

SERAPHINE

WITH MUMS FOR THE JOURNEY



PROSPECTUS

JULY 2021

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000 (as amended) ("FSMA") who specialises in advising on the acquisition of shares and others securities.

This document constitutes a prospectus (the "**Prospectus**") for the purposes of Article 3 of the UK version of Regulation (EU) 2017/1129, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018 as amended by the EU (Withdrawal) Act 2020 (the "**EUWA**") (the "**UK Prospectus Regulation**"), relating to Seraphine Group plc (the "**Company**") prepared in accordance with the Prospectus Regulation Rules (the "**Prospectus Regulation Rules**") of the Financial Conduct Authority (the "**FCA**") made under section 73A of the FSMA. This Prospectus has been filed with, and approved on 13 July 2021 by, the FCA as competent authority under the UK Prospectus Regulation, and has been made available to the public in accordance with the Prospectus Regulation Rules. This document does not constitute a prospectus for the purposes of any offer of shares in any EEA member state and has not been approved by a competent authority in any EEA member state for the purposes of Regulation (EU) 2017/1129 (the "**EU Prospectus Regulation**").

The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Company that is, or the quality of the securities that are, the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Capitalised terms used in this Prospectus which are not otherwise defined have the meanings given to them in the sections headed "*Definitions*" and "*Glossary*".

Applications have been made (i) to the FCA for all of the ordinary shares of £0.01 each of the Company (the "**Ordinary Shares**"), issued and to be issued pursuant to the Offer, to be admitted to the premium listing segment of the Official List maintained by the FCA and (ii) to the London Stock Exchange plc (the "**London Stock Exchange**") for such Ordinary Shares to be admitted to trading on its main market for listed securities (the "**Main Market**"). Admission to trading on the London Stock Exchange constitutes admission to trading on a regulated market. Conditional dealings in the Ordinary Shares are expected to commence on the Main Market at 8.00 a.m. on 13 July 2021. It is expected that Admission will become effective and that unconditional dealings will commence in the Ordinary Shares on the Main Market at 8.00 a.m. on 16 July 2021. No application has been made, or is currently intended to be made, for the Ordinary Shares to be admitted to listing or traded on any other stock exchange.

The Company and the Directors (whose names appear on page 34 of this Prospectus) accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors, the information contained in this document is in accordance with the facts and makes no omission likely to affect its import.

Prospective investors should read the entirety of this Prospectus and, in particular, the section entitled "Risk Factors" on page 13 for a discussion of certain risks and other factors that should be considered in connection with any investment in the Ordinary Shares. Prospective investors should be aware that an investment in the Ordinary Shares involves a degree of risk and that, if some or all of the risks described in the "Risk Factors" occur, investors may find their investment materially adversely affected. Accordingly, an investment in the Ordinary Shares is only suitable for investors who are particularly knowledgeable in investment matters and who are able to bear the loss of the whole or part of their investment.

Seraphine Group plc

SERAPHINE

(incorporated in England and Wales under the Companies Act 2006 with registered number 13454003)

Prospectus

Offer of 25,608,289 Ordinary Shares at a price of 295 pence per Ordinary Share

Admission of the Ordinary Shares to the premium listing segment of the Official List and to trading on the Main Market for listed securities of the London Stock Exchange

Sponsor and sole bookrunner

Numis Securities Limited

SHARE CAPITAL IMMEDIATELY FOLLOWING ADMISSION

Ordinary Shares of £0.01 each issued and fully paid

Number	Amount
50,902,011	509,020

This document does not constitute or form 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.

Recipients of this document are authorised solely to use this document for the purpose of considering the acquisition of the 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 herein for any purpose other than considering an investment in the Ordinary Shares. Such recipients of this document agree to the foregoing by accepting delivery of this document.

Prior to making any decision as to whether to invest in the Ordinary Shares, prospective investors should read this document in its entirety and, in particular, the section headed “Risk Factors” when considering an investment in the Company. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Company, its subsidiaries (together with Company, the “Group”), and the terms of the Offer, including the merits and risks involved. The investors also acknowledge that: (a) they have not relied on Numis Securities Limited (“Numis”) or any person affiliated with Numis in connection with any investigation of the accuracy of any information contained in this document or their investment decision; and (b) they have relied only on the information contained in this document. No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

Without prejudice to any legal or regulatory obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this document nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as of any subsequent time.

None of the Company, 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 the Prospectus should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, business, financial or tax adviser for legal, business, financial or tax advice applicable to an investment in the Ordinary Shares.

None of the Company, the Selling Shareholders, Numis or any of their respective affiliates or representatives accepts 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, regarding the Offer or the Company. None of the Company, the Selling Shareholders, Numis or any of their respective affiliates or representatives make any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication, and no such information or publication is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future.

Numis has been appointed as sponsor and sole bookrunner in connection with Admission and the Offer. Numis, 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 Offer and will not regard any other person (whether or not a recipient of this Prospectus) as a client in relation to the Offer 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 Offer or any transaction or arrangement referred to in this Prospectus. Numis and its 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. Numis and any of its respective affiliates may provide such services to the Company and/or the Selling Shareholders and/or any of their respective affiliates in the future.

In connection with the Offer, Numis and any of its respective affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this document to the Ordinary Shares being issued, offered, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or acquisition, dealing or placing by, Numis and any of its affiliates acting as investors for their own accounts. In addition, Numis or certain of their affiliates may enter into financing arrangements (including swaps) with investors in connection with which Numis (or its affiliates) may from time to time acquire, hold or dispose of Ordinary Shares. In addition, in connection with the Offer, Numis may enter into financing arrangements with investors, such as share-swap arrangements or lending arrangements where securities are used as collateral, which could result in Numis acquiring shareholdings in the Company. Numis does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Apart from the responsibilities and liabilities, if any, that may be imposed on Numis by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, neither Numis nor any of its respective affiliates accept any responsibility whatsoever for, and makes no representation or warranty, express or implied, as to the contents of, this Prospectus including its accuracy, completeness and verification 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 or the Offer and nothing in this Prospectus will be relied upon as a promise or representation in this respect, whether or not to the past or future. Numis and each of its respective affiliates, accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this Prospectus or any such statement. Numis has given and not withdrawn its consent to the issue of this Prospectus with the inclusion of the references to its name in the form and context to which they are included.

NOTICE TO OVERSEAS INVESTORS

This Prospectus does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer or invitation to purchase or subscribe for, any Shares or any other securities in the Company to any person in any jurisdiction to whom or in which jurisdiction such offer or solicitation is unlawful and, in particular, subject to certain exceptions, is not for distribution in the United States, Australia, Canada, Japan or the Republic of South Africa.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the “**US Securities Act**”), or with any securities regulatory authority of any State or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or transferred, directly or indirectly, in the United States, except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act, and in accordance with applicable securities laws of any State or other jurisdiction of the United States.

Neither the US Securities and Exchange Commission (the “**SEC**”), nor any other US federal or State securities commission or regulatory authority in the United States has approved or disapproved the Offer Shares or reviewed or passed judgement upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This document does not constitute a prospectus for the purposes of any offer of shares in any EEA member state and has not been approved by a competent authority in any EEA member state for the purposes of the EU Prospectus Regulation. Accordingly, the Offer Shares may only be offered to persons in any EEA member state who are “qualified investors” within the meaning of the EU Prospectus Regulation or in other circumstances in which a prospectus is not required by the EU Prospectus Regulation.

Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

The Offer Shares have not been and will not be registered or qualified for distribution under the applicable securities laws of the United States, Australia, Canada, Japan or the Republic of South Africa. Subject to certain exceptions, the Offer Shares may not be offered or sold in, or to or for the account or benefit of any national, resident or citizen of, the United States, Australia, Canada, Japan or the Republic of South Africa. This Prospectus does not constitute an offer of, or the solicitation of an offer to subscribe for or purchase, any Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The distribution of this Prospectus and the Offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Directors, the Selling Shareholders or Numis to permit a public offering of the Ordinary Shares under the applicable securities laws of any jurisdiction. Other than in the United Kingdom, no action has been taken to permit possession or distribution of this Prospectus in any jurisdiction where action for that purpose may be required or doing so is restricted by applicable laws. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly, and neither this Prospectus, nor any advertisement, nor 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 Prospectus comes are required by the Company to 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. In the United States, persons may not distribute this Prospectus or make copies of it without the Company’s prior written consent. For a description of these and certain further restrictions on offers, sales and transfers of the Ordinary Shares and the distribution of this Prospectus, see paragraph 4 of Part 15 (*Terms and Conditions of the Offer*).

INTERPRETATION

Certain terms used in this Prospectus are defined in Part 18 (*Definitions*) of this Prospectus.

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

WEBSITES

Save for the copies of the documents listed in “*Additional Information—Documents available for inspection*” that are extracts from this document and will be available for inspection for a period of 12 months following Admission on the Company’s website at www.seraphinegroupplc.com, information contained on the Group’s websites, including www.seraphine.com, or the contents of any website accessible from hyperlinks on the Group’s websites do not form part of this document.

NOTICE TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within the FCA Handbook Product Intervention and Product Governance Sourcebook (the **"UK Product Governance Rules"**), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Rules) may otherwise have with respect thereto, the Ordinary Shares have been subject to a product approval process, which has determined that the Ordinary Shares are: (i) compatible with an end target market of (a) retail clients, as defined in point (8) of Article 2 of the UK Prospectus Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA, (b) investors who meet the criteria of professional clients as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA and (c) eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook (**"COBS"**); and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the **"UK Target Market Assessment"**). Notwithstanding the UK Target Market Assessment, distributors should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares Offer no guaranteed income and no capital protection; and an investment in the 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 UK Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment, Numis will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the UK Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of COBS; 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 Ordinary Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

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 in the European Economic Area and in the United Kingdom (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 Ordinary Shares have been subject to a product approval process, which has determined that the 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" (for the purposes of the MiFID II Product Governance Requirements) should note that: the price of the Ordinary Shares may decline and investors could lose all or part of their investment; the Ordinary Shares offer no guaranteed income and no capital protection; and an investment in the 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 Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Numis will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of the MiFID II Product Governance Requirements; 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 Ordinary Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Ordinary Shares and determining appropriate distribution channels.

