Limited	Tesco Stores Limited Tesco Mobile Limited
Steve Johnson	None	None
Rachel Izzard	None	Aer Lingus Limited Aer Lingus Group Designated Activity Company Aer Lingus (Ireland) Limited IAG Cargo Limited Dunwoody Airline Services Limited
Ron McMillan	B&M European Value Retail SA Homeserve plc ScS Group plc	Yorkshire Tourist Board Limited Welcome to Yorkshire Limited Rubix Group International Limited 888 Holdings plc
Lord Alliance of Manchester CBE	Irwell Springs Printing Company (Holdings) Limited David Alliance & Sons Limited Anglo-Peacock Nominees Limited Southwell (Industrial) Developments Limited British Northrop Limited Padworth Investments Limited Northern Counties Securities Limited The Anglo-Eastern Trust Limited Alliance Family Foundation Limited Robert Spencer and Nephews (1932) Limited Texteam Limited	None
Lesley Jones (former name: Margaret Lesley Hawkins)	Close Brothers Group plc Close Brothers Limited Maugersbury 21 Limited Moody's Investors Service Limited	Northern Bank Limited ReAssure Group plc
Richard Moross	Modern Organisation Limited Moo Inc Moo Print Limited	Ladbrokes Coral Group Limited
Gill Barr (former name: Gill Ash)	McCarthy & Stone plc Paypoint plc Wincanton plc	Lifesight Limited
Michael Ross	Maths & Magic Limited Sainsbury's Bank plc	IKDI In Kind Direct Warehouse Express Group Ltd Michael A Ross Limited Nevis Holdings Limited Abcam plc Dynamicaction Limited

Name	Current directorships/ partnerships	Former directorships/ partnerships
Vicky Mitchell	Lookers plc Lookers Motor Group Limited West Bromwich Building Society	Capital One Holdings Limited Capital One (Europe) plc The UK Cards Association Limited
Joshua Alliance	Irwell Springs Printing Company (Holdings) Limited David Alliance & Sons Limited Anglo-Peacock Nominees Limited Southwell (Industrial) Developments Limited British Northrop Limited Padworth Investments Limited Northern Counties Securities Limited The Anglo-Eastern Trust Limited Alliance Family Foundation Limited Robert Spencer and Nephews (1932) Limited Texteam Limited SimilarWeb Limited Light Chemistry Limited MoonActive Ltd Sparkbeyond Ltd Sparkbeyond UK Ltd DBag Shopping Ltd Dropit Shopping Ltd Highr Pattern Ltd Pets Pyjamas Limited EyeSpy360 Limited Fitix Visualisation Ltd SeeTrue Screening Ltd	Morneua Schepell (UK) Ltd LocalCoin Ltd Open Web Technologies Ltd Realtext Limited
Senior managers		
Sarah Welsh	None	Oasis Fashions Holdings Limited Oasis Fashions Retail Limited Oasis Fashions Limited
Dan Joy	The People Touch Limited	FIT HQ Ltd Nutritionally Balanced Food Company Limited NB Food Company (IP) Limited
Adam Warne	None	AO Retail Limited
Alyson Fadil	None	Sofology Limited Dancesyndrome Swan – The People Partners Limited
Kenyatte Nelson	None	None
Theresa Casey	The Crossley Heath School Academy Trust Limited	Faculty Law Limited

(c) Save as disclosed above, neither any Director, nor the Proposed Director nor any senior manager has at any time:

(i) had any previous names; or

(ii) had any unspent convictions in relation to indictable offences; or

(iii) within the previous five years, had any convictions in relation to fraudulent offences; or

(iv) been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director, Proposed Director or senior manager; or

(v) been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or

(vi) been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset: or

(vii) had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or

(viii) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

(d) So far as the Directors and the Proposed Director are aware, save as disclosed in **paragraph 7** of Part 1 (*Letter from the Chairman*) of this document, there are no arrangements the operation of which may at a later date result in a change of control of the Company.

(e) Save as set out below, the Company is not aware of any person who is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

Name	**Shares**	**%**
Lord Alliance of Manchester CBE (together with his associates)	96,643,694	33.81
Schroder Investment Management	34,395,900	12.03
Nigel Alliance (together with is associates)	31,489,256	11.02
Hargreaves Lansdown Asset Management	16,217,095	5.67
Norges Bank	8,592,089	3.01

(f) None of the Company's major holders of shares listed above has voting rights which are different from other holders of Ordinary Shares.

(g) There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director, the Proposed Director or any senior manager.

(h) Neither any Director, nor the Proposed Director nor any senior manager is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or which was effected by any member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.

(i) In respect of the Directors, the Proposed Director and the senior managers, save as arising out of their being directors of or partners in the companies and partnerships set out opposite their names in **paragraph 7(b)** above and, in the case of the Substantial Shareholder, the proposed related party transaction with him and the Proposed Director referred to in **paragraph 20** of Part 1 (*Letter from the Chairman*) of this document, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.

(j) There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any of the Directors, the Proposed Director or senior management was selected as a Director or member of senior management except for the Relationship

Agreement in relation to the Substantial Shareholder and the Proposed Director (the details of which are set out in **paragraph 3** of Part 5 (*Directors, Proposed Director, senior management and corporate governance*) of this document).

(k) The interests of the Substantial Shareholder, all of which are beneficial (except as noted in **paragraph 5(c)(iii)** above), in the share capital of the Company are as set out in **paragraph 5(c)(iii)** above:

(l) The Substantial Shareholder is not interested in any unissued Ordinary Shares under share options pursuant to the Share Incentive Schemes.

(m) The services of the Substantial Shareholder as non-executive Director are provided under the terms of an agreement between the Company and him dated 16 May 2007 subject to termination upon at least 6 months' notice. Pursuant to that agreement, he receives benefits from the Company which do not exceed a certain amount per annum, which is currently £50,000.

(n) Details of the service agreements and letters of appointment currently in place between the Company and the Directors are set out below. The Directors have all agreed to certain amendments to their current service agreements and letters of appointment to take account of the proposed (a) cancellation of admission of the Existing Ordinary Shares to the premium listing segment of the Official List and to trading on the Main Market and (b) admission of the Enlarged Share Capital to trading on AIM. These agreed amendments are reflected in new service agreements and letters of appointment which will come into effect, and are conditional, upon Admission. The summaries set out below reflect the content of the proposed new service agreements and letters of appointment (save that the dates on which the relevant agreements were entered into will necessarily change).

Steve Johnson, Group Chief Executive Officer, is engaged pursuant to a service agreement with N Brown Group plc, governed by English law. The agreement is signed but undated, but appears to have been entered into in February 2019. He was appointed CEO on 26 February 2019, having served as Interim CEO from 12 September 2018. Prior to this, he joined N Brown Group plc as Financial Services Director in February 2016. His employment is terminable on 12 months' notice in writing by either party, immediately on payment in lieu of 12 months' basic salary in monthly instalments, or summarily by the Company if he is, among other things, disqualified from acting as a director, or is guilty of gross misconduct, gross negligence or breach of fiduciary duty. Any salary or remuneration received by him following termination during what would have been his 12 month notice period can be offset against any future instalments in lieu of notice. His basic annual salary is £425,000 and he is entitled to participate in the N Brown Plc annual bonus scheme and the N Brown Plc Long Term Incentive Plan, subject to the rules of the relevant schemes (which are not set out in the service agreement). He is also entitled to permanent health insurance, life assurance and private medical insurance, with the Company reserving the right to vary or discontinue these benefits. He may participate in the N Brown Pension Scheme (or any replacement scheme), with a Company contribution of 8 per cent. of basic salary per annum (or elect to take cash payments instead) and has 25 days' annual leave plus statutory holidays. He has a car allowance of £19,000 per annum and is reimbursed for fuel costs. In the event of illness or incapacity, he is entitled to full pay for up to 26 weeks in any 52 week period. On termination or at the start of a period of garden leave, he is required to transfer, as directed, any shares or securities in the Company or any Group company that he holds and he is not entitled to any compensation for loss of any rights/benefits under any share option, bonus, long-term incentive plan or any other profit sharing scheme, on termination of employment (otherwise than as provided for in the relevant scheme rules). The Company has the right to place him on garden leave for all or some of his notice period. He is subject to certain restrictive covenants (including non-dealing, non-compete and non-solicitation restrictions) for a period of 12 months after termination of employment (reduced by any period spent on garden leave) and may not disclose confidential information at any time.

Rachel Izzard, Group Chief Financial Officer, is engaged pursuant to a service agreement with N Brown Group plc, governed by English law and dated January 2020. No precise commencement date is stated in the agreement but her employment commenced on 6 April 2020. Her employment is terminable on 12 months' notice in writing by either party,

immediately on payment in lieu of 12 months' basic salary in monthly instalments, or summarily by the Company if she is, among other things, disqualified from acting as a director, or is guilty of gross misconduct, gross negligence or breach of fiduciary duty. Any salary or remuneration received by her following termination during what would have been her 12 month notice period can be offset against any future instalments in lieu of notice. Her basic annual salary is £350,000, with a first review due in June 2021. She is entitled to be reimbursed relocation costs of up to £30,000 if she relocates to within a reasonable travelling distance of the Company's offices in Manchester. If her employment ends (other than as a result of a serious breach by the Company) within 36 months of a relocation payment, she must repay between 25 per cent. and 100 per cent. of the payment (depending on the time that elapses between the payment and the termination). She is entitled to participate in the N Brown Plc annual bonus scheme and the N Brown Plc Long Term Incentive Plan, subject to the rules of the relevant schemes (which are not set out in the service agreement). She is also entitled to permanent health insurance, life assurance and private medical insurance, with the Company reserving the right to vary or discontinue these benefits. She may participate in the N Brown Pension Scheme (or any replacement scheme), with a Company contribution of 8 per cent. of basic salary per annum (or elect to take cash payments instead) and has 25 days' annual leave plus statutory holidays. She has a car allowance of £16,800 per annum and is reimbursed for fuel costs. In the event of illness or incapacity, she is entitled to full pay for up to 26 weeks in any 52 week period. On termination or at the start of a period of garden leave, she is required to transfer, as directed, any shares or securities in the Company or any Group company that she holds and she is not entitled to any compensation for loss of any rights/ benefits under any share option, bonus, long-term incentive plan or any other profit sharing scheme, on termination of employment (otherwise than as provided for in the relevant scheme rules). The Company has the right to place her on garden leave for all or some of her notice period. She is subject to certain restrictive covenants (including non-dealing, non-compete and non-solicitation restrictions) for a period of 12 months after termination of employment (reduced by any period spent on garden leave) and may not disclose confidential information at any time.