This Prospectus is dated 13 July 2021.

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PART 1

SUMMARY

1. INTRODUCTION AND WARNINGS

1.1 Details of the issuer

The issuer is Seraphine Group plc (the “**Company**”), a public limited company incorporated in England and Wales with registered number 13454003.

The Company’s registered and head office is at Suite 3.01 Grand Union Studios, 332 Ladbroke Grove, London, W10 5AD, United Kingdom. The telephone number of the Company’s registered office is +44 20 3735 7723 and the legal entity identifier of the Company is 13454003.

1.2 Details of the securities

On Admission, the Ordinary Shares will be registered with an ISIN of GB00BNXGTY25 and SEDOL of BNXGTY2. It is expected that the Ordinary Shares will be traded on the Main Market for listed securities of the London Stock Exchange under the ticker symbol “BUMP”.

1.3 Details of the competent authority

The head office of the FCA is at 12 Endeavour Square, London, E20 1JN. The telephone number of the FCA is +44 (0)20 7066 1000.

This Prospectus was approved by the FCA on 13 July 2021.

1.4 Warnings

This summary should be read as an introduction to this Prospectus. Any decision to invest in the Ordinary Shares should be based on a consideration of the Prospectus as a whole by the investor.

Any investor could lose all or part of their invested capital.

Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Ordinary Shares.

2. KEY INFORMATION ON THE ISSUER

2.1 Who is the issuer of the securities?

Domicile and legal form, LEI, applicable legislation and country of incorporation

The Company was incorporated in England and Wales on 14 June 2021 as Seraphine Group plc with registered number 13454003. The legal entity identifier of the Company is 254900CQ8TMKUDD0L296.

2.2 Principal activity

The principal activity of the Company is to act as the holding company of the Group. The principal legislation under which the Company operates is the Companies Act and regulations made thereunder.

2.2.1 Major shareholders

As at the date of this Prospectus, the Controlling Shareholder of the Company is Mayfair Equity Partners Nominees Limited, as nominee for the benefit of Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP and Mayfair Equity Partners II F&F LP, partnerships managed by Mayfair Equity Partners LLP.

Immediately following Admission and assuming that the Share Capital Reorganisation steps to be completed prior to Admission have been completed in full, the Controlling Shareholder will hold 42.7 per cent. of the Ordinary Shares. For further details of the Controlling Shareholder’s interest in the Company’s issued share capital immediately following Admission, see paragraph 6.1 of Part 17 (*Additional Information*). In so far as it is known to the Company as at the date of this Prospectus, the following persons are or will be (immediately prior to or on Admission) directly or indirectly interested (within the meaning of the Companies Act) in 3 per cent. or more of the Company’s issued share capital (being the threshold for notification of interests that will apply to Shareholders as of Admission pursuant to Chapter 5 of the Disclosure Guidance and Transparency Rules):

<i>Name of Shareholder</i>	<i>Percentage of total voting rights</i>
Mayfair Equity Partners Nominees Limited ⁽¹⁾⁽²⁾	42.7%
Aberdeen Standard Life	10.0%
Jupiter	7.7%
Gresham House	6.5%
Canaccord Genuity Wealth	6.2%
Chelverton	5.5%
Royal London	4.1%
David N. Williams	3.4%

(1) Mayfair Equity Partners Nominees Limited, wholly owned by Mayfair Equity Partners LLP, is a direct shareholder in the Company, as nominee for the benefit of Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP and Mayfair Equity Partners II F&F LP (together with Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP, the “**Mayfair Funds**”). The Mayfair Funds are partnerships managed by Mayfair Equity Partners LLP.

(2) Assuming that the Share Capital Reorganisation steps described in paragraph 4.6 of Part 17 (*Additional Information*) have been completed in full.

2.2.2 Key managing directors

The Executive Directors of the Company are:

<i>Director</i>	<i>Position</i>
David N. Williams	Chief Executive Officer
John Bailey	Financial Director
Chelsey Christine Oliver (m. Westwood)	Creative and Brand Director

2.2.3 Statutory auditor

The auditor of the Company RSM UK Audit LLP, whose registered office is at Portland, 24 High Street, Crawley, West Sussex, RH10 1B. RSM UK Audit LLP is a member of the Institute of Chartered Accountants in England and Wales and has no material interest in the Group.

2.3 What is the key financial information regarding the issuer?

2.3.1 Selected historical key financial information

The tables below set out selected key financial information for the Group for FY21, FY20, FY19.

Combined and consolidated statement of comprehensive income and other comprehensive income

	2019 £	2020 £	2021 £
Revenue	22,008,969	28,052,760	34,168,688
Cost of sales	(7,908,655)	(9,625,414)	(11,655,878)
Gross profit	14,100,314	18,427,346	22,512,810
Distribution costs	(2,092,355)	(3,360,025)	(5,023,244)
Administrative expenses	(11,066,699)	(12,906,087)	(14,504,459)
Other operating income	—	10,122	315,647
Adjusted operating profit*	941,260	2,171,356	3,300,754
Exceptional items	507,793	(454,639)	(3,111,546)
Operating profit	1,449,053	1,716,717	189,208
Finance costs	(826,907)	(390,273)	(1,661,538)
Profit/(loss) before taxation	622,146	1,326,444	(1,472,330)
Taxation	(303,661)	(483,656)	(474,021)
Profit/(loss) for the period	318,485	842,788	(1,946,351)
Other comprehensive income:			
Exchange gains arising on translation of foreign operations	40,600	9,894	12,036
Total comprehensive income	359,085	852,682	(1,934,315)
Earnings per Share			
Basic EPS	—	—	£(1.98)
Diluted EPS	—	—	£(1.98)

*Adjusted Operating Profit is before exceptional items.

Combined and consolidated statement of financial position

	2019 £	2020 £	2021 £
ASSETS			
Non-current assets			
Goodwill	5,693,822	5,693,822	13,769,598
Other intangible assets	11,435,247	10,640,094	41,390,058
Right of use assets	6,767,590	4,806,778	3,519,916
Other tangible assets	460,370	302,732	223,504
Total non-current assets	24,357,029	21,443,426	58,903,076
Current assets			
Inventories	4,368,003	6,014,727	7,510,108
Trade and other receivables	1,492,945	926,570	1,189,441
Cash and cash equivalents	3,281,589	5,248,043	3,168,542
Total current assets	9,142,537	12,189,340	11,868,091
Total assets	33,499,566	33,632,766	70,771,167

	2019 £	2020 £	2021 £
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	(2,163,012)	(4,290,994)	(7,149,914)
Lease liabilities	(1,183,668)	(716,183)	(915,912)
Loans and borrowings	—	(1,600,000)	(2,619,049)
Total current liabilities	(3,346,680)	(6,607,177)	(10,684,875)
Non-current liabilities			
Provisions	(61,115)	(82,701)	(102,708)
Lease liabilities	(6,927,889)	(6,211,706)	(5,129,503)
Loans and borrowings	(6,246,493)	(3,100,000)	(10,075,000)
Deferred tax liabilities	(1,955,393)	(1,816,504)	(7,847,115)
Investor loan notes	—	—	(42,018,808)
Total non-current liabilities	(15,190,890)	(11,210,911)	(65,173,134)
Total liabilities	(18,537,570)	(17,818,088)	(75,858,009)
Net assets/(liabilities)	14,961,996	15,814,678	(5,086,842)
Equity			
Share capital	—	—	97,500
Share premium	—	—	877,500
Retained earnings	—	—	(6,061,842)
Foreign exchange reserve	—	—	—
Invested capital	14,961,996	15,814,678	—
Total equity	14,961,996	15,814,678	(5,086,842)
Combined and consolidated statement of cash flows			
	2019 £	2020 £	2021 £
Cash flows from Operating Activities			
Profit/(loss) for the period	318,485	842,788	(1,946,351)
Adjustments for:			
Depreciation and amortisation of fixed assets	2,794,245	2,770,396	3,423,507
Loss on disposal of fixed assets	2,855	—	—
Impairment of fixed assets	694,722	915,880	188,537
Corporation tax	303,661	483,656	474,021
Interest payable	826,907	390,273	1,573,185
Decrease/(Increase) in trade and other receivables	134,545	566,375	103,087
(Increase)/Decrease in inventories	(389,418)	(1,646,724)	(1,495,381)
Increase in trade and other payables	(758,484)	2,177,659	1,496,552
Tax paid	(291,526)	(650,000)	(770,778)
Net cash generated from operating activities	3,635,992	5,850,303	3,046,379
Cash flows from investing activities			
Interest received	—	—	—
Purchase of intangible fixed assets	(247,982)	(742,967)	(397,634)
Purchase of property, plant and equipment	(191,568)	(28,274)	(58,377)
Proceeds from disposal of fixed assets	37,281	—	—
Acquisition of subsidiary	—	—	(53,123,873)
Net cash used in investing activities	(402,269)	(771,241)	(53,579,884)
Cash flows from financing activities			
Repayment of loans and borrowings	—	(5,550,000)	(4,700,000)
Loans drawn down	—	5,000,000	12,694,049
Dividend payment	—	—	—
Interest paid on loans and borrowings	(3,370)	(1,155,852)	(111,324)
Fees paid on loans and borrowings	—	—	(381,000)
Loan notes issued	—	—	40,889,901
Share issue	—	—	970,000
Payment of lease liabilities	(1,062,730)	(1,183,668)	(716,183)
Interest on lease liabilities	(258,551)	(230,914)	(205,088)
Net cash generated (used in)/from in financing activities	(1,324,651)	(3,120,434)	48,440,355

	2019 £	2020 £	2021 £
Net increase in cash and cash equivalents	1,909,072	1,958,628	(2,093,150)
Cash and cash equivalents at beginning of year	1,327,501	3,281,589	5,248,043
Exchange gains arising on translation of foreign bank accounts	45,016	7,826	13,649
Cash and cash equivalents at end of year	3,281,589	5,248,043	3,168,542

Selected pro forma key financial information

The unaudited pro forma information has been prepared on the basis of the notes set out below.

The pro forma financial information has been prepared in accordance with the accounting policies to be adopted by the Company in preparing its financial statements for the year ending 5 April 2022.

The unaudited pro forma information of the Group has been prepared for illustrative purposes only. Because of its nature, the unaudited pro forma information of the Group addresses a hypothetical situation and, therefore, does not represent the actual financial position or results of the Group. 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.

	<i>Adjustments</i>		
	<i>The Group as at 4 April 2021 (note 1) £</i>	<i>Net placing proceeds (note 2) £</i>	<i>Pro forma net assets of the Group £</i>
Assets			
Non-current assets	58,903,076	–	58,903,076
Current assets	11,868,091	(500,000)	11,368,096
Total assets	70,771,167	(500,000)	70,271,167
Liabilities			
Non-current liabilities	(65,173,934)	52,093,808	(13,079,326)
Current liabilities	(10,684,075)	1,125,000	(9,559,875)
Total liabilities	(75,858,009)	53,218,808	(22,639,201)
Net (liabilities) assets	(5,086,042)	52,718,808	47,631,966

Notes:

- The net assets of the Group at 4 April 2021 have been extracted without adjustment from the audited financial information on the Group for the year ended 4 April 2021 set out in Section B of Part 12 of this document. The net assets of Seraphine Group plc have not been included in the above table on the grounds Seraphine Group plc was only recently incorporated and its net assets are not material.

Adjustments:

- The issue of New Shares is estimated to raise net proceeds of £56.1 million (£61.0 million gross proceeds less estimated expenses of £4.9 million). The net proceeds will be used as follows:
 - £10.7 million to repay the £11.2 million term loan. The remaining £0.5 million will be funded from the Company's existing cash resources.
 - £45.4 million to repay the Loan Notes and accrued interest held by Mayfair and certain Directors, which is the actual balance owed at the date of repayment. The repayment of Loan Notes shown in the table above is based on the balance owed at 4 April 2021, being £42.0 million.
- No account has been taken in the table above of the repayment, subsequent to 4 April 2021 of the remaining £1.5 million of loans and borrowings included within the current liabilities.
- No account has been taken of the financial performance of the Group since 4 April 2021 nor of any other event save as disclosed above.

2.3.2 Accountant's report qualifications

There are no qualifications in the accountant's report on the historical financial information.

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

- Any problems with the Group's technology systems, or any material disruption to such systems, could have a material adverse effect on its business, financial condition, results of operations and prospects.
- The Group relies on third party service providers for transportation, shipment, warehouse management over whom the Group has limited control for transportation, delivery and fulfilment of its orders and third party agencies for development of its technology systems.

- The Group stores Personal Data about its customers on its systems and is responsible for protecting such information from security breaches and cyber attacks. The Group's existing security measures may not prevent a security breach.
- If the Group is unable to execute its e-commerce growth strategy effectively, its business and prospects may be harmed.
- The Group is reliant on maintaining a strong brand reputation which may be impacted by a variety of factors. A substantial failure to maintain the reputation of its brand could have a material adverse effect on the Group.
- Any adverse events influencing either the sustainability of the supply chain or the Group's relationship with any key third party suppliers could adversely affect its business.
- The global clothing and apparel industry is facing increased scrutiny over the environmental and social issues.
- The Group may be unable to maintain appropriate levels of stock.

3. KEY INFORMATION ON THE SECURITIES

3.1 What are the main features of the securities?

3.1.1 *Type, class and ISIN of the securities*

The Ordinary Shares are fully paid Ordinary Shares with a nominal value of £0.01 each. The Company has and, on Admission will have, one class of Ordinary Shares, comprising the entire issued share capital of the Company. On Admission, the Ordinary Shares will be registered with an ISIN of GB00BNXGTY25 and SEDOL of BNXGTY2. It is expected that the Ordinary Shares will be traded on the Main Market for listed securities of the London Stock Exchange under the ticker symbol "BUMP".

3.1.2 *Currency, denomination, par value, number of securities issued and term of the securities*

The Ordinary Shares are and, on Admission will be, denominated in UK pounds sterling. On Admission, the number of Ordinary Shares in issue will be 50,902,111.

3.1.3 *Rights attaching to the securities*

All Ordinary Shares will rank *pari passu* in all respects, there being no conversion or exchange rights attaching thereto, and all Ordinary Shares will have equal rights to participate in capital, dividend and profit distributions by the Company.

On a show of hands every Seraphine Shareholder who is present in person and every person holding a valid proxy shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per Ordinary Share.

3.1.4 *Rank of securities in the Issuer's capital structure in the event of insolvency*

Not applicable. The Ordinary Shares do not carry any rights to participate in a distribution (including on a winding-up) other than those that exist as a matter of law.

3.1.5 *Description of restrictions on free transferability of the securities*

Save as otherwise described in this Prospectus in relation to certain Ordinary Shares held by certain Selling Shareholders, the Ordinary Shares are freely transferable and there are no restrictions on transfer.

3.1.6 *Dividend policy*

The board of directors of the Company (the "**Board**") considers dividends to be an important component of total shareholder return. Dividends will be set by the Directors taking into account the Company's overall financial position, including its level of regulatory surplus, liquidity position, leverage position, level of interest cover and quality of capital.

The Board's current intention is to target an initial payout ratio of approximately 20 per cent. to 40 per cent. of adjusted profit after tax, with reinvestment for growth being the primary use of available cash. This dividend policy reflects the long-term earnings and cash-flow potential of the Group, whilst maintaining sufficient financial flexibility in the Group. The Board will consider returning excess cash to Shareholders over time, to the extent that higher-returning opportunities are not identified.

The Board intends that an interim dividend and a final dividend will be paid in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. The first dividend that may be declared after the expected date of Admission will be the final dividend for the financial year ending 5 April 2022.

The Board may revise the dividend policy from time to time.

3.2 Where will the securities be traded?

Application will be made for all the Ordinary Shares to be admitted to the Official List maintained by the FCA (by way of a Premium Listing under Chapter 6 of the Listing Rules) and to trading on the London Stock Exchange's Main Market for listed securities. No application has been made or is currently intended to be made for 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?

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.

The Ordinary Shares may be subject to market price volatility and the market price of the Ordinary Shares may decline disproportionately in response to developments that are unrelated to the Company's operating performance.

The Controlling Shareholder will retain significant interests in, and will continue to exert substantial influence over, the Group following the Offer and its interests may differ from or conflict with those of other Shareholders.

Future sales or the possibility of future sales of a substantial number of the Ordinary Shares could have an adverse effect on the price of the Ordinary Shares, and the issuance of an additional number of the Ordinary Shares could dilute the interests of Shareholders.

4. KEY INFORMATION ON THE OFFER AND ADMISSION

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

General terms and conditions

The Company is offering 20,677,011 New Shares and the Selling Shareholders are offering an aggregate of 4,931,278 Sale Shares, in each case to certain institutional investors under the Offer and at an Offer Price of 295 pence per Offer Share. The Company will not receive any of the net proceeds of the sale of the Sale Shares, all of which will be paid to the Selling Shareholders.

The Offer Shares may only be offered to a person who is a "qualified investor" within the meaning of Article 2(1)(e) of the UK Prospectus Regulation ("**UK Qualified Investor**") and is also either (A) (i) a person who is an investment professional falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); (ii) a high net worth company, unincorporated association or other body falling within Article 49(2)(a) to (d) of the Order; or (iii) a person to whom the Offer Shares may otherwise lawfully be offered under the Order; (B) a "qualified investor" for the purposes of the UK Prospectus Regulation; or (C) otherwise a person to whom it may otherwise be lawful to communicate information about the Offer.

The Offer Shares may only be offered to persons in any EEA member state who are "qualified investors" within the meaning of the EU Prospectus Regulation or in other circumstances in which a prospectus is not required by the EU Prospectus Regulation.

The Offer Shares may only be offered to persons in Australia who: (i) fall within one or more of the categories of investors under section 708 of the Corporations Act 2001 of the Commonwealth of Australia (the "**Corporations Act**") to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act, and (ii) are a "wholesale client" as defined in section 761G(7) of the Corporations Act ("**Exempt Investors**"), and the issue of the Ordinary Shares to it under the Offer does not require a prospectus or other form of disclosure document under the Corporations Act, and undertakes to the Company, the Selling Shareholders and Numis that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with Australian Securities and Investments Commission ("**ASIC**").

The Offer is being made by way of an institutional offer outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S. Each Investor is required to undertake to pay the Offer Price for the Offer Shares issued or transferred to such Investor in such manner as shall be directed by Numis.

An Investor applying for Offer Shares may elect to receive such shares in uncertificated form if such Investor is a system-member in relation to CREST. Where applicable, definitive certificates in respect of the Offer Shares are expected to be despatched by post to the relevant holders no later than the week commencing 19 July 2021.

The Ordinary Shares are not being offered to the public.

Expected timetable of Principal Events

Each of the following times and dates in the table below is indicative only and subject to change without further notice.

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

	<i>Time and date</i>
Publication of this Prospectus	13 July 2021
Commencement of conditional dealings in Ordinary Shares on the London Stock Exchange ⁽¹⁾	8.00am 13 July 2021
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00am 16 July 2021
CREST accounts credited with uncertificated shares	16 July 2021
Despatch of definitive share certificates (where applicable) ⁽²⁾	Within 10 Business Days of Admission

Notes:

1. It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.
2. No temporary documents of title will be issued.

Details of admission to trading on a regulated market

Application will be made for all the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities and admitted to the Official List ("**Admission**"). No application has or is currently intended to be made for the Ordinary Shares to be admitted to listing elsewhere or to be traded on any other exchange.

It is expected that Admission will become effective and that unconditional dealings will commence at 8.00a.m. on 16 July 2021.

Amount and percentage of immediate dilution resulting from the issue

Pursuant to the Offer, existing Shareholders will experience a 40.6 per cent. dilution as a result of the issue of the 20,677,011 New Shares (that is, its, his or her proportionate interest in the Company will decrease by 40.6 per cent.).