Matt Davies is engaged as non-executive director and Chairman pursuant to a letter of appointment with N Brown Group plc dated 16 February 2018, governed by English law. His appointment as non-executive director commenced on 19 February 2018, with his appointment as Chairman commencing on 1 May 2018. His appointment is for a three year term, but is terminable on six months' notice at any time, and also summarily in certain scenarios (including removal as a director, breach of duty, criminal conduct, serious breach of his obligations). His responsibilities are those typically required of a non-executive director and Chairman of an AIM company. His appointment is subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if he is not re-elected or his appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. He is paid an annual fee of £255,000. He is required to provide his services for at least one day per week, with the Company reserving the right to require additional days at no additional cost. He is bound by obligations of confidentiality during and after termination of the appointment. There are no other post-termination restrictions. The letter of appointment states that, following termination of the appointment, he will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Ron McMillan is engaged as non-executive director, Chair of the Company's Audit & Risk Committee and senior independent director pursuant to a letter of appointment with N Brown Group plc dated 8 March 2013, governed by English law. His appointment commenced on 1 April 2013 and is stated to be for a six year term but terminable on three months' notice at any time, and also summarily in certain scenarios (including removal as a director, breach of duty, criminal conduct, serious breach of his obligations). His responsibilities are those typically required of a non-executive director of an AIM company. His appointment is subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if he is not re-elected or his appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. He is paid an annual fee of £51,000 as a non-executive director, a further £15,000 in respect of his chairmanship of the Audit & Risk Committee and a further £10,000 for assuming the role of senior independent director. He is required to provide

his services for a minimum of two days per month (and such additional days as required). He is bound by obligations of confidentiality during and after termination of the appointment and a 12 month post-termination non-compete restriction. The letter of appointment states that, following termination of the appointment, he will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Lord Alliance of Manchester CBE was appointed as a non-executive director in 1968, was subsequently executive Chairman until 1 September 2012 and has been engaged as non-executive director since that date. His appointment is governed a letter of appointment with N Brown Group plc dated 29 May 2007, governed by English law. His appointment is terminable at any time on six months' notice and also summarily in certain scenarios (including removal as a director, breach of duty, criminal conduct, serious breach of his obligations). His responsibilities are those typically required of a non-executive director of an AIM company. His appointment is subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if he is not re-elected or his appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. He is entitled to an annual director's fee of £51,000. He waives this fee and instead receives benefits from the Company which do not exceed a certain amount per annum, which is currently £50,000. He is required to attend all Board and Committee meetings, and all AGMs. He is bound by obligations of confidentiality during and after termination of the appointment but there are no other post-termination restrictions. The letter of appointment states that, following termination of the appointment, he will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Lesley Jones is engaged as non-executive director pursuant to a letter of appointment with N Brown Group plc dated 1 October 2014, governed by English law. Her appointment commenced on 1 October 2014 and is stated to be for a three year term but terminable at any time on six months' notice, and also summarily in certain scenarios (including removal as a director, breach of duty, criminal conduct, serious breach of her obligations). Her responsibilities are those typically required of a non-executive director of an AIM company. Her appointment is subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if she is not re-elected or her appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. She is paid an annual fee of £51,000 as a non-executive director. She was Chair of the Financial Services Board Committee from November 2019 until January 2020 in respect of which an additional pro-rated fee of £20,000 per annum was paid. She is required to provide her services for a minimum of two days per month (and any additional days as required). She is bound by obligations of confidentiality during and after termination of the appointment and a 12 month post-termination non-compete restriction. The letter of appointment states that, following termination of the appointment, she will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Richard Moross is engaged as non-executive director pursuant to an unsigned letter of appointment with N Brown Group plc dated 13 September 2016, governed by English law. His appointment commenced on 6 October 2016 and is stated to be for a three year term but terminable on six months' notice at any time, and also summarily in certain scenarios (including removal as a director, breach of duty, criminal conduct, serious breach of his obligations). His responsibilities are those typically required of a non-executive director of an AIM company. His appointment is subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if he is not re-elected or his appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. He is paid an annual fee of £51,000 as a non-executive director and a further £10,000 for his role as Designated Director for Colleague Engagement. He is required to provide his services for a minimum of two days per month (and such additional days as required). He is bound by obligations of confidentiality during and after termination of the appointment and a 12 month post-termination non-compete restriction. The letter of appointment states that, following termination of the appointment, he will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Gill Barr is engaged as non-executive director and Chair of the Company's Remuneration Committee pursuant to a letter of appointment with N Brown Group plc dated 6 December 2017, governed by English law. Her appointment commenced on 16 January 2018 and is stated to be for a three year term but terminable at any time on six months' notice, and also summarily in certain scenarios (including removal as a director, breach of duty, criminal conduct, serious breach of her obligations). Her responsibilities are those typically required of a non-executive director of an AIM company. Her appointment is subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if she is not re-elected or her appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. She is paid an annual fee of £51,000 as a non-executive director and £15,000 in respect of her chairmanship of the Remuneration Committee. She is required to provide her services for a minimum of two days per month (and any additional days as required). She is bound by obligations of confidentiality during and after termination of the appointment and a 12 month post-termination non-compete restriction. The letter of appointment states that, following termination of the appointment, she will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Michael Ross is engaged as non-executive director and Chair of the Company's Environment and Social Governance Committee pursuant to a letter of appointment with N Brown Group plc dated 24 January 2020, governed by English law. His appointment commenced on 16 January 2018 and is stated to be for a three year term but terminable on six months' notice at any time, and also summarily in certain scenarios (including removal as a director, breach of duty, criminal conduct, serious breach of his obligations). His responsibilities are those typically required of a non-executive director of an AIM company. His appointment is subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if he is not re-elected or his appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. He is paid an annual fee of £51,000 as a non-executive director and a further £10,000 in respect of his chairmanship of the Environment and Social Governance Committee. He is required to provide his services for a minimum of two days per month (and such additional days as required). He is bound by obligations of confidentiality during and after termination of the appointment and a 12 month post-termination non-compete restriction. The letter of appointment states that, following termination of the appointment, he will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Vicky Mitchell is engaged as non-executive director and Chair of the Company's Financial Services Board (FSB) Committee pursuant to a letter of appointment with N Brown Group plc dated 24 January 2020, governed by English law. Her appointment commenced on 28 January 2020 and is stated to be for a three year term but ending at the conclusion of the 2022 AGM. The appointment is also terminable on six months' notice at any time, and also summarily in certain scenarios (including removal as a director, breach of duty, criminal conduct, serious breach of her obligations). Her responsibilities are those typically required of a non-executive director of an AIM company and she is subject to the Senior Managers & Certification Regime. Her appointment is subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if she is not re-elected or her appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. She is paid an annual fee of £51,000 as a non-executive director and a further £24,000 in respect of her chairmanship of the FSB Committee. She is required to provide her services for a minimum of 30 days per annum (and an additional 10 days during the first year of the appointment). She is bound by obligations of confidentiality during and after termination of the appointment. There is a 12 month post-termination non-compete provision, which will be unenforceable if no consideration was given. The letter of appointment states that, following termination of the appointment, she will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Joshua Alliance will be appointed as non-executive director with effect from the date of Admission, pursuant to a letter of appointment with N Brown Group plc governed by English law. If Admission does not occur by 15 January 2021, the letter of appointment will have no force or effect. His appointment is stated to be for a three year term but terminable on six months' notice at any time, and also summarily in certain scenarios (including removal as a

director, breach of duty, criminal conduct, serious breach of his obligations). His responsibilities are to be those typically required of a non-executive director of an AIM company. His appointment is to be subject to re-election by the Company's shareholders at the AGM and may be terminated immediately if he is not re-elected or his appointment as a director is otherwise terminated under the Articles of Association or any statutory provision. He is to be paid an annual fee of £40,000 as a non-executive director. He is to be required to provide his services for a minimum of two days per month (and such additional days as required). He is to be bound by obligations of confidentiality during and after termination of the appointment and a 12 month post-termination non-compete restriction. The letter of appointment states that, following termination of the appointment, he will not be entitled to any further payments other than in respect of fees and expenses that have accrued to the date of termination.

Joshua Alliance was employed by J.D. Williams & Company Limited from 2014 and served as Head of Business Innovation from September 2019 until 6 October 2020, when his employment terminated by mutual agreement. During his employment with J.D. Williams & Company Limited as Head of Business Innovation, his basic salary was £64,000 per annum. He is not entitled to any further payments arising from his employment and entitlement to all employment benefits (including pension contributions) ceased with effect from 6 October 2020.

Save as set out above, no such employment agreements, service contracts or letters of appointment have been entered into or amended within the six months immediately preceding the date of this document.

8. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by any member of the Group during the two years preceding the date of this document and are or may be material or contain any provision under which any member of the Group has an obligation or entitlement which is material to the Group as at the date of this document:

(a) ***Revolving Facility Agreement***

On 1 October 2015, it was agreed that certain financial indebtedness of the Company would be refinanced and replaced with a new facility to be advanced by certain lenders in accordance with the terms and subject to the conditions an agreement for of a £125 million multicurrency revolving facility ("Existing RCF") with a £50 million accordion option between, amongst others, the Company (as parent and original borrower), HSBC Bank plc ("HSBC") and The Royal Bank of Scotland plc ("RBS") (as mandated lead arrangers), National Westminster Bank plc ("NatWest") and HSBC (as original lenders) and RBS (as agent) (the "Revolving Facility Agreement"). The Revolving Facility Agreement was amended on 15 July 2016, amended and restated on 18 April 2018 and further amended on 18 May 2020.

On 30 October 2020, it was agreed that the Revolving Facility Agreement would be amended and restated to make available a £100 million multicurrency revolving facility ("RCF") with a £25 million accordion option to increase the amount of the RCF in future, such increase being at the discretion of the lenders. The RCF would be available under the Revolving Facility Agreement until 31 December 2023. The Company would also be able to extend the termination date of the RCF on the first anniversary of the amendment and restatement of the Revolving Facility Agreement by one year. Any extension would be at the discretion of each lender. Such terms being the "Plan A Terms".

Documentation to amend and restate the Revolving Facility Agreement on the Plan A Terms has been signed. Such changes will become effective automatically on Admission occurring provided that that occurs by 15 January 2021.