Estimate of the total expenses of the Offer

The costs and expenses of, and incidental to, Admission and the Offer payable by the Company are estimated to amount to £4.9 million (including VAT), and include, amongst others, underwriting commissions (including the maximum amount of any discretionary commission), the FCA's fees, professional fees and the costs of printing and distribution of documents. No expenses will be charged by the Company or the Selling Shareholders to any subscribers or purchasers of Shares pursuant to the Offer.

Sponsor and Sole Bookrunner

Numis is acting as sponsor and sole bookrunner to the Offer.

4.2 Why is this Prospectus being produced?**Reasons for the Offer and use of proceeds**

The Company intends to use the net proceeds of £56.1 million from the issue of the New Shares to repay the Group's Loan Notes and accrued interest, held by Mayfair and certain Directors, and reduce the Group's existing indebtedness by repaying the term loan, leaving the Group in a net cash position and therefore providing the Group with greater financial flexibility going forwards, as set out in the table below. The Company will not retain any proceeds from the sale of the Sale Shares.

<i>Use</i>	<i>Amount (£)</i>
Repayment of the £11.2 million term loan.....	£10.7 million ¹
Repayment of the Loan Notes and accrued interest	£45.4 million
Total:	£56.1 million

1 The remaining £0.5 million required to repay the term loan will be funded from the Company's existing cash resources

The Directors believe that the Offer and Admission will:

- support the Group's growth plans by increasing the Group's public profile and brand awareness, particularly in international markets;
- further improve the ability of the Group to attract and retain high quality talent;
- provide the Company access to a wider range of capital-raising options which may be of use in the future; and
- create a liquid market in the Ordinary Shares for existing and future Shareholders.

The sale of Sale Shares will provide the Selling Shareholders with an opportunity for a partial realisation of their investment in the Company.

Offer subject to an underwriting agreement on a firm commitment basis

Under the terms of, and subject to the conditions contained in, the Underwriting and Sponsor Agreement, Numis has agreed to use its reasonable endeavours to procure subscribers or purchasers for, or, failing which, itself to subscribe or purchase the Offer Shares at the Offer Price.

Material conflicts of interest

Not applicable; there are no interests that are material to the Offer.

PART 2

RISK FACTORS

Investing in and holding Ordinary Shares involves a number of risks. Prior to investing in the Ordinary Shares, prospective investors should consider carefully the factors and risks associated with any such investment in the Ordinary Shares, the Group's business and the industry in which it operates, together with all other information contained in this Prospectus (including, in particular, the risk factors described below).

Prospective investors should note that the risks relating to the Group its business and industry and the Ordinary Shares summarised in the section of this Prospectus entitled "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the 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 the key risks summarised in the section of this Prospectus entitled "Summary" but also, among other things, the risks and uncertainties described below.

The risks and uncertainties described below represent those that are known to the Directors and which they consider to be material as at the date of this Prospectus. However, the risks and uncertainties described below do not comprise an exhaustive list and do not necessarily include or explain all of the risks associated with the Group, its business and the industry within which it operates and should be used as guidance only. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising or of the scope of any potential harm to the Group's business, prospects, results of operation, reputation and brand and/or financial position.

Additional risks and uncertainties not presently known to the Directors, or that the Directors currently consider to be immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, prospects, results of operations, reputation and brand financial position and/or the price of the Ordinary Shares. If any or a combination of these risks actually occurs, the business, prospects, results of operations reputation and brand and/or financial position of the Group's business could be materially and adversely affected. In such case, the market price of the Ordinary Shares could decline and investors may lose all or part of their investment. Investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in the light of the information in this document and their personal circumstances.

RISKS RELATING TO SERAPHINE AND SERAPHINE'S INDUSTRY

The Group is subject to a number of risks. The occurrence of any of the events discussed below could materially adversely affect the Group's business, results of operations, reputation and brand, financial condition and/or prospects. The risk factors described below represent the risks that the Directors believe to be material to the Group. The risk factors described below are not an exhaustive list or explanation of all risks relating to the Group and should be used as guidance only. Additional risks and uncertainties relating to the Group that are not currently known to the Company, or that the Company currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, reputation and brand, financial condition and/or prospects.

1. RISKS RELATING TO THE GROUP'S BUSINESS

- 1.1 *Any problems with the Group's technology systems, or any material disruption to such systems, could have a material adverse effect on its business, financial condition, results of operations and prospects.*

The Group relies on its technology systems in order to operate its business both for its customer facing operations, including tracking inventory, managing its supply chain, capturing and processing orders and returns and maintaining the efficient and uninterrupted operation of its websites and separately, for its internal office infrastructure, including managing the Group's emails, file servers, enterprise resource planning and business interruption technology. The Group is also reliant upon the technology systems of third party suppliers and agencies such as external hosting providers, including the internet and third party agencies. The Group's

technology systems and those of its third party suppliers and agencies may be subject to damage and/or interruption from, among other things, power outages; computer, network and telecommunications failures; computer viruses; security breaches and usage errors by the Group's employees and of the Group's third party agencies.

In recent years, the Group has implemented multiple modifications and upgrades to its technology systems, including in connection with its digital platforms, in particular the implementation of the Magento 2 platform. The Group plans to continue to invest in its technology infrastructure over the next several years. The Group's results of operations may be affected by the timing, effectiveness and costs associated with the successful implementation of any upgrades or changes to these systems and infrastructure. These activities subject the Group to inherent costs and risks associated with upgrading these systems, including substantial capital expenditure, additional administration and operating expenses, retention of sufficiently skilled personnel to implement and operate the new systems, demands on management time, and other risks and costs of delays or difficulties in transitioning to new or upgraded systems or of integrating new or upgraded systems into the Group's existing systems. Such technology system implementations may not always result in productivity improvements at a level that outweighs the costs of implementation, or at all.

Any material malfunctioning of the Group's technology systems, or those of key third party suppliers, or those which the Group's third party agencies help develop and maintain even for a short period of time, may require significant investment and/or time to fix or replace them and the Group as a consequence may suffer loss of critical data and disruptions or delays in its operations, including its e-commerce business. Any material disruption in such technology systems, or those of key third party suppliers, or those which the Group's third party agencies help develop and maintain could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.2 *The Group relies on third party service providers for transportation, shipment, warehouse management over whom the Group has limited control for transportation, delivery and fulfilment of its orders and third party agencies for development of its technology systems.*

The Group relies on third party service providers including carriers and transportation providers for the goods transport, outbound shipment, storage, quality checks of its products, delivery to customers and returns processing. In addition, the Group relies on a third party logistics service provider for warehousing services including the provision of inventory management, inbound goods receipt, order fulfilment, returns processing, packing, processing and pre-retail services. Any failure by these third party suppliers to ship, manage and deliver the Group's products on a timely basis will have an adverse effect on the fulfilment of customer orders, which could negatively affect the consumer experience and harm the Group's business, results of operations and financial condition.

The Group's third party service providers are subject to operational risks, including, amongst other things, mechanical and IT system failure, work stoppages, increases in transportation costs, and the impact of pandemics or other disruptions at ports, natural disasters, political crises, civil unrest and other catastrophic events. Such disruption could have an adverse effect on the availability of the Group's products and would divert both financial and management resources from other uses. Additionally, the success of the Group's business and the satisfaction of consumers depend on both their timely receipt of products and where applicable, the timely processing of any returns. The efficient flow of the Group's products requires that such third-party warehousing facilities have adequate capacity to support the current level of the Group's sales and any anticipated increased levels that may follow from the growth of the Group's business in coming years.

Separately, the Group relies on third party agencies for the development of its IT infrastructure, including the development and creation of new country specific websites. Any failure on behalf of these third party agencies to carry out their respective roles in relation to the Group's IT infrastructure, or any deterioration in these relationships, may have a negative impact on the performance of the Group or on the Group's ability to continue to expand internationally. Any inability to find alternative third party IT agencies or any inability by the Group to recruit and train specific personnel in-house could hinder the Group's ability to operate its business successfully.

- 1.3 *The Group stores Personal Data about its customers on its systems and is responsible for protecting such information from security breaches and cyber attacks. The Group's existing security measures may not prevent a security breach.*

The Group processes payment card information and collects, maintains and stores data about the Group's customers for order processing and legitimate interest reasons, including Personal Data, as well as other confidential and sensitive information. The Group's existing security measures, including regular penetration tests and the confirmation that the Group's systems and that of its third party suppliers are up to date with all relevant security patches, may not be entirely effective in protecting such sensitive and confidential information if the Group was targeted by hackers.

Cyber-attacks have become far more prevalent in the past few years, particularly in the e-commerce sector, leading potentially to the theft or manipulation of confidential customer data, confidential or proprietary information or loss of access to, or distribution of data on the Group's or third party systems, as well as interruptions or malfunctions in the Group's operations. In November 2018, in common with a number of other UK companies, the Group was a target of a payment card skimming malware attack where the hackers obtained access to certain payment card information of the Group's customers. The Group was able to identify the issue and take steps to remedy the breach within a period of 24 hours, thereafter the Group ensured that the relevant authority, the ICO, was notified within the required timeframe and contacted all affected customers. As the Group was able to take such expedited remedies, no fines or sanctions were levied against the Group by the ICO in connection with the incident, however, there can be no assurance that the Group will not face fines or sanctions should it fail to adequately identify or remedy such cyber-attacks in the future.

The Group's security measures, and those of its third party service providers, may not be able to anticipate, detect or prevent all future malicious attempts to breach the Group's systems, ransomware attacks, viruses, malicious software, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardise the security of information stored in the Group's systems or that it or such third party service providers otherwise maintain. In addition, the methods used by hackers to obtain unauthorised access change frequently and may not be known until launched against the Group or its third party service providers.

Breaches of the Group's, or the Group's third party service providers security measures or other cyber-security incidents could result in: unauthorised access to the Group's websites or systems; unauthorised access to and misappropriation of sensitive and confidential consumer information, including customers' Personal Data; interruption, disruption or malfunction of operations. The Group does not have any cyber security insurance in place. Any such attacks could cause significant legal and financial exposure, adverse publicity and a loss of confidence in the Group's security measures, which could have a material adverse effect on the Group's business, reputation, results of operations, financial condition and prospects.

- 1.4 *If the Group is unable to execute its e-commerce growth strategy effectively, its business and prospects may be harmed.*

The success of the Group's e-commerce business depends, in part, on its ability to offer an attractive, reliable, secure and user-friendly digital platform for consumers across its markets, including by continuing to invest in its technology infrastructure, the continued expansion of its digital platform in particular the development and creation of new country specific websites, the ability to continue to deploy profitable and scalable digital marketing activities in new and existing marketing and separately on the Group's ability to maintain an efficient and swift process of the fulfilment and returns processing of its products, in the market in which the Group operates. The success of the Group's digital platform also depends on factors over which the Group has limited control, including changing consumer preferences, buying trends and affinities to particular marketing channels e.g. Facebook. Any failure by the Group, or by its third party technology suppliers, to provide an attractive, reliable, secure and user-friendly digital platform could negatively impact the shopping experience of consumers, resulting in reduced website traffic and lost sales. Any decline in the Group's ability to attract customers through profitable digital marketing strategies could result in lost sales and lower overall profitability rates.

The Group is also subject to certain additional risks and uncertainties associated with its digital platform, including changes in required technology interfaces; either behavioural or as a result of legislation; any website downtime and other technical failures; costs and technical issues from website software upgrades; data and system security; and computer viruses. In addition, the Group must keep up to date with competitive technology trends, including, among other things, the use of new or improved technology, creative user interfaces and other e-commerce marketing tools, such as paid and organic search which may increase its costs, and which may not succeed in increasing sales or attracting consumers.

Any of these risks could have a material adverse effect on the Group's reputation, business, and results of operations, financial condition and prospects.

- 1.5 *The Group is reliant on maintaining a strong brand reputation which may be impacted by a variety of factors. A substantial failure to maintain the reputation of its brand could have a material adverse effect on the Group.*

The Group's brand reputation depends on many factors including the quality of its products, innovative and differentiated product design, the image, presentation and content of its websites, consistently high level of customer service, its advertising and marketing activities, including on social media platforms, and its general corporate and market profile, which may be adversely affected for reasons within and outside the Group's control. Any failure to maintain the Group's brand reputation could adversely affect the reputation of the Group, and the number of positive organic customer referrals and reviews and ratings that the Company receives, particularly on third party consumer review websites, such as Trustpilot.

The Group's brand value depends on its ability to maintain a positive consumer perception of its corporate integrity and any negative claims or bad publicity involving the Group, its third party suppliers or its products, could, in each case, significantly damage the Group's reputation and brand image, regardless of whether such claims or publicity are proven. The Group's social media presence amplifies consumer engagement with the Seraphine brand but comes with less control due to consumer comments and hashtags compared to more traditional public relations and marketing methods, which could associate the brand with content which is not aligned with the Group's values. The Group uses various marketing campaigns to promote its products. If such campaigns were found to be in breach of advertising standards or related regulations, the Group's brand might be damaged as a result and the Group might be fined or censured by the relevant advertising authority.

Furthermore, the Group may be subject to significant potential reputational damage if one or more of its third party suppliers violates or is alleged to have violated, applicable laws or regulations including improper labour conditions or human rights abuses, fails to meet the Group's requirements or does not meet industry standards and safety specifications in the products that it supplies to the Group. Any adverse publicity, even if unfounded, could undermine consumer confidence in the Seraphine brand and reduce demand for the Group's products.

In addition to the Group's e-commerce sales channel, sales from the Group's wholesale customers, digital partners and franchisees accounted for, in aggregate, 7 per cent. of the Group's revenue for FY21, FY20 and FY19. Actions by these third-party distribution channels that vary from the Group's policies, such as presenting the Group's products in a manner inconsistent with its preferred positioning or offering its products alongside "lookalike" products, could damage the Seraphine brand and reputation.

A substantial failure to maintain a favourable brand could have a material adverse effect on the Group's reputation, business, financial condition, results of operations and prospects.

- 1.6 *The Group's ability to protect its intellectual property may not be wholly effective and enforcement of its rights may be costly. At the same time the Group may (inadvertently or otherwise) infringe the intellectual property of third parties which could damage the reputation of the Group or lead to financial loss.*

The Group's business of designing clothing and products within the maternity and nursing wear market carries inherent risks associated with design and production including the risk of alleged intellectual property right infringement, including but not limited to: copyright infringement, design

right infringement, trademark infringement and passing off. The Group relies on the protections afforded by inherent unregistered design rights, and in certain instances, trademarks, registered design rights, confidential information and contractual restrictions to protect its intellectual property, but the protection offered by these has its limitations. Despite the Group's efforts to protect and enforce its proprietary rights, unauthorised parties have used, and may, in the future, use the Group's inherent design rights that the Group considers as proprietary.

The Group may not always be able to secure protection for, or stop infringements of, its intellectual property, and may need to resort to litigation to enforce its intellectual property rights. For example, in recent years action was taken by the Group against certain retailers for identified brand infringement, with a particular focus on lookalike products and the Group has successfully settled two of such claims. Similarly, the Group may from time to time become involved in claims brought by other companies for passing off or infringing their intellectual property rights or damaging their brand or commercial interests. The Group is also exposed to risks in the event that the Group is sold materials or component parts from third party suppliers, which infringe on another third party's inherent design rights (or other intellectual property rights of a third party, including patented third party products). These risks are particularly heightened as the Group continues to expand into new territories. In addition, the Group may not be able to register trademarks in a geography in which the Group operates, or may only be able to register the Group's brand name in relation to the sales of maternity and nursing wear products, for example, where the Group's brand may be confused with another brand which sells different products. Any inability to register the relevant trademark in a particular geography, including refusals by the relevant trade mark authority as a result of brands with similar names, may impact the ability of customers to find the brand, which may affect the Group's sales or affect the value of the Group's brand or damage the Group's reputation. These risks could substantially harm the Group's business, results of operations and financial condition.

Litigation or similar proceedings may be necessary in the future to protect, register and enforce the Group's intellectual property rights and to determine the validity and scope of the proprietary rights of others. For example, some of the Group's employment contracts do not contain robust intellectual property provisions to ensure that any intellectual property created during an employee's employment belongs to the Group. To the extent that any employees engaged under these defective contracts have created any intellectual property rights currently used by the Group, they may seek to claim that such intellectual property rights belong to them in the event that they leave the Group. Any litigation or adverse priority proceedings could result in substantial costs and diversion of resources, and, if determined adversely to the Group, could substantially harm the Group's reputation, business, results of operations and financial condition. Further, any changes in law or interpretation of any such laws, particularly intellectual property laws, may impact the Group's ability to protect, register or enforce its intellectual property rights.

1.7 *Any adverse events influencing either the sustainability of the supply chain or the Group's relationship with any key third party suppliers could adversely affect its business.*

Wherever possible, the Group sources products from multiple third party suppliers in different jurisdictions to diversify its supplier base. The Group's products are produced and manufactured by certain key suppliers in different countries, including China (where 59 per cent. of the Group's products are manufactured), Turkey, Portugal and India. The Group 'dual sources' strategy ensures that near identical products are sourced from multiple third party suppliers in different jurisdictions to ensure flexibility and diversity of its supplier base. One or more of the Group's third party suppliers may be unable to supply or decide to cease supplying the Group with products for reasons beyond the Group's control, or they may increase prices significantly. Alternative suppliers may be difficult to secure and, in any event, may take a significant period of time to start supplying the Group. The Group terminates contracts from time-to-time with third party suppliers if the Group's requirements are not met; for example, in recent years, the Group has had to terminate its contracts with two of its suppliers. In one instance the supplier was not producing sufficient products for the Group to make it commercially viable for the supplier to pay the third party audit inspection costs. On a separate occasion a supplier refused to agree to external audit inspections so the Group was unable to continue using that supplier.

If the Group expands beyond the production capacity of its current suppliers as it continues to grow, it may not be able to find new suppliers with an appropriate level of expertise and capacity in a timely manner.

The Group's supply chain could be adversely affected by a number of other factors, including, potential economic and political instability in countries where its suppliers are located, increases in shipping or other transportation costs, manufacturing and transportation delays and interruptions, whether as a result of natural disasters or force majeure events (including without limitation unrest, civil disorder, war, terrorist attacks, subversive activities or sabotage, fires, floods, explosions, other catastrophes, epidemics or pandemics, including the respiratory virus Coronavirus 2019-nCoV ("**COVID-19**") pandemic, industrial action in the supply chain or other factors), supplier compliance with applicable laws and regulations, adverse fluctuations in currency exchange rates, and changes in laws affecting the importation and taxation of goods, including duties, tariffs and quotas, or changes in the enforcement of those laws. For example, during the COVID-19 pandemic, the Turkish Government increased import tariffs on approximately 4,000 products, including items being imported into Turkey for use in the manufacture of clothing, by up to 50 per cent. until the end of September 2020, after which the tariffs decreased, but many of the tariffs have not been reduced to the prior levels.

The Group seeks to monitor the social and environmental compliance of its third party supplier base, by ensuring that the Group's third party suppliers adhere to the Group's Supplier Manual and requiring that all of Seraphine's Tier 1 suppliers are members of the Sedex supplier register and such suppliers undertake regular independent, third-party audits. However, it is not uncommon in many countries where the Group's products are manufactured for suppliers to subcontract to third parties illicitly. The Group's Supplier Manual prohibits the use of undeclared sub-contractors or third party suppliers, without the Group's prior written consent, however, such subcontractors may not comply at all with the Group's Supplier Manual, environmental and social policies or the requirements of the third party audit, without the Group's knowledge.

Any of these risks, in isolation or in combination, could have an impact on the availability and supply of the Group's products which could have a material adverse effect on its reputation, business, financial condition and results of operations.