It was also agreed on 30 October 2020 that, in the event that any of the following events occur (each a "Trigger Event"):

(i) Admission does not occur on or before 15 January 2021;

(ii) each of the Resolutions is not passed at the General Meeting;

(iii) the Company issues an RNS announcement or otherwise notifies NatWest (as agent for the other finance parties) that it is withdrawing from the Capital Raising, the Delisting and Admission; or

(iv) either of the Placing Agreement and/or the Introduction Agreement is terminated,

the Revolving Facility Agreement would not be amended and restated on the Plan A terms and, instead, would be amended and restated to extend the availability of the RCF from 1 October 2021 to 31 May 2022 with the quantum reducing to £100 million until 1 October 2021, when it will reduce to £50 million. Documentation to amend and restate the Revolving Facility Agreement on those terms has been signed.

The Company's subsidiaries J.D. Williams & Company Limited and J.D. Williams Group Limited also entered into the Revolving Facility Agreement as guarantors and each provided (together with the Company) a continuing guarantee in relation to the performance of all of the Company's obligations under the Revolving Facility Agreement. Additionally, material subsidiaries of the Company are required (to the extent possible from a regulatory perspective) to accede to the Revolving Facility Agreement where the existing guarantors do not represent 75 per cent. of EBITDA or the consolidated gross assets of the Group or if any subsidiary has earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA representing 5 per cent. or more of EBITDA or the gross assets on the Group.

Each loan currently has an interest rate comprised of the aggregate of the applicable LIBOR (or, if made in euros, EURIBOR) for the relevant drawing and a margin.

Each loan is repayable on the last day of its interest period. Mandatory prepayment/cancellation provisions may also apply to require earlier repayment of the loans or cancellation of the facility, for example, as a result of a change of control or illegality. The Company may also voluntarily prepay the loans or cancel the whole or any part of the facility provided minimum thresholds for amounts and notice periods have been met.

A number of standard representations and warranties were given under the terms of the Revolving Facility Agreement by the Company and its subsidiaries, many of which will be repeated on the date of each utilisation request and on the first day of each interest period. Customary materiality tests, carve-outs and grace periods also apply. The Revolving Facility Agreement requires the Company and the guarantors to comply with, and in appropriate cases requires that the Company ensures the compliance of the Group with, a number of customary undertakings. The terms of the Revolving Facility Agreement also contain financial covenants which are market standard for facilities and transactions of this type. The financial covenants are tested quarterly by reference to the Group's cumulative management accounts for the financial year to date, consolidated financial statements as at the Group's financial half year and audited and consolidated financial statements as at the Group's financial year end (as applicable).

The events of default under the Revolving Facility Agreement are usual for facilities and transactions of this type. Upon the occurrence of an event of default which is not remedied or waived, NatWest (acting as agent) may or shall acting on the instructions of the majority lenders (the holders of 66 2/3 per cent. of the total commitments) cancel the available facilities and accordion facility, may declare all outstanding payments to be immediately due and payable and may exercise all or any rights under the finance documents.

The Company had, as at 30 October 2020, drawn £75.0 million of the Existing RCF.

(b) **CLBILS Agreement**

On 18 May 2020, the Company (as borrower) and its subsidiaries J.D. Williams & Company Limited and J.D. Williams Group Limited (as guarantors) entered in to:

(i) a £25 million sterling term facility agreement with HSBC UK Bank plc ("HSBC") in various capacities including as original lender and agent ("HSBC CLBILS Agreement"); and

(ii) a £25 million sterling term facility agreement with NatWest in various capacities including as original lender and agent ("Natwest CLBILS Agreement")

together the "CLBILS Agreements" and each a "CLBILS Agreement".

The Group has informed its lenders that, as a result of the agreed changes to the Revolving Facility Agreement under the Plan A Terms becoming effective, the Group intends to voluntarily immediately cancel the CLBILS Agreements on Admission and all amounts drawn under them at that point will be repaid within 1 Business day of Admission. If a Trigger Event (as defined in **paragraph 8(a)** above) occurs, the CLBILS Agreements will not be cancelled and, instead, will continue on their current terms save for minor amendments to conform certain terms to those in the Revolving Facility Agreement (as amended) on the occurrence of a Trigger Event. Documentation to amend the CLBILS Agreements on those terms has been signed.

The loans under the CLBILS Agreements are made available under the Coronavirus Large Business Interruption Loan Scheme ("CLBILS") and are supported by guarantees from the UK Government. If the Company does not repay to HSBC or Natwest the full amount of the loans (as applicable), the UK Government will pay some of the amounts due instead.

The terms of each CLBILS Agreement mirror, for the most part, the terms of the Revolving Facility Agreement outlined in **paragraph 8(a)** above, save for the following:

(i) the loans made available under each CLBILS Agreement must be drawn and repaid at the same time;

(ii) the Company must apply all amounts borrowed under each loan for a purpose being "providing economic benefit to the Group's business in the United Kingdom including investment, growth, enabling it to continue as a going concern and to support trading in the United Kingdom";

(iii) as with the Revolving Facility Agreement, each loan has an interest rate comprised of the aggregated applicable LIBOR for the relevant drawing and a margin;

(iv) each loan is repayable on the termination date, being the third anniversary of the date of each CLBILS Agreement (18 May 2023) and a loan cannot be redrawn once it has been repaid. As with the Revolving Facility Agreement, mandatory prepayment/cancellation provisions may also apply to require earlier repayment of the loans or cancellation of the loans and, as mentioned above, the Company must ensure that any loans made available under each CLBILS Agreement are repaid or cancelled in the same proportion and at the same time;

(v) as with the Revolving Facility Agreement, each CLBILS Agreement contains financial covenants which are market standard for facilities and transactions of this type. The financial covenants are tested quarterly by reference to the Group's consolidated financial statements delivered in relation to the months ending on or about 31 May and 30 November in each year, the Group's consolidated financial statements as at the Group's half year and the Group's audited and consolidated financial statements as at the Group's year end (as applicable);

(vi) as with the Revolving Facility Agreement, each CLBILS Agreement requires that the Company and the guarantors comply with, and in appropriate cases requires that the Company ensures the compliance of the Group with, a number of customary undertakings. In addition, each CLBILS Agreement includes additional restrictions on the Group's ability to grant collateral/security in support of any borrowing facilities and to make or pay dividends; and

(vii) a number of coronavirus (COVID 19) specific representations and warranties are given under the terms of each CLBILS Agreement including that the business of the Group has been impacted by coronavirus (COVID 19) and that no member of the Group has incurred any financial indebtedness supported by the Bank of England's COVID Corporate Financing Facility Scheme.

The Company had, as at 30 October 2020, drawn £2.0 million of the facilities.

(c) **Securitisation Arrangements**

The Group has, for a number of years, funded itself in part by the Securitisation (and previous similar arrangements) which involves the monetisation of receivables arising from credit provided to those of its customer who elect to make their purchase(s) using credit payment terms and which are approved by the Group to receive such credit.

On 17 April 2018, the Company and JDW&Co, entered into various documents (including those mentioned in this summary) in relation to a private revolving securitisation transaction (the "Securitisation") with, amongst others, HSBC Bank plc ("HSBC") and NatWest Markets plc ("NWM"

and together with HSBC, the "Senior Funders"), for the purposes of enabling the Group to continue to benefit from an ongoing monetisation of such customer receivables. The key documents in respect of the Securitisation were subsequently amended on 8 May 2019, 7 October 2019, 20 December 2019, 18 May 2020 and 30 October 2020.

The Securitisation is in compliance with the requirements under Article 7(1)(c) of Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017, which sets out a general legislative framework for securitisations.

Private revolving securitisation transactions of the nature of the Securitisation are generally fairly complex, involving a large number of agreements, with many such agreements being inter-dependent with others. Set out below is a summary of the key contractual documents which make up the Securitisation.

Pursuant to a receivables sale agreement (the "RSA") between, amongst others, Group member JDW&Co, an orphan special purpose vehicle called Planetree Limited (the "SPV"), HSBC (in various capacities) and The Law Debenture Trust Corporation p.l.c. (the "Security Trustee"), JDW&Co agrees to sell and the SPV agrees to purchase weekly, on an arm's length basis, JDW&Co's right, title and interest in and to customer receivables which, amongst other criteria:

(i) are:

1. due under various agreements for the provision of credit to persons (the "Debtors") in the course of JDW&Co's business, pursuant to which such Debtors are obliged to make periodic repayments to JDW&Co;
2. otherwise owed to the JDW&Co;
3. detailed in an issued invoice or are notified in an account statement; and
4. due for payment of an instalment within 28 days (or later agreed date); and

(ii) meet certain eligibility criteria agreed between the parties to the RSA.

Pursuant to a variable funding note issuance agreement (the "VFNIA") made between, amongst others, the SPV, HSBC (in various capacities), NWM and JDW&Co, the SPV issued, and the Senior Funders purchased, senior variable funding notes ("SVFNs"). The amount outstanding from time to time under the SVFNs is a percentage of the face value of the eligible receivables purchased pursuant to the RSA, calculated and determined using a dynamic financial model (managed by HSBC and NWM) and based on a number of factors, including, for example, the performance of the receivables portfolio at such time.

The SPV advances funding received by it at such time under the SVFNs to JDW&Co, with the balance of the purchase price of such receivables being payable by the SPV in due course as deferred consideration. To the extent that the amount funded by the SPV to JDW&Co exceeds the amount being made available to the SPV under the SVFNs, such excess will need to be returned to the SPV, such that the amount advanced is no greater than the amount then available under the SVFNs.

The revolving period during which funding is available under the Securitisation was extended as part of the 30 October 2020 amendment process and currently runs until 15 December 2023. Such period may also be further extended by JDW&Co submitting a "Revolving Period Extension Request" to the Senior Funders (as the holders of the SVFNs), with any such further extension being subject to the Senior Funders' approval.

Additionally, the Securitisation structure contemplates and provides for the possibility of the SPV being able to introduce an additional tier of debt ("Mezzanine Notes") into the VFNIA, which would rank below the SVFNs, but senior to such deferred consideration. If implemented, such Mezzanine Notes would potentially provide greater liquidity to JDW&Co. To date, no Mezzanine Notes have been issued.

Pursuant to a servicing agreement (the "SA") between, amongst others, JDW&Co , the SPV, HSBC (in various capacities), NWM and the Security Trustee, in return for the payment of a servicing fee, JDW&Co provides certain management, collection and recovery services to the SPV in respect of the receivables purchased by the SPV under the RSA. In this way, JDW&Co continues to interface

with the Debtors and manage the collection proceeds of such receivables, passing them on to the SPV as they are received.

The Securitisation provides for the possibility of the SA being terminated by the SPV in certain specified circumstances and for a new provider to replace JDW&Co in its capacity as service provider. This is documented and provided for in a back-up servicing agreement (the "BUSA") between, amongst others, JDW&Co, the SPV and Link Financial Outsourcing Limited (in its capacity as back-up servicer).

The SPV is also a party to certain interest cap arrangements (the "Cap Agreements") entered into with each of HSBC and NWM in May 2019. A principal purpose of the Cap Agreements is to enhance, to some extent, the amount available to be funded to the SPV (and therefore to JDW&Co) pursuant to the VFNIA.

Following the publication of the Original Covid-19 Guidance by the FCA on 9 April 2020 (as updated from time to time, including by the Additional Covid-19 Guidance), the Servicer introduced new policies specifically in respect of those Debtors who request a payment holiday or agree a payment arrangement as a result of the impact of COVID-19. The Servicer also introduced appropriate procedures intended to ensure that only appropriate Debtors are accorded such forbearance ("COVID-19 Debtors"). These policies are in accordance with the Covid-19 Guidance (as updated) and have been approved by the Senior Funders (as the holders of the SVFNs). In the Additional Covid-19 Guidance, the FCA announced an extension of the period during which the Covid-19 Guidance applied to January 2021 together with further supplementary guidance (which is stated to apply indefinitely until further notice from the FCA) detailing how the Covid-19 Guidance governs ongoing treatment of COVID-19 Debtors from 1 November 2020. The Servicer will, with the SVFN holders' approval, ensure that its policies are kept updated to accommodate all future changes to the Covid-19 Guidance.

Pursuant to the amendment agreed with the Senior Funders and made on 18 May 2020, customer receivables being financed by the Securitisation were allocated by the Servicer between COVID-19 Debtors and other Debtors. Initially the amended structure of the Securitisation is intended to fund the receivables of COVID-19 Debtors at the same level as the receivables of other Debtors. However, the structure envisages that the number of COVID-19 Debtors will reduce over time and if the aggregate amount of COVID-19 Debtor receivables exceeds certain levels, then the amount funded in relation to such COVID-19 Debtor receivables will be reduced.

As mentioned previously, the documentation for this type of securitisation transaction is fairly extensive and, in the case of the Securitisation, the key transaction documents include, in addition to those mentioned above (and for these purposes we are using the name used on the face of the relevant document):

(i) a Master Framework Agreement (which, amongst other matters, contains: common terms applicable to many of the other Securitisation agreements; defined terms and rules of interpretation; forms of various notices as may be served by parties from time to time in relation to the Securitisation; representations and warranties made by the SPV; and covenants and undertakings of the SPV);

(ii) an Account Agreement (which, amongst other matters, regulates the operation of various bank accounts used in the Securitisation);

(iii) a Cash Management Agreement (which, amongst other matters, regulates the operation of cash flows under the Securitisation);

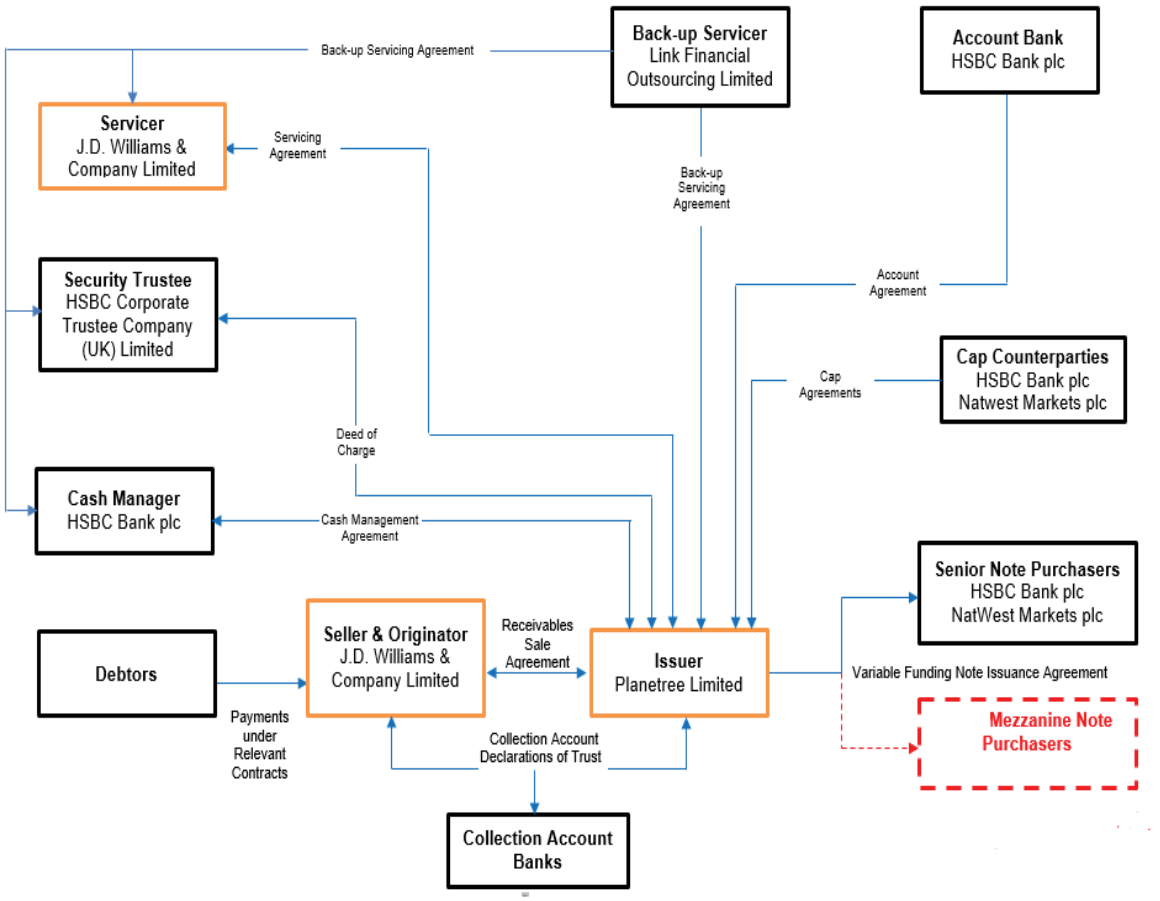
(iv) a Deed of Charge (pursuant to which, amongst other matters, the SPV creates security in favour of the Security Trustee and thereby various beneficiaries, including without limitation, the holders of the SVFNs, any party holding Mezzanine Notes and JDW&Co in respect of the deferred consideration payable under the RSA);

(v) various Scots law governed documents creating security in favour of the Security Trustee in relation to receivables owed by Debtors located in Scotland (and held by the Security Agent for beneficiaries mentioned in the Deed of Charge mentioned above); and

(vi) various declarations of trust (which are intended to secure the SPV's interests in respect of Debtor payments that are not at that time already being held by the SPV).

A simplified schematic of the Securitisation's structure is set out below.

DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



(d) ***Relationship Agreement***

The Relationship Agreement (details of which are set out in **paragraph 3** of Part 5 (*Directors, Proposed Director, senior management and corporate governance*) of this document).

(e) ***New Relationship Agreement***

The New Relationship Agreement (details of which are set out in **paragraph 4** of Part 5 *(Directors, Proposed Director, senior management and corporate governance) of this document).*

(f) ***Irrevocable Undertakings***

Each of the Directors who is (or expects to be, at the relevant Record Date) a Shareholder (except for the Substantial Shareholder) has entered into an undertaking in favour of the Company pursuant to which they have undertaken:

(i) to vote in favour of all of the Resolutions at the General Meeting; and

(ii) to take up their Open Offer Entitlements in full (representing, in aggregate, commitments to subscribe for 91,589 Open Offer Shares for a total amount of £52,206).

Each of the members of the Concert Party who would otherwise be entitled to vote on the Resolutions and participate in the Open Offer has entered into an undertaking in favour of the Company pursuant to which they have undertaken:

(i) to vote in favour of all of the Resolutions at the General Meeting (except for resolution 3 given that, because of their status as related parties under the Listing Rules, they must abstain from voting on that resolution and except for resolution 6 given that, because of their status as non-independent Shareholders under the City Code, they must abstain from voting on that

resolution) and, to the extent that any of their associates (as defined in the Listing Rules) have not entered into an undertaking on substantially the same terms, they shall take all reasonable steps to procure that their associates abstain from voting on resolutions 3 and 6; and

(ii) not to take up any of their Open Offer Entitlements; and

(iii) not to take up any of their Excess Entitlements.

(g) ***Placing Agreement***

Pursuant to the Placing Agreement, the Placees have, subject to certain conditions, irrevocably agreed to subscribe for all of the Open Offer Shares at the Offer Price (subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer) in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder. To the extent that the Proposed Director fails to subscribe and pay for his proportion of the Open Offer Shares, the Substantial Shareholder shall subscribe and pay for such Open Offer Shares.

The Placing Agreement is conditional, *inter alia*, upon:

- all of the Resolutions having been passed by Shareholders at the General Meeting;
- Delisting occurring prior to Admission; and
- Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as the Substantial Shareholder and Company may agree, being not later than 15 January 2021).

The Placing Agreement contains certain customary undertakings and limited warranties given by the Company in favour of the Placees, including warranties as to the accuracy of information contained in this document.

The Substantial Shareholder may terminate the Placing Agreement in specified circumstances prior to Admission, including in the event that any of the Resolutions is not passed at the General Meeting or, in the good faith opinion of the Substantial Shareholder, there has been a material adverse change.

No fees or commissions are payable to either of the Placees under the Placing Agreement.

If Admission does not occur by 8.00 a.m. on 23 December 2020 (or such later time and date as the Substantial Shareholder and the Company may agree, being not later than 15 January 2021), the Placing Agreement shall terminate and the Placees' obligations to complete the Placing shall cease at such time and the Capital Raising will not proceed.

The Substantial Shareholder is entitled to assign his rights under the Placing Agreement (to subscribe for New Ordinary Shares under the Placing as described below, up to a maximum of 15,789,473 Open Offer Shares, to one or more other members of the Concert Party provided that, if such assignee fails to make payment for such Open Offer Shares, the assignment shall be treated as not having taken place and the Substantial Shareholder shall be obliged to subscribe and pay for such Open Offer Shares (in addition to any other subscription and payment obligation that the Substantial Shareholder has under the Placing Agreement). The Company understands that the Significant Shareholder has assigned the right to subscribe for 15,789,473 Open Offer Shares in favour of certain members of the Concert Party who are relatives or related trusts of Nigel Alliance (including Joshua Adam Senior).