- 1.8 *The Group is dependent on the continued services and performance of key management personnel, the loss of any of whom could adversely affect the Group's business, results of operations and financial condition.*

The Group's future performance depends on the continued services and contributions of a small number of key management personnel, to execute the Group's business plan. The loss of the services of one or more of such key management personnel may affect the Group's ability to achieve its strategic objectives. The Group does not maintain key person life insurance policies on any of its employees or Directors.

The Directors believe that the experience of the Group's key management personnel helps provide the Company with strategic focus and a competitive advantage. The Group's ability to develop its business and achieve future growth and profitability will depend in large part on the efforts of these individuals and the Group's ability, when required, to attract new key management personnel of a similar calibre. The loss of the services of any key management personnel, for any reason, or failure to attract and retain necessary additional personnel, could adversely impact on the business, development, financial condition, results of operations and prospects of the Group.

- 1.9 *The COVID-19 pandemic, or other epidemics or pandemics, could have a material adverse effect on the Group's revenue and supply chain.*

The spread of any contagious disease that may result in an epidemic or pandemic on a regional or global scale may have a negative impact on the operations and results of the Group. Since December 2019, there has been a rapid spread of COVID-19, which gradually spread from some regions of China to other countries on a global basis. Many countries imposed particularly restrictive measures of their respective populations to limit the spread of COVID-19, including, among other things, the temporary interruption of production activities, various social distancing provisions, commercial activities and restrictions on the movement of goods and people. Certain of the restrictions imposed, impacted the Group's transportation, delivery and fulfilment of its

orders during the last financial year. For example, as a result of the global COVID-19 pandemic, the Group's eight retail stores, which contributed to approximately 4 per cent. of the Group's revenue in FY21, were closed or had limited operations during the period. In addition, in connection, in part, with the shift in consumer preferences during the period, the Group experienced a decline in sales of certain of its product categories including sales of workwear and occasionwear.

Due to the continuation of the COVID-19 pandemic, it is not possible to predict for how long various restrictions will last or when or if they will be re-introduced. In general, the spread of COVID-19 could lead to deterioration in the economies of the countries directly affected and at a global level, with possible negative effects on customers' purchasing power. Any further regional or global epidemics or pandemics or the further spread of COVID-19 may have an adverse effect on the Group's business, results of operations and financial condition.

- 1.10 *The Group's business is susceptible to risks associated to the changes in consumer lifestyle requirements and levels of demand for its products as well as cultural and social attitudes towards pregnancy and motherhood.*

The Group's continued success depends in part on the continued attractiveness of the Group's designs, functionality, styling, merchandising and pricing of its products to consumers. The Group's products must appeal to a consumer base whose lifestyle requirements cannot be predicted with certainty and are subject to change. If consumer demand for the Group's products decreases in the future for any of these reasons, the Group's business, financial condition, results of operations and prospects could be materially adversely affected. Conversely, if consumer demand for the Group's products increases, or there is a material change in consumer demand for certain of the Group's products and the Group is unable to meet the demand because of a failure to correctly anticipate the level of demand for certain of the Group's products, and to respond accordingly, resulting in insufficient stock levels, this may have an adverse effect on the Group's business, financial condition, results of operations and prospects. For example, in Spring 2021, when lockdown restrictions imposed as a result of the COVID-19 pandemic started to be relaxed, there was a shift in the buying patterns of the Group's customers towards dresses and workwear products, as opposed to athleisure and other garments, and whilst the Group had anticipated this shift in consumer preference, the Group did not fully anticipate the magnitude and speed of such shift and consequentially, the Group did not commit to purchase sufficient stock in advance to meet the increased customer demand. In addition, the maternity and nursing wear market in which the Group operates is subject to changes in cultural and social attitudes towards motherhood, for example breastfeeding. Future sales of certain of the Group's key products, such as products with specific nursing functionality, may suffer as a result. Any sustained failure to identify and respond to consumer preferences and attitudes could materially adversely affect the Group's business, results of operations and financial condition.

- 1.11 *The Group's success depends, in part, on the quality, innovative design, functionality and safety of its products.*

The Group's business and financial performance is in part dependent on the quality, innovative design and functionality of its products. If the Group's customers are in anyway dissatisfied with the quality, design or functionality of Seraphine's products, such dissatisfaction could harm the Group's brand and reputation and or customers may stop purchasing products from the Group.

Separately, any loss of confidence on the part of consumers in particular around product safety, actual or perceived, could negatively impact the Group's brand. If any of the Group's products, particularly any products designed specifically for nursing and motherhood are alleged to be, or perceived to be, defective or unsafe, even if untrue or if such products are being used incorrectly, for instance the Group's skin-to-skin products, may require the Group to expend significant time and resources responding to such allegations and could, from time to time, result in the recall of a product from any or all of the markets in which the affected product was distributed. Furthermore, if the Group experiences any product liability claims or government investigations regarding product safety with respect to any of the Group's products, the brand reputation and sales of such products could be harmed. Recalls and customer or consumer concerns about product safety could harm the Group's reputation and reduce sales, either of which could have a material adverse effect on the Group's business, results of operations and financial condition.

1.12 *The Group may be unable to maintain appropriate levels of stock*

The Group operates on the basis of a single distribution centre model, and as such all of the Group's products are stored in a facility based in Rieme, Belgium. Furthermore, the Group outsources all of its logistics and distribution arrangements to third party service providers. The Group's products are susceptible to risks in the event there are adversities at the warehouse facility in Rieme, such as disruptive activities including without limitation theft or criminal damage of the products, or fires, floods, explosions, other catastrophes at the warehouse, and other risks to the products in transport. Any damage to or loss of material quantities of stock housed at the facility in Belgium, or whilst in transport, may have an adverse effect on the Group's business, results of operations and financial condition.

1.13 *The Group does not currently maintain long term supply contracts with many of its third party suppliers and third party manufacturers.*

The Group is reliant upon third party service providers and overseas third party manufacturers including manufacturing, transport, logistics, warehousing and returns processing and the Group's business depends on its ability to maintain relationships with these third party service providers and manufacturers. The relationships between the Group and many of its third party suppliers, particularly overseas third party manufacturers, are based upon the Group's Supplier Manual and purchase orders, as is often typical in the retail industry, and are not based on long-term supply contracts. In particular, the Group currently does not have a long term contract in place with its exclusive third party logistics provider, Bleckmann België NV ("Bleckmann"), responsible in part or full for the Group's goods transport, inbound receipt, order and return processing, storage and quality checks of its products.

Although the Group has long term working relationships with many of its third party suppliers, including Bleckmann, as the Group does not operate on the basis of long term contracts, such third party suppliers and manufacturers, may alter the terms on which they operate and provide services to the Group on terms less favourable to the Group, or in the case of manufacturers, change the terms on which they supply products to the Group, fail to deliver sufficient quantities of products in a timely manner, encounter financial difficulties, terminate their relationship with the Group and/or enter into agreements with the Group's competitors or experience raw material or labour shortages or increases in raw material or labour costs, all of which could negatively affect the consumer experience and harm the Group's business, results of operations and financial condition.

1.14 *Fluctuations in exchange rates may adversely affect the Group's results of operations.*

The Group's results are presented in sterling and are exposed to exchange rate risk on translation of foreign currency assets and liabilities of its subsidiaries. As the Group trades internationally, a proportion of the Group's purchases and sales are denominated in British pounds, U.S. dollars, Euros, Australian dollars, Canadian Dollars and Swiss Francs and this list may expand in future. The Group is exposed to transactional foreign exchange risk because it earns revenues and incurs expenses in several foreign currencies relative to the relevant Group Company's functional currency. If the Group fails to adequately protect against currency exchange risk, the costs of manufacturing its products and servicing its debt obligations may increase and its results of operations may be materially adversely affected.

1.15 *The Group's success is dependent in part on its ability to attract and retain skilled and effective personnel within its design, marketing or IT teams.*

The Group's success is dependent in part on its ability to attract and retain skilled and effective personnel to support the Group's design, marketing and IT teams. The loss of key personnel without the prompt addition of appropriate replacements could adversely affect the Group's business, operations and prospects. The Group may be unable to find suitable replacements in an expeditious manner or the replacements, once appointed, may not perform as expected or settle into the Group's team dynamic. In addition, there can be no assurance that the Group will continue to be able to retain or attract a sufficient number of skilled personnel, including within the design, marketing or IT teams, on attractive terms or at all. The Group believes that the reputation of the Seraphine brand improves the Group's ability to recruit skilled personnel and the Group believes that a critical component of its success is its corporate culture. Any inability to

recruit, train or retain such skilled and effective personnel could affect the Group's ability to maintain the valuable aspects of its corporate culture and could hinder the Group's ability to successfully operate its business, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

1.16 *The Group may be exposed to uncapped liability claims under certain of its contracts with its digital partners and third party suppliers.*

The Group has a small number of contractual relationships with third party suppliers and digital partners, some of which include indemnities provided on an uncapped basis or otherwise do not seek to limit the Group's liability thereunder. For example, these indemnities relate to claims arising from third parties in relation to violation of EU data protection regulations and compliance with EU regulations relating to statutory safety, material and labelling provisions. Any liability on the Group's part under these indemnities could be material, given the uncapped basis of the indemnity. A successful claim under such indemnities may have a significant impact on the Group's profitability.

Some of the Group's contracts with digital partners contain uncapped liability provisions, which create an inherent risk that any liability on the Group's part for any breach could be material and the value of the claim may be entirely disproportionate to the value of the relationship with the relevant digital partner. A successful claim against the Group under such provisions may have a significant impact on the Group's profitability.

2. RISKS RELATING TO THE GROUP'S INDUSTRY

2.1 *The global clothing and apparel industry is facing increased scrutiny over the environmental and social issues.*

The global clothing and apparel industry as a whole is facing increased scrutiny over the environmental and social issues including in relation to the employment rights and working conditions of garment manufacturers and the working standards within certain cotton industries. Any association that the Group has with any allegations over the environmental and social issues in connection with its products or supply chain may have an adverse effect on the Group's reputation, business, results of operations and financial condition.