(h) ***Introduction Agreement***

Pursuant to the Introduction Agreement, SCC agreed to act as nominated adviser to the Company in connection with Admission, as required by the AIM Rules for Companies, and SCS agreed to act as joint broker to the Company following Admission. In consideration for its services under the Introduction Agreement, the Company has agreed to pay to Shore Capital a transaction fee, together with all costs and expenses and VAT thereon where appropriate. The agreement provides for the Company to pay all expenses of and incidental to the Capital Raising and the application for Admission, including the fees and costs of other professional advisers, all costs relating to the

Capital Raising, including printing, advertising and distribution charges, fees of the Takeover Panel and the fees payable to the London Stock Exchange.

The Introduction Agreement is conditional, *inter alia*, upon:

- all of the Resolutions having been passed by Shareholders at the General Meeting;
- the London Stock Exchange agreeing to admit the Enlarged Share Capital to trading on AIM; and
- Admission having become effective by not later than 8.00 a.m. on 23 December 2020 (or such later time and/or date as Shore Capital and the Company may agree, being not later than 15 January 2021).

The agreement contains certain undertakings, representations and warranties given by the Company in favour of Shore Capital, including representations and warranties as to the accuracy of information contained in this document and customary indemnities from the Company in favour of the Shore Capital and certain indemnified persons connected with each of them.

Shore Capital may terminate the Introduction Agreement in certain specified circumstances prior to Admission, which include, *inter alia*, the Company committing a material breach of any of its obligations under the Introduction Agreement (to the extent such obligations fall to be performed prior to Admission), any of the warranties given pursuant to the Introduction Agreement becoming untrue, inaccurate or misleading in any material respect, in the good faith opinion of Shore Capital there has been a material adverse change or if any of the conditions contained in the Introduction Agreement become incapable of fulfilment, including if any of the Resolutions are not passed at the General Meeting.

(i) ***Nominated Adviser and Broker Engagement Letter***

Pursuant to a letter dated 5 November 2020, SCC and SCS were appointed (conditional upon Admission) as nominated adviser and broker respectively of the Company. In accordance with the terms of the letter, the Company will pay SCC an annual fee in respect of the services provided by SCC and SCS as nominated adviser and broker under the letter. Any party may terminate the engagement by giving the other no less than three months' prior written notice. The parties shall also have rights to immediate termination of the engagement in certain circumstances specified in the letter. The Company has agreed to indemnify and hold each Shore Capital Person (as defined in the letter) harmless against all liabilities arising out of or in connection with the letter unless it is as a result of fraud, negligence or wilful default of a Shore Capital Person (in each case such having been finally and judicially determined by a court of competent jurisdiction) or a breach by any relevant Shore Capital Person of FSMA, the Market Abuse Regulation or the rules of the FCA.

Shore Capital may terminate the engagement letter in specified circumstances, principally in the event of any material breach of the engagement letter by the Company.

The Introduction Agreement provides that the engagement letter remains in full force and effect save that, to the extent that there is a conflict between the provisions of the Introduction Agreement and the engagement letter, the provisions of the Introduction Agreement prevail.

(j) **Information Sharing Agreement**

Pursuant to the Information Sharing Agreement and the confidentiality undertakings contained in it, the Company agreed to provide certain information to Nigel Alliance and Joshua Adam Senior (comprising information in relation to the Company and/or the Group which would be circulated to the Board in advance of any meeting of the Board). The Company's obligations in respect of the Information Sharing Agreement are conditional upon Admission and will continue in force for so long as Nigel Alliance and his associates (as defined in the Information Sharing Agreement) and Joshua Adam Senior together hold not less than 10 per cent. of the Ordinary Shares.

9. Related party transactions

Save as set out below and in Part 7 (*Historical financial information*) of this document and for the proposed related party transaction with the Substantial Shareholder and the Proposed Director referred to in **paragraph 20** of Part 1 (*Letter from the Chairman*) of this document, there are no related party transactions that were entered into by members of the Group during the period

covered by the financial information contained in Part 7 (*Historical financial information*) of this document and during the period from 29 August 2020 to 5 November 2020, being the date of this document.

10. Investments

Save as set out below, the Company has made no material investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise) since 29 August 2020.

11. Working capital

In the opinion of the Directors and the Proposed Director, having made due and careful enquiry, taking into account the net proceeds of the Capital Raising and the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

In the opinion of the Company, taking into account the net proceeds of the Capital Raising and the bank facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is for at least the next 12 months from the date of this document.

12. Significant change

Save as disclosed below, there has been no significant change in the financial or trading position or financial performance of the Group since 29 August 2020, being the date to which the Company's latest unaudited financial information was published.

The Group has secured irrevocable commitments from its longstanding supportive lenders to provide extensions to its RCF and securitisation facilities as described below, with separate fully committed structures agreed to cover either the Capital Raising transacting or not transacting. Previously, the RCF facility of £125 million was committed until October 2021 and the securitisation facility of £500 million until December 2021.

If the approximately £100 million Capital Raising transacts, the resulting funding facilities following completion in December 2020 would be as follows:

- An up to £500 million securitisation facility committed until December 2023, drawings on which are linked to prevailing levels of eligible receivables;
- An RCF of £100 million committed until December 2023 (of which £75 million was drawn as at 29 August 2020 and 30 October 2020 and after the equity is raised this will become fully undrawn);
- An overdraft facility of £27.5 million which is subject to an annual review every July (undrawn as at 29 August 2020 and 30 October 2020); and
- The £50m CLBILS term loan facility committed until May 2023 (£2 million drawn as at 29 August 2020 and 30 October 2020) will be repaid and handed back without penalty.
- Post enactment, unsecured net debt will move into a net cash position, undrawn headroom on unsecured credit facilities improves by £2 million (i.e. RCF undrawn increases from £50 million to £100 million and CLBILS undrawn decreases from £48 million to £nil), and certainty of funding tenor is extended.

Following the net Capital Raising of £94.5 million (i.e. after £5.5 million of issue costs) and de-leveraging of £77 million (i.e. paying back all £75 million drawn on the RCF and £2 million drawn on CLBILS), the remaining approximately £18 million of the net raise will be available to accelerate the new strategy.

If the Capital Raising does not transact, the resulting funding facilities following completion in December 2020 would be as follows:

- An up to £500 million securitisation facility committed until December 2023, drawings on which are linked to prevailing levels of eligible receivables, identical to the Capital Raising scenario;
- An RCF of £100 million reducing to £50 million from October 2021, committed until May 2022;
- An overdraft facility of £27.5 million which is subject to an annual review every July; and

- A £50 million CLBILS term loan facility committed until May 2023.
- Post enactment, unsecured net debt remains unchanged, undrawn headroom on unsecured credit facilities reduces by £25 million due to the reduction in the size of the RCF facility (remaining higher than prior year due to cash generation in the period and the introduction of the CLBILS facility), and certainty of funding tenor is extended.

13. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which, during the 12 months immediately preceding the date of this document, may have, or have had in the recent past, significant effects on the financial position or profitability of the Company or the Group, except as described below:

(a) Allianz litigation

Until 2014, J.D. Williams & Company Limited ("JDW"), a subsidiary of the Company sold (amongst other insurance products) payment protection insurance ("PPI") to its customers when they bought JDW products. This insurance was underwritten by Allianz Insurance plc ("Allian"z). JDW was an unregulated entity prior to 14 January 2005 in respect of the sale of PPI insurance. The regulated entity prior to 14 January 2005 was Allianz.

In recent years, JDW and Allianz have paid out significant amounts of redress to customers in respect of certain insurance products, including PPI. In July 2014, JDW and Allianz entered into an indemnity agreement in respect of certain PPI mis-selling liabilities (the "Indemnity Agreement"). In September 2018, JDW and Allianz entered into a Complaints Handling Agreement (the "CHA") to regulate complaints handling and redress payments for both parties in respect of pre-2005 PPI claims.

In January 2020, a claim was issued against JDW by Allianz in respect of all payments of redress Allianz has made to JDW's PPI customers together with all associated costs. Allianz has made a claim in contribution as well as asserting a number of direct claims against JDW in relation to:

- the Indemnity Agreement;
- alleged negligence as its agent; and
- alleged breaches of the CHA.

On 5 March 2020 JDW issued its defence in response to the claim and also issued counterclaims in respect of the losses JDW has suffered in respect of two separate insurance policies underwritten by Allianz. JDW has claimed that:

- Allianz is liable to compensate JDW for such loss and damage by way of a contribution to JDW's liability in relation to Product Protection Insurance sales (a separate product to PPI);
- Allianz has been unjustly enriched to the extent that its liability to the complainants was discharged and JDW seeks restitution of all such sums; and
- JDW seeks contribution from Allianz in respect of sums paid by JDW pursuant to the CHA as Allianz was also liable for the same damages in relation to Payment Protection Insurance.

All claims made by Allianz, and counterclaimed by JDW, remain subject to final determination by the court, both as to their success and quantum. The claim and counterclaim are extremely complex. The Case Management Conference in relation to this matter was held in September 2020. Both parties are now required to go through a protracted timetable including detailed disclosure and preparing expert and witness evidence in relation to all elements of the claim and counterclaim.

Based on the current pleaded case, the total sum claimed by Allianz is £29.4 million plus interest. Having taken legal advice on its own position, the Group remains of the view that due to the complexity of the issues it is still not possible to reliably estimate the amount of any potential liability, and has therefore continued to not provide any amount for this claim, but has instead disclosed it as a contingent liability. There is considerable uncertainty as to the timing of any potential cashflows arising from the legal proceedings. Legal fees are expected to continue to be incurred during FY21 and FY22, but any potential cashflows resulting from the claim may not arise

until FY23, given that the trial date has now been set for March 2022 with judgment expected later in 2022.

(b) **Welcom litigation**

N Brown has issued a claim of up to £2 million against Welcom Digital Limited ("WDL") in respect of an alleged breach of contract by WDL. The claim relates to the alleged failed provision by WDL of a financial services operating system.

14. Takeover bids

The City Code is issued and administered by the Takeover Panel. The Company is subject to the City Code and therefore its Shareholders are entitled to the protections afforded by the City Code.

15. Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with it, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, then, in either case, that person, together with the persons acting in concert with it, is normally required to extend offers in cash, at the highest price paid by it (or any persons acting in concert with it) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

16. Squeeze-out

Under the 2006 Act, if a "takeover offer" (as defined in section 974 of the 2006 Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Ordinary Shares to which the takeover offer relates (the "Takeover Offer Shares") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to acquire compulsorily the remaining 10 per cent. In order to do so, it would send a notice to Shareholders who had not, at such time, accepted the offer telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for those Shareholders in the event that they had not accepted the offer at such time. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the 2006 Act must, in general, be the same as the consideration that was available under the takeover offer.

17. Sell-out

The 2006 Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror held, or had agreed to acquire, not less than 90 per cent. of the Ordinary Shares to which the offer related, any holder of Ordinary Shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it to acquire those Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

18. General

(a) KPMG LLP has given and has not withdrawn its consent to the inclusion in this document of its accountant's report in Section B of Part 8 (*Unaudited pro forma* financial information) of this document, and has authorised the contents of that report for the purposes of Rule 5.3.2R(2)(f) of the Prospectus Regulation Rules.

(b) Jefferies, of 100 Bishopsgate, London, EC2N 4JL, which is authorised and regulated in the United Kingdom by the FCA, has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.

(c) SCC, of Cassini House, 57 St James's Street, London, SW1A 1LD, which is authorised and regulated in the United Kingdom by the FCA, has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.

(d) SCS, of Cassini House, 57 St James's Street, London, SW1A 1LD, which is authorised and regulated in the United Kingdom by the FCA, has given and has not withdrawn its written consent to the inclusion in this document of its name in the form and context in which it appears.

(e) Rothschild & Co, of New Court, St Swithin's Lane, London, EC4N 8AL, which is authorised and regulated in the United Kingdom by the FCA, has given and has not withdrawn its written consent to the inclusion in this document of its advice and its name in the form and context in which it appears.

(f) The expenses of and incidental to the Capital Raising are estimated to amount to approximately £5.5 million (excluding VAT) and will be payable by the Company. The estimated net cash proceeds of the Capital Raising accruing to the Company are approximately £94 million and will be used for the purposes described in Part 1 (*Letter from the Chairman*) of this document.

(g) There are no arrangements under which future dividends are waived or agreed to be waived.

(h) The annual accounts of the Company have been audited in accordance with national law for the years ended 3 March 2018, 2 March 2019 and 29 February 2020 by KPMG LLP, Chartered Accountants, of 1 St Peter's Square, Manchester, M2 3AE. Independent audit reports in respect of each statutory accounts for years ended 3 March 2018, 2 March 2019 and 29 February 2020 have been made and each such report was an unqualified report. KPMG LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

(i) The Existing Ordinary Shares are currently admitted to trading on the Main Market. Subject to the passing of all of the Resolutions at the General Meeting, application will be made for the cancellation of the admission of the Existing Ordinary Shares to trading on the Main Market and for the admission of the Existing Ordinary Shares to trading on AIM. It is currently anticipated that cancellation of the admission of the Enlarged Share Capital to trading on the Main Market and Admission will take effect at 8.00 a.m. on 23 December 2020.

(j) The Company's registrar and paying agent for the payment of dividends is Link Group, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. The Company's registrar will maintain the records of securities held in certificated form and book-entry form.

(k) Except for the professional advisers whose names are set out at page 41 of this document and trade suppliers, no person has (A) received, directly or indirectly, from the Company within the 12 months preceding the application for Admission or (B) entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission:

  (i) fees totalling £10,000 or more;

  (ii) the Company's securities where these have a value of £10,000 or more calculated by reference to the Offer Price; or

  (iii) any other benefit with a value of £10,000 or more at the date of Admission.

(l) The Company confirms that the information in this document that has been sourced from third parties has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by those third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

19. Documents available for inspection

Copies of the following documents may be inspected at the offices of the Company during usual business hours on any weekday (excluding Saturdays and English public holidays) and on the Company's website (www.nbrown.co.uk), subject to access restrictions, for a period of 12 months following the date of this document:

(a) the Articles of the Company;

(b) the historical financial information of the Company for the 52 weeks ended 29 February 2020 and for the 26 weeks ended 29 August 2020 which is incorporated by reference into this document and referred to in Part 7 (*Historical financial information*) of this document;

(c) the report from KPMG LLP set out in Part 8 (*Unaudited pro forma* financial information) of this document;

(d) copies of all other reports, letters, valuations, other documents, expert statements included or referred to in this document;

(e) the written consent of Rothschild & Co referred to in **paragraph 18(e)** above;

(f) the Company's audited consolidated accounts for the last two financial years which are incorporated by reference into this document and referred to in **paragraph 5(f)** above;

(g) the Relationship Agreement;

(h) the New Relationship Agreement;

(i) the Placing Agreement;

(j) the Irrevocable Undertakings;

(k) the Information Sharing Agreement; and

(l) this document.

For the purposes of Rule 3.2.2 of the Prospectus Regulation Rules, copies of this document will be published in printed form and available free of charge during normal business hours on any weekday (excluding Saturdays, Sundays and English public holidays) until the close of business on the date of Admission at the registered office of the Company (Griffin House, 40 Lever Street, Manchester, M60 6ES). In addition, this document will be published in electronic form and available on the Company's website (www.nbrown.co.uk), subject to access restrictions.

Copies of this document are also available for inspection at the National Storage Mechanism www.morningstar.co.uk/uk/nsm.

Any Shareholder, person with information rights or other person to whom this document is sent may request a copy of any of the documents referred to in **paragraph 19** above in hard copy form. Such hard copies will only be sent where valid requests are received from such persons. Requests for such hard copies should be directed to Link Group at 34 Beckenham Road, Beckenham, Kent BR3 4TU or on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. That helpline is open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

Dated: 5 November 2020

PART 12

DOCUMENTS INCORPORATED BY REFERENCE

The following parts of the following documents, all of which have been approved by, or filed with, the FCA, are incorporated in full into this document by reference:

Information incorporated by reference	*Page number in document*
The following parts of the Annual Report and Accounts of N Brown for the 52 weeks ended 29 February 2020 (which are available on the Company's website at ttps://www.nbrown.co.uk/~/media/Files/N/N-Brown/press-releases/2020/ar2020-full-report.pdf):	
Chair's statement	4
Chief Executive's Statement	15 – 17
Sustainability and ethical sourcing	19
Key Performance Indicators	22 – 23
Financial Review of the Year	28 – 31
ESG report	32 – 39
Independent auditor's report	97
Consolidated income statement	106
Consolidated statement of comprehensive income	106
Consolidated balance sheet	107
Consolidated cash flow statement	108
Consolidated statement of changes in equity	109
Notes to the group accounts	110
Governance report	49 – 96
The Unaudited Interim Results of N Brown for the 26 weeks ended 29 August 2020 (which are available on the Company's website at https://www.nbrown.co.uk/investors) including the following parts:	15 – 21
Consolidated income statement	15
Consolidated statement of comprehensive income	16
Consolidated balance sheet	16
Consolidated cash flow statement	18
Consolidated statement of changes in equity	20
Notes to the group accounts	21

Except as set out above, no other part of the documents referred to above is incorporated by reference into this document and those parts of those documents which are not specifically incorporated by reference into this document are either not relevant for investors and/or Shareholders or are covered elsewhere in this document.

To the extent that any information incorporated by reference into this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Regulation Rules, except where such information is stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in any information which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in any later information which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

Any Shareholder, person with information rights or other person to whom this document is sent may request a copy of any information incorporated by reference into this document in hard copy form. Such hard copies will only be sent where valid requests are received from such persons. Requests for such hard copies should be directed to Link Group at 34 Beckenham Road, Beckenham, Kent BR3 4TU or on 0371 664 0300. Calls are charged at the standard geographic rate and will

vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. That helpline is open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Please note that Link Group cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

"2006 Act"	the Companies Act 2006, as amended
"2014 DSBP"	the N Brown Group plc 2014 Deferred Share Bonus Plan, approved by shareholders of the Company and adopted by the Board on 22 July 2014, as from time to time amended
"2014 LTIP"	the N Brown Group plc 2014 Long-Term Incentive Plan, approved by shareholders of the Company and adopted by the Board on 22 July 2014, as from time to time amended
"Admission"	the admission of the Enlarged Share Capital to trading on AIM
"AIM"	AIM, the market of that name operated by the London Stock Exchange
"AIM Rules for Companies"	the AIM Rules for Companies published by the London Stock Exchange from time to time
"AIM Rules for Nominated Advisers"	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
"Alternative Refinancing Agreement"	has the meaning given to it in **paragraph 8** of Part 1 (*Letter from the Chairman*) of this document
"Application Form"	the application form accompanying this document on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer
"Articles" or "Articles of Association"	the articles of association of the Company which were adopted by special resolution passed on 2 July 2013 (and as amended from time to time after that date)
"Audit & Risk Committee"	the audit and risk committee of the Board
"Banks"	Jefferies, Rothschild & Co, SCC and SCS
"Board" or "Directors"	the board of directors of the Company
"Brexit"	the UK's exit from the EU and the related negotiations and arrangements between the UK and the EU
"Business Day"	a day other than a Saturday or Sunday on which banks are generally open for non-automated business in the City of London
"Capital Raising"	the Placing and Open Offer
"certificated" or "in certificated form"	a share or other security not in uncertificated form (that is, not in CREST)
"Chairman"	the chairman of the Board
"City Code" or "Code"	the UK City Code on Takeovers and Mergers, as amended, supplemented or replaced
"Company" or "N Brown"	N Brown Group plc
"Concert Party"	the Substantial Shareholder, Nigel Alliance, the Proposed Director and the other persons set out or referred to in **paragraph 5(a)** of Part 11 (*Additional information*) of this document
"COVID-19"	the coronavirus which is known or referred to as "COVID-19"
"COVID-19 Guidance"	collectively (i) the guidance published by the FCA on 9 April 2020, entitled "*Credit cards (including retail revolving credit) and coronavirus: temporary guidance for firms*", which guidance was subsequently extended by the FCA on 1 July 2020 and (ii) the further supplementary guidance published by the FCA on 30 September 2020, entitled "*Consumer Finance and Coronavirus: additional guidance for firms*"

"CREST"	the relevant system (as defined in the CREST Regulations) for paperless settlement of sales and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
"CREST Manual"	the rules governing the operation of CREST as published by Euroclear
"CREST Proxy Instruction"	has the meaning ascribed to it in the notes to the Notice of General Meeting
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI2001/3755#)
"DABS"	the N Brown Group plc Deferred Annual Bonus Scheme adopted by resolution of the Board passed on 6 July 2010, as from time to time amended
"Delisting"	the proposed cancellation of the listing of the Existing Ordinary Shares to the Official List and to trading on the Main Market
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules of the FCA in relation to the disclosure of information by an issuer whose financial instruments are admitted to trading on a regulated market in the UK
"document" or "Prospectus"	this combined circular and prospectus
"EBITDA"	earnings before interest, tax, depreciation and amortisation
"EEA" or "European Economic Area"	together, the EU, Iceland, Norway and Liechtenstein
"Enlarged Share Capital"	the Ordinary Shares in issue in the capital of the Company immediately after Admission
"EU"	the European Union, first established by the treaty made at Maastricht on 7 February 1992, and including for the purposes of this document, the United Kingdom
"EURIBOR"	the Euro Interbank Offered Rate
"Euroclear"	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
"Excess Application Facility"	the arrangement pursuant to which Qualifying Shareholders may apply for Open Offer Shares in excess of their Open Offer Entitlement (up to a maximum number of Open Offer Shares equal to the number of Open Offer Shares less their Open Offer Entitlement), provided they have agreed to take up their Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
"Excess Entitlement"	in respect of each Qualifying Shareholder, the entitlement (in addition to his Open Offer Entitlement) to apply for Open Offer Shares up to the number of Open Offer Shares less their Open Offer Entitlement pursuant to the Excess Application Facility, which is conditional upon such Qualifying Shareholder agreeing to take up his Open Offer Entitlement in full and which may be subject to scaling back in accordance with the provisions of this document
"Excess Share Allocation Cap"	the Excess Share Allocation Cap referred to in the section "The Excess Application Facility" in Part 2 (*Terms and conditions of the Open Offer*) of this document
"Excess Share Applicant"	(a) each Qualifying Shareholder who has (i) taken up its Open Offer Entitlement in full and (ii) applied for Excess Shares under the Excess Application Facility and (b) the members of the Concert Party (who will collectively be regarded and treated for the

	purposes of the Excess Application Facility as a single Qualifying Shareholder which has taken up all of the Open Offer Entitlements of the members of the Concert Party and applied for the maximum aggregate number of Excess Shares for which the members of the Concert Party could therefore apply)
"Excess Shares"	the Open Offer Shares the subject of the Open Offer Entitlements not taken up by Qualifying Shareholders (excluding members of the Concert Party) provided that the Open Offer Shares the subject of the Open Offer Entitlements of the members of the Concert Party shall not be Excess Shares or otherwise available under the Excess Application Facility
"Excluded Territories"	each of Australia, Canada, Japan, South Africa, New Zealand and the United States, and any other jurisdiction where the availability of the Capital Raising would breach any applicable laws or regulations and "Excluded Territory" shall mean any of them
"Executive Directors"	the executive directors of the Company
"Existing Ordinary Shares"	the 285,817,178 Ordinary Shares in issue at the date of this document
"FCA"	the UK Financial Conduct Authority
"Form of Proxy"	the form of proxy for use in connection with the General Meeting
"FSMA"	the Financial Services and Markets Act 2000, as amended
"FY"	financial year
"General Meeting"	the general meeting of the Company proposed to be held at Griffin House, 40 Lever Street, Manchester, M60 6ES at 10.00 a.m. on 23 November 2020 to approve the Resolutions, the notice of which is set out at the end of this document
"Group"	the Company and its Subsidiaries from time to time
"HMRC"	HM Revenue and Customs
"IFRS"	International Financial Reporting Standards as adopted by the EU
"Independent Directors"	all Directors other than the Substantial Shareholder
"Independent Shareholders"	all Shareholders other than the members of the Concert Party
"Information Sharing Agreement"	the agreement dated 5 November 2020 between the Company, Nigel Alliance and Joshua Adam Senior, details of which are set out in **paragraph 8(j)** of Part 11 (*Additional information*) of this document
"Introduction Agreement"	the agreement dated 5 November 2020 between SCC, SCS and the Company, details of which are set out in **paragraph 8(h)** of Part 11 (*Additional information*) of this document
"Irrevocable Undertakings"	the irrevocable undertakings entered into on or around the date of this document between the Company and the members of the Concert Party who would be entitled to participate in the Open Offer, and between the Company and certain Directors, summaries of which are set out in **paragraph 8(e)** of Part 11 (*Additional information*) of this document
"Jefferies"	Jefferies International Limited, which is authorised and regulated in the United Kingdom by the FCA
"Joint Sponsors"	Jefferies and Rothschild & Co
"Latest Practicable Date"	4 November 2020
"LEI"	legal identity identifier
"LIBOR"	the London Interbank Offered Rate

"Listing Rules"	the listing rules of the FCA made under section 73A(1) of FSMA
"London Stock Exchange"	London Stock Exchange plc
"Main Market"	the London Stock Exchange's main market for listed securities
"Market Abuse Regulation"	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and its implementing legislation
"member"	has the meaning ascribed to it in the 2006 Act
"Member State"	member states of the EEA
"Money Laundering Regulations"	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended
"Move to AIM"	the proposed Delisting and Admission
"New Ordinary Shares"	the Open Offer Shares
"New Relationship Agreement"	the conditional relationship agreement dated 5 November 2020 and made between the Company, the Substantial Shareholder and SCC, to take effect from Admission
"Nominated Director"	a non-executive director appointed to the Board by the Substantial Shareholder pursuant to the terms of the New Relationship Agreement
"Nomination Committee"	the nomination committee of the Board
"Non-Executive Directors"	the non-executive directors of the Company (including the Chairman)
"Notice of General Meeting"	the notice convening the General Meeting which is set out at the end of this document
"Offer Price"	57 per New Ordinary Share
"Official List"	the official list of the FCA
"Open Offer"	the offer to Qualifying Shareholders constituting an offer to apply for the Open Offer Shares at the Offer Price on the terms and subject to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders, the Application Form
"Open Offer Entitlement"	the *pro rata* entitlement of Qualifying Shareholders to subscribe for 11 Open Offer Shares for every 18 Existing Ordinary Shares registered in their name as at the Record Date, on and subject to the terms of the Open Offer
"Open Offer Shares"	the 174,666,053 new Ordinary Shares to be offered to Qualifying Shareholders pursuant to the Open Offer
"Ordinary Shares"	the ordinary shares of 11 1/19 pence each in the capital of the Company from time to time, ISIN GB00B1P6ZR11
"Overseas Shareholders"	Shareholders with registered addresses outside the United Kingdom or who are citizens or residents of countries outside the United Kingdom
"Placees"	the Substantial Shareholder and the Proposed Director
"Placing"	the conditional subscription for all of the Open Offer Shares at the Offer Price by the Placees pursuant to and on the terms and subject to the conditions of the Placing Agreement and in proportions to be agreed between the Substantial Shareholder and the Proposed Director and notified to the Company (at any time prior to 3.00 p.m. on 16 December 2020) and, in the absence of such notification, 100 per cent. to the Substantial Shareholder, and subject to clawback to satisfy valid applications made by Qualifying Shareholders under the Open Offer

"Placing Agreement"	the placing agreement entered into on or around the date of this document between the Placees and the Company, a summary of which is set out in **paragraph 8(f)** of Part 11 (*Additional information*) of this document
"Pound", "Pounds Sterling" or "Sterling"	the lawful currency of the United Kingdom
"Proposed Director"	Joshua Jacob Moshe Alliance, the Substantial Shareholder's son
"Prospectus"	this document
"Prospectus Regulation"	Regulation (EU) 2017/1129 of the European Parliament and the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
"PR Regulation"	Commission Delegated Regulation (EU) 2019/980
"Prospectus Regulation Rules" or "PRR"	the prospectus regulation rules issued by the FCA in relation to offers of securities to the public and admission of securities to trading on a regulated market
"Qualifying CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares in uncertificated form on the Record Date
"Qualifying Non-CREST Shareholders"	Qualifying Shareholders holding Ordinary Shares in certificated form on the Record Date
"Qualifying Shareholders"	holders of Ordinary Shares on the register of members of the Company at the Record Date with the exclusion of Overseas Shareholders with a registered address or resident in any Excluded Territory
"RCF"	the revolving credit facility referred to in **paragraph 8(a)** of Part 11 (*Additional information*) of this document
"Receiving Agent" or "Link"	Link Group, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU
"Record Date"	6.00 p.m. on 3 November 2020
"Registrar"	Link Group, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU (a trading name of Link Market Services Limited)
"Regulation S"	Rules 901 to 905 (including Preliminary Notes) of Regulation S promulgated under the Securities Act
"Relationship Agreement"	the existing relationship agreement dated 22 October 2014 between the Substantial Shareholder and the Company, details of which are set out in **paragraph 3** of Part 5 (*Directors, Proposed Director, senior management and corporate governance*) of this document
"Remuneration Committee"	the remuneration committee of the Board
"Resolutions"	the resolutions set out in the Notice of General Meeting
"RIS"	any channel recognised as a channel for the dissemination of regulatory information by listed companies, as defined in the Listing Rules
"Rothschild & Co"	N.M. Rothschild & Sons Limited, which is authorised and regulated in the United Kingdom by the FCA
"Rule 9 Waiver"	the waiver by the Panel of the obligation of the members of the Concert Party to make a general offer for the Company in accordance with Rule 9 of the City Code as would otherwise arise upon the Concert Party's aggregate interest in the Company increasing as a result of the Placees' participation in the Placing

"SCC"	Shore Capital and Corporate Limited, which is authorised and regulated in the United Kingdom by the FCA
"SCS"	Shore Capital Stockbrokers Limited, which is authorised and regulated in the United Kingdom by the FCA
"SEC"	the United States Securities and Exchange Commission
"Securities Act"	US Securities Act 1933, as amended
"Securitisation"	the private revolving securitisation of customer receivables referred to in **paragraph 8(c)** of Part 11 (*Additional information*) of this document
"SEDOL"	the London Stock Exchange Daily Official List
"senior management"	certain members of the Group's management team named as senior management in Part 5 (*Directors, Proposed Director, senior management and corporate governance*) of this document
"Shareholder"	a holder of Ordinary Shares from time to time
"Share Incentive Schemes"	the 2014 DSBP, the DABS, the 2014 LTIP and the SRSOS 2000
"Shares"	shares in the capital of the Company
"Shore Capital"	SCC or SCS (as the context permits)
"SRSOS 2000"	the N Brown Group plc Savings-Related Share Option Scheme 2000, adopted by ordinary resolution of the Company on 5 July 2000, as from time to time amended
"Subsidiary"	has the meaning given to it in section 1159 of the 2006 Act and includes group companies included in the consolidated financial statements of the Group from time to time
"Substantial Shareholder"	Lord Alliance of Manchester CBE
"Takeover Panel"	the UK Panel on Takeovers and Mergers
"Trust"	the N Brown Group Limited Employee Benefit Trust established pursuant to a trust deed between the Company and Sanne Trust Company Limited dated 30 March 2010
"Trustee"	the entity or persons appointed as the trustee of the Trust from time to time
"UK Corporate Governance Code"	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended
"uncertificated" or "in uncertificated form"	in relation to a share or other security, title to which is recorded in the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"Whitewash Resolution"	resolution 6 set out in the Notice of General Meeting

NOTICE OF GENERAL MEETING

N BROWN GROUP PLC

(incorporated in England and Wales with registered number 814103)

NOTICE IS HEREBY GIVEN that a general meeting of N Brown Group plc (the "Company") will be held at 10.00 a.m. on 23 November 2020 at Griffin House, 40 Lever Street, Manchester, M60 6ES for the purpose of considering and, if thought fit, passing the following resolutions. Resolutions 1, 3 and 6 below will be proposed as ordinary resolutions and resolution 2, 4 and 5 below will be proposed as special resolutions.