For example, in recent years garment manufacturers have faced scrutiny over the working conditions of its employees both overseas and in the UK. Separately, there are concerns over working standards within certain areas of the global cotton industry. China produces about 22 per cent. of global cotton supplies and according to investigations by human rights groups there are widely-reported allegations that Xinjiang's Uighur minority are being persecuted and recruited for forced labour to harvest raw cotton in the region. As the Group sources cotton from China, it is potentially exposed to these issues.

Although, the Group ensures all Tier 1 third party suppliers are members of the Sedex register and that they adhere to the terms of the Group's Supplier Manual, which was recently updated to set out that the Group's products cannot contain cotton sourced from this region, the Group cannot be 100 per cent. certain that its third party suppliers will not be in breach of its policies, for instance, by sourcing raw materials from Xinjiang. Given the dominance of the Xianjiang region in world cotton production, the Group's policies regarding the sourcing of raw materials may result in a material increase in the cost to the Group of sourcing cotton for its products and result in supply constraints, which may have an adverse effect of the Group's business, results of operations and financial condition. Any association that the Group has with these allegations may have an adverse effect on the Group's reputation, business, results of operations and financial condition.

2.2 *The Group's business, like the rest of the industry, is influenced by global economic conditions that impact consumer spending.*

The Group's business, financial performance and results of operations depend, in part, on global economic conditions and their impact on consumer spending. Negative economic cycles, higher interest rates, inflation, levels of unemployment, access to credit, consumer debt levels, unsettled financial markets and other economic factors may negatively impact upon consumer spending

and buying habits which could materially and adversely affect demand for the Group's products. It is not uncommon for example, for there to be a general downturn in discretionary spending during periods of economic uncertainty. Whilst, with the exception of its retail stores, the Group did not observe a material adverse impact in its financial performance as a result of the recent COVID-19 pandemic, it did experience a mix change in consumer demand for its products and in a prolonged economic downturn the Group may experience declining sales or reduced average basket size, as a result of general reduced consumer spending. These trends also affect the business of the Group's wholesale customers, digital partners and retail stores which in turn may have an adverse impact on the Group's revenue from these distribution channels.

In addition, other economic factors such as increased shipping costs, inflation, higher costs of labour, and changes in or interpretations of other laws, regulations and taxes may also increase the cost of sales, distribution costs and logistics costs, and otherwise adversely affect the Group's financial condition and results of operations. Natural disasters and other adverse weather and climate conditions, public health crises, political crises, terrorist attacks, war and other political instability or other unexpected events, could disrupt the Group's operations or the operations of one or more of its third party suppliers. If any of these events occurs, the Group's business, results of operation and financial condition could be adversely affected.

2.3 *Potential tariffs, trade wars or uncertainty surrounding the exit of the United Kingdom from the European Union could have a material adverse effect on the Group's business.*

In recent periods, the U.S. government has announced various import tariffs on goods imported from certain trade partners, such as the European Union and China, which have resulted and may continue to result in reciprocal tariffs on goods exported from the United States to such trade partners. The announcement of unilateral tariffs on imported products by the United States has triggered retaliatory actions from certain foreign governments (including China) and may trigger further retaliatory actions, potentially resulting in a "trade war". Trade barriers and other governmental action related to tariffs or international trade agreements around the world, in particular in China, have the potential to negatively impact certain of the Group's suppliers and adversely impact the economies in which the Group operates. The occurrence of any such events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

On 29 March 2017, the United Kingdom formally notified the European Council of its intention to leave the European Union ("**Brexit**"). On 24 January 2020, a withdrawal agreement was entered into between the European Union, the European Atomic Energy Community and the United Kingdom, setting the terms of the withdrawal of the latter from the former two. On 24 December 2020, the United Kingdom and the European Union agreed a trade and cooperation agreement (the "**Trade and Cooperation Agreement**"), which will enter into force on the first day of the month following that in which the United Kingdom and the European Union have notified each other that they have completed their respective internal requirements and procedures for establishing their consent to be bound. The Trade and Cooperation Agreement provides for, amongst other things, zero-rate tariffs and zero quotas on the movement of goods between the United Kingdom and the European Union.

Due to the size and importance of the economy of the United Kingdom, the uncertainty and unpredictability concerning the United Kingdom's future laws and regulations (including financial laws and regulations, tax and free trade agreements, immigration laws and employment laws) as well as its legal, political and economic relationships with Europe following its exit of the European Union may continue to be a source of instability in international markets, create significant currency fluctuations or otherwise adversely affect trading agreements or similar cross-border cooperation arrangements (whether economic, tax, fiscal, legal, regulatory or otherwise) for the foreseeable future. The long-term effects of Brexit will depend on the implementation of the Trade and Cooperation Agreement and any future agreements (or lack thereof) between the United Kingdom and the European Union and, in particular, any potential changes in the arrangements for the United Kingdom to retain access to European Union markets. Brexit could result in adverse economic effects across the United Kingdom and Europe, including as a result of the Group's warehouse facility being located in Belgium, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

2.4 *The Group operates in a competitive environment.*

The maternity and nursing wear industry is competitive and the Group may be unable to compete successfully. Competitive factors that affect the Group's market position within the maternity and nursing wear industry include brand recognition, the style, quality and performance aspects of the Group's products, the price point of the Group's products and the Group's marketing and advertising capabilities. Certain of the Group's competitors adopt more aggressive promotional and discounting policies, greater distribution capabilities and spend substantially more on product advertising. The Group may be unable to compete successfully in the future, and increased competition may result in price reductions, reduced profit margins, loss of market share, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3. **RISKS RELATING TO COMPLIANCE AND REGULATION**

3.1 *Data privacy breaches or any failure to protect the Personal Data of its customers could harm the Group's reputation and expose it to litigation.*

The Group is subject to a number of laws relating to data protection and privacy such as the General Data Protection Regulation (EU) 2016/679 (the "**GDPR**"), which forms part of UK domestic law pursuant to the EUWA (the "**UK GDPR**"). Such laws govern the Group's ability to collect, use and transfer Personal Data, including its consumer data. The Group routinely transmits, receives and stores personal, confidential and proprietary information (including debit and/or credit card details of consumers and optional Special Category Data, such as data about pregnancy stages and due dates) by electronic means and as a result the Group is reliant upon the secure processing, storage and transmission of such consumer data in line with regulatory requirements. The Group is exposed to the risks in the event that such Personal Data of its consumers could be wrongfully appropriated, lost or disclosed, damaged or processed in breach of privacy or data protection laws, potentially as a result of human error on behalf of its employees or that of its third party suppliers, which could lead to the imposition of fines or regulatory action, together with associated negative publicity which could have a negative impact on the Seraphine brand.

The Group uses a wide variety of third party service providers for various marketing purposes. As such the Group and these third party service providers are required to comply, for example, with the UK's Privacy and Electronic Communications Regulations 2003 (amended by SI 2011 no. 6) ("**PECR**") and provide specific privacy rights in relation to electronic communications. The Group's policies and procedures in relation to electronic marketing and those of its third party service providers may not be sufficiently robust to satisfy the additional conditions in respect of its marketing activities, which may result in ICO fines.

The GDPR, which came into force on 25 May 2018, implemented more stringent operational requirements for the Group's use of Personal Data. These more rigorous requirements include the requirement for increased disclosures to the Group's customers in respect of how the Group may use their Personal Data, increased controls on profiling customers and increased rights for the Group's customers, should they wish to access, control and delete their own Personal Data held by the Group. In addition, there are mandatory data breach notification requirements and significantly increased penalties of the greater of £17.5 million or 4 per cent. of global turnover for the preceding financial year. The Group has not conducted a global audit of its data protection practices, policies, notices and procedures, so there may be some compliance gaps in its policies, for example in relation to relate to transparency, lawful bases for processing customer data, marketing activities, external transfers and processing agreements, which it has not identified and remedied. Such compliance gaps may also arise because of additional local regulatory requirements applicable in the many jurisdictions in which the Group operates.

Any perceived or actual failure by the Group, including its third party service providers, to protect confidential data or any material non-compliance with privacy or data protection or other consumer protection laws or regulations may harm the Group's reputation and credibility, adversely affect revenue, reduce its ability to attract and retain customers and consumers, result in litigation or other actions being brought against the Group and the imposition of significant fines and, as a result, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.2 *Amendments to existing tax laws, rules or regulations or enactment of new unfavourable tax laws, rules or regulations could have an adverse effect on the Group's business and financial performance.*

Many of the underlying laws, rules or regulations imposing taxes and other obligations were established before the growth of the internet and e-commerce. The Group cannot accurately predict the effect of current attempts to impose taxes on commerce over the internet. If such tax or other laws, rules or regulations were amended, or if new unfavourable laws, rules or regulations were enacted, the results could increase the Group's tax payments or other obligations, prospectively or retrospectively, subject it to interest and penalties, and decrease the demand for its services if it passes on such costs to the consumer. In addition, any such new laws, rules or regulations may result in increased costs to update or expand the Group's administrative infrastructure or effectively limit the scope of its business activities if it decided not to conduct business in particular jurisdictions. As a result, these changes may have a material adverse effect on the Group's business, results of operations and financial condition.

In addition, several jurisdictions in which the Group operates have begun implementing changes in their tax systems to target so-called "remote" retailers, i.e. retailers who only sell on-line to customers in that jurisdiction but do not have a "physical presence". For example, in the United States, a decision by the Supreme Court in June 2018 (known as the "Wayfair" decision) overturned a previous decision that had been law since 1992, which established that state governments could only tax businesses with a "physical presence" in the state. As a result of the ruling, the Group is required to collect sales tax in any state in the United States that passes legislation requiring out-of-state retailers to collect sales tax on the basis of economic nexus, even in states in which the taxpayer has no physical presence. In some states, the registration processes are in their infancy, which in turn can cause difficulties in making relevant payments of sales taxes in a timely manner, and the Company may be liable for sales taxes in certain states where it has not registered or where it has taken some time to register. Late payment could result in the imposition of penalties and interest.