Resolution 1

ORDINARY RESOLUTION

THAT, in addition and without prejudice to all existing authorities and subject to the passing of the resolutions numbered 2, 3, 4, 5 and 6 in the notice convening this meeting, the directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any securities into shares in the Company up to an aggregate nominal amount of £19,305,195.30 (representing 61.11 per cent. of the issued ordinary share capital of the Company as at 4 November 2020, being the latest practicable date before publication of the document containing the notice convening this meeting) pursuant to the Capital Raising (as defined in the document containing the notice convening this meeting), provided that this authority shall expire on 6 July 2021 save that the Company may before such expiry make any offer or agreement which would or might require such shares to be allotted or such rights to be granted after such expiry, and the directors may allot such shares and grant such rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired.

Resolution 2

SPECIAL RESOLUTION

THAT, in addition and without prejudice to all existing powers and subject to the passing of the resolutions numbered 1, 3, 4, 5 and 6 in the notice convening this meeting, the directors be and are hereby empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) of the Company for cash pursuant to the general authority conferred on the directors pursuant to the resolution numbered 1 in the notice convening this meeting as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall expire on the revocation or expiry (unless renewed) of the authority conferred on the directors by the resolution numbered 1 in the notice convening this meeting save that the Company may before such expiry make any offer or agreement which would or might require such equity securities to be allotted after such expiry, and the directors may allot such equity securities in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

Resolution 3

ORDINARY RESOLUTION

THAT, subject to and conditional upon the passing of the resolutions numbered 1, 2, 4, 5 and 6 in the notice convening this meeting, the allotment and issue to and amongst the Placees (as defined in the document containing the notice convening this meeting) of up to 174,666,053 ordinary shares in the Company in connection with the Placing (as defined in that document), which constitutes a related party transaction pursuant to the Listing Rules (as defined in that document) by reason of the Placees being related parties because (i) in the case of Lord Alliance of Manchester CBE, he is a director of the Company and a substantial shareholder in the Company (being a party which is entitled to exercise control of 10 per cent. or more of the Company's votes able to be cast on all or substantially all of the matters at general meetings of the Company) and (ii) in the case of Joshua Alliance, being the son of Lord Alliance of Manchester CBE, he is an associate of Lord Alliance of Manchester CBE, be and is hereby approved.

Resolution 4

SPECIAL RESOLUTION

THAT, subject to and conditional upon the passing of the resolutions numbered 1, 2, 3, 5 and 6 in the notice convening this meeting, the directors be and are hereby authorised to:

(a) cancel the listing of the ordinary shares of 11 1/19 pence each in the capital of the Company ("Ordinary Shares") on the premium listing segment of the of the official list of the Financial Conduct Authority and the admission of the Ordinary Shares to trading on London Stock Exchange plc's main market for listed securities;

(b) apply for admission of the Ordinary Shares (including the new Ordinary Shares to be issued pursuant to the Open Offer (as defined in the document containing the notice convening this meeting)) to trading on AIM, the market of that name operated by London Stock Exchange plc; and

(c) do and/or procure to be done all such acts and/or things as they may consider necessary or desirable in connection therewith.

Resolution 5

SPECIAL RESOLUTION

THAT, subject to and conditional upon the passing of the resolutions numbered 1, 2, 3, 4 and 6 in the notice convening this meeting and Admission (as defined in the document containing the notice convening this meeting), the regulations produced to the meeting and signed, for the purposes of identification, by the chairman of the meeting, containing amendments principally consequential on Admission (as so defined), be adopted as the Company's articles of association in substitution for the existing articles of association of the Company.

Resolution 6

ORDINARY RESOLUTION

THAT, subject to and conditional upon the passing of the resolutions numbered 1, 2, 3, 4 and 5 in the notice convening this meeting, the waiver granted by the Panel on Takeovers and Mergers of the obligation of the members of the Concert Party (as defined in the document containing the notice convening this meeting) under Rule 9 of the City Code on Takeovers and Mergers to make a general offer for the Company in accordance with Rule 9 of the City Code on Takeovers and Mergers which would otherwise arise as a result of their participation in the Capital Raising (as defined in the document containing the notice convening this meeting) be and is hereby approved.

By order of the Board

Theresa Casey LL.B.(Hons), Solicitor
Company Secretary and General Counsel
5 November 2020

Registered office:
Griffin House
40 Lever Street
Manchester
M60 6ES

NOTES

1. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), members must be registered in the Register of Members of the Company at close of business on 19 November 2020 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to exercise all or any of his/her rights to attend, speak and vote in his/her place. We are asking all members normally entitled to attend and vote at the meeting to vote by proxy instead of attending the meeting in person. We recommend each member appoint the Chairman as his/her proxy to exercise all or any of his/her rights to attend, speak and vote in his/her place. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by a member. Completion of the form of proxy or any CREST Proxy Instructions (as described below) will not preclude a member from attending and voting in person at the meeting should he/she so wish. However, given the prevailing Government guidance in relation to COVID-19 and in the interests of safety, members will not be admitted to the meeting.

3. A proxy need not be a member of the Company but must attend the meeting in person to represent you. In the interests of protecting the health and safety of our members, colleagues and the wider public, members will not be admitted to the meeting. We therefore recommend that you nominate the Chairman as your proxy. Your proxy must vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the form of proxy are set out on the form of proxy and in its notes. While appointing a proxy does not preclude you from attending the meeting and voting in person on any matters in respect of which the proxy or proxies is or are appointed but in the event that and to the extent that you personally vote your share, your proxy shall not be entitled to vote and any vote cast by your proxy in such circumstances shall be ignored. However, given the prevailing Government guidance in relation to COVID-19 and in the interests of safety, members will not be admitted to the meeting.

4. The Company is requesting that shareholders vote by:

   - Completing the online form of proxy by logging on to www.signalshares.com and selecting N Brown Group plc. If you have not yet registered with www. signalshares.com you will need your investor code (IVC) which is detailed on your share certificate or is available by calling our registrars, Link Group ('Link'), on +44 (0)871 664 0391;
   - Completing the hard copy form of proxy from accompanying this document and returning it to the address shown on the form;
   - In the case of CREST members, use the CREST electronic proxy service; or
   - For shareholders holding their shares through a nominee, please contact your nominee in order to register your vote.

5. To be valid, the form of proxy or other instrument appointing a proxy must be received by the Company's registrars, Link Group, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF or, in the case of shares held through CREST, via the CREST system (in accordance with note 9). In each case, for proxy appointments to be valid, they must be received no later than 10.00 a.m. on 19 November 2020. If you return more than one proxy appointment, either by paper or electronic communication, that received last by the registrars before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully.

6. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names of the holders stand in the Register of Members in respect of the joint holding.

7. To change your proxy instructions you may return a new form of proxy using the methods set out below. Please contact the Company's registrars, Link Group, PXS 1, 34 Beckenham Road, Beckenham, Kent, BR3 4ZF if you require another form of proxy. The deadline for receipt of

proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two (or more) valid but differing appointments of proxy are received in respect of the same share(s) for use at the same meeting and in respect of the same matter, the one which is last validly received (regardless of its date or of the date of its execution or submission) shall be treated as replacing and revoking the other or others as regards the relevant share(s). If the Company is unable to determine which appointment was last validly received, none of them shall be treated as valid in respect of the relevant share(s).

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

9. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CREST Co's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (RA10) by the latest time for receipt of proxy appointments set out above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Notes 6 N Brown Group plc General Meeting 2020 Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

10. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

11. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

12. Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any e-mail or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Please note that any electronic communication received by the Company that is found to contain any virus will not be accepted.

13. A copy of this notice has been sent for information only to persons who have been nominated by a member of the Company to enjoy information rights under Section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy cannot be exercised by a Nominated Person; they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between them and the member by whom she/he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, she/he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

14. If you are a Nominated Person, you have been nominated to receive general shareholder communications directly from the Company but it is important to remember that your main contact in terms of your investment remains as it was (so the registered member of the Company, or perhaps the custodian or broker, who administers the investment on your behalf). Therefore, any changes or queries relating to your personal details and holding (including any administration thereof) must continue to be directed to your existing contact at your investment manager or custodian. The Company cannot guarantee dealing with matters that are directed to it in error. The only exception to this is where the Company, in exercising one of its powers under the Companies Act 2006, writes to you directly for a response.

15. As at 4 November 2020 (being the latest business day prior to the publication of this notice), the Company's issued share capital consists of 285,817,178 ordinary shares of 11 1/19 pence each, carrying one vote each. Therefore, the total voting rights in the Company are 285,817,178.

16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided they do not do so in relation to the same shares.

17. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would unduly interfere with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

    Any member has the right to ask questions. However, in light of the restricted physical attendance at the meeting, members are strongly encouraged to submit any questions relating to the business to be dealt with at the meeting by email in advance to theresa.casey@nbrown.co.uk.

18. A copy of this notice, and other information required by Section 311A of the Companies Act 2006 can be found at www.nbrown.co.uk.

19. You may not use any electronic address provided in this notice to communicate with the Company for any purposes other than those expressly stated.