Of the 24 states in which the Group currently has an economic nexus, the process of registration has been completed in 12 states. The Group is in the process of registering in the other 12 states. In September 2020, the Group configured its IT systems to enable it to collect sales taxes from customers at the time of purchase in all relevant US states, irrespective as to whether the registration process is complete. However, the Group may have a small liability arising as a result of its failure to collect or fully provide for all relevant sales taxes prior to this date. Further, in some states, the registration processes are in their infancy, which in turn can cause difficulties in making relevant payments of sales taxes in a timely manner. Late payment could result in the imposition of penalties and interest. Any liability that the Group has, as at the date of this document, or may have in the future, for such penalties and interest is considered to be small. Furthermore, it is possible that other jurisdictions in which the Group operates or does business could enact similar or other tax legislation that could adversely affect the Group through increasing its tax liabilities which could thereby affect its business, results of operations and financial condition.

3.3 *The Group relies on its third party suppliers, distributors and franchisees to comply with applicable employment, environmental and other laws and regulations.*

The Group has put in place policies and procedures, including the Group's Supplier Manual and requiring that each of the Group's Tier 1 suppliers are members of the Sedex register, to ensure that its third party suppliers are in material compliance with the Group's policies with regards to as employment, environmental and other relevant laws and regulations. In addition, the Group uses contractual provisions to require that its distributors and franchisees comply with the same policies with regards to applicable laws and regulations. However, the Group can give no assurance that its third party suppliers, distributors and franchisees are, or will remain, in compliance with such terms, laws or regulations.

Any violations in, or allegations of any such violations with applicable laws or regulations, or failure to achieve particular standards, by any of these third party suppliers or entities could lead to adverse publicity, affect the Group's ability to maintain a positive consumer perception of the Seraphine brand, which could in turn lead to a decline in public demand for the Group's products,

or require the Group to incur expenditure or make changes to its supply chain and other commercial arrangements to ensure compliance. Any such events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.4 *Compliance with existing laws and regulations or changes in any such laws and regulations could affect the Group's business.*

The Group's business, results of operations and financial condition could be adversely affected by changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to the Group, including those relating to the sale of products and e-commerce, including privacy, internet advertising and general consumer protection, anti-corruption, antitrust and competition, economic and trade sanctions, tax, accounting standards and data security systems.

For example, there are, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet and e-commerce that may relate to liability for information retrieved from or transmitted over the internet, display of fees, online editorial and consumer-generated content, user privacy, data security systems, behavioural targeting and online advertising, taxation, liability for third party activities and the quality of services. Furthermore, the growth and development of e-commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally, including the Group.

The Group is also subject to numerous customs and international trade laws and regulations. The Group's business is conducted worldwide, with goods imported from and exported to a substantial number of countries. Any failure by the Group to comply with import or export rules and restrictions and pay the appropriate duties could expose it to fines and penalties.

Failure to comply with applicable laws or regulations can lead to civil, administrative or criminal penalties, including but not limited to fines. The Group could also be required to pay damages or civil judgments in respect of third party claims. Any of these developments, alone or in combination, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.5 *Failure to comply with the UK Bribery Act 2010 (the "UK Bribery Act") and other anti-corruption, anti-bribery, anti-money laundering, sanctions and competition laws could subject the Group to penalties and other adverse consequences.*

The Group is subject to a wide range of anti-corruption, anti-bribery and anti-money laundering laws, such as the UK Bribery Act and analogous laws in other countries, as well as sanctions and competition laws, across the markets in which it operates. This increasingly broad and stringent legal and regulatory framework creates pressure on both business performance and market sentiment, requiring continual improvements on how the Group operates as a business to maintain compliance. Any actual or alleged violations of applicable laws, regulations, or anti-corruption compliance contractual requirements could result in fines, litigation, disruption or cessation of business activity, and also damage the Group's reputation or cause a loss of business opportunity in the markets in which the Group operates. Any non-compliance could also result in criminal prosecution for the Group or its employees.

The Group's existing and future safeguards, such as regular training programmes, may prove to be ineffective. If the Group's employees or suppliers violate regulatory requirements or the Group's policies, the Group may be subject to regulatory sanctions, including monetary fines, criminal penalties, disgorgement of profits and suspension or debarment of the Group's ability to contract with government agencies or public international organisations or to receive export licenses, any of which could materially adversely affect the Group's business, financial condition, results of operations and prospects.

4. RISKS RELATING TO THE OFFER AND THE ORDINARY SHARES

- 4.1 *There has been no public trading market for the Ordinary Shares, and an active trading market may not develop or be sustained.*

Prior to Admission, there will have been no public trading market for the Ordinary Shares and Admission should not be taken as implying that there will be a liquid market for the Ordinary Shares. An active trading market for the Ordinary Shares might not develop or, if developed, might not be sustained. If an active and liquid trading market is not developed or sustained, the liquidity and trading price of the Ordinary Shares could be materially adversely affected and investors may have difficulty selling their Ordinary Shares. Even if an active trading market develops, the market price for the Ordinary Shares may fall below the Offer Price, perhaps substantially and for a substantial period. As a result of fluctuations in the market price of the Ordinary Shares, investors may not be able to sell their Ordinary Shares at or above the Offer Price, or at all. An inactive market may impair the Group's ability to raise equity capital in the future by further issues of Ordinary Shares in the long term.

- 4.2 *The price of the Ordinary Shares may fluctuate in response to a number of factors, many of which may be out of Seraphine's control, and investors could lose all or part of their investment.*

Publicly traded securities from time to time experience significant price and trading volume fluctuations that may be unrelated to the operating performance of the Company that issued them. The market price of the Ordinary Shares may prove to be volatile, which may prevent Shareholders from being able to sell their Ordinary Shares at or above the price they paid for them. The market price for the Ordinary Shares could fluctuate for various reasons, many of which are outside Seraphine's control. These factors could include: variations in operating results in Seraphine's reporting periods; cyclical fluctuations in the performance of Seraphine's business; changes in financial estimates by securities analysts; changes in market valuations of similar companies; announcements by Seraphine or its competitors of significant contracts, acquisitions, joint ventures or capital commitments; speculation, whether or not well-founded, regarding the intentions of Seraphine's major Shareholders or significant sales of Ordinary Shares by any such Shareholders or short selling of the Ordinary Shares; speculation, whether or not well-founded, regarding possible changes in Seraphine'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. The market price for the Ordinary Shares could also be adversely affected by developments unrelated to the Group's operating performance, such as changes in market conditions, regulatory changes and broader market volatility and movements. Any or all of these events could result in a material decline in the price of the Ordinary Shares. Investors may not be able to sell their Ordinary Shares at or above the Offer Price, or at all.

- 4.3 *The issue of additional shares in the Company in connection with future growth opportunities, any share incentive or share option plan or otherwise will in certain circumstances dilute all other shareholdings.*

Seraphine may seek to raise financing to fund future other growth opportunities. Seraphine may, for these 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 Company's Shareholders will suffer dilution in their percentage ownership and/or the price of the Ordinary Shares may be adversely affected. All growth initiatives planned by the Company, and set out in the description of the Group's strategy, are fully funded for at least the next 12 months.

- 4.4 *Holders of Ordinary Shares in jurisdictions outside the UK may not be able to exercise their pre-emption rights unless the Company decides to take additional steps to comply with applicable local laws and regulations of such jurisdictions.*

In the case of certain increases in the Company's issued share capital, the Company's existing Shareholders are generally entitled to pre-emption rights pursuant to the Companies Act unless such rights are waived by a special resolution of the Shareholders. However, holders of Ordinary Shares outside the UK may not be able to exercise their pre-emption rights over Ordinary Shares unless the Company decides to comply with applicable local laws and regulations. The Company

cannot assure any Shareholders outside the UK that steps will be taken to enable them to exercise their pre-emption rights, or to permit them to receive any proceeds or other amounts relating to their pre-emption rights.

4.5 *Future substantial sales of Ordinary Shares, or the perception that such sales might occur, could depress the market price of the Ordinary Shares.*

Following the expiry of the lock-in arrangements (described in paragraph 9 of Part 15 (*Terms and Conditions of the Offer*) of this Prospectus), the Selling Shareholders, the Company or one or more of the Directors could sell a substantial number of Ordinary Shares in the public market. Such sales, or the perception that such sales could occur, may materially adversely affect the market price of the Ordinary Shares. This may make it more difficult for Shareholders to sell their Ordinary Shares at a time and price that they deem appropriate, and could also impede the Company's ability to issue equity securities in the future. During the periods immediately prior to and following the end of the periods of sales restriction provided for by these lock-in arrangements, the market price of the Ordinary Shares may fall in anticipation of a sale of Ordinary Shares. Following the expiry of these arrangements, there will be no contractual restriction on the sale of the Ordinary Shares owned by the Shareholders who were previously subject to them. Seraphine cannot predict whether a substantial number of Ordinary Shares in addition to those which will be available in the Offer will be sold in the open market following the expiration or waiver of these restrictions. In particular, there can be no assurance that after the restrictions expire, such Shareholders will not reduce their holdings of the Ordinary Shares.

4.6 *The Company's ability to pay dividends in the future depends, among other things, on Seraphine's financial performance and is therefore not guaranteed.*

The ability of the Company to pay a dividend on the Ordinary Shares is limited under English law to the extent that it has distributable reserves available for this purpose. If the Group's cash flow underperforms market expectations, then its capacity to pay a dividend will suffer. Any decision to declare and pay dividends will be made at the discretion of the Directors and will depend on, among other things, applicable law, regulation, restrictions on the payment of dividends in the Group's financing arrangements, the Group's financial position, the Company's distributable reserves, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Directors deem significant from time to time.

4.7 *Exchange rate fluctuations may impact on the value of and the investment in the Ordinary Shares or any dividends in foreign currency terms.*

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

4.8 *The Controlling Shareholder will retain significant interests in, and will continue to exert substantial influence over, the Group following the Offer and its interests may differ from or conflict with those of other Shareholders.*

The Company anticipates that the Controlling Shareholder will own 21,742,685 Ordinary Shares, being 42.7 per cent. of the Company's issued share capital immediately following the Offer. As a result, the Controlling Shareholder may have significant influence over the Company's management and operations, including over matters that require approval by Shareholders, such as the election of Directors and approval of significant corporate transactions. The Controlling Shareholder may also be able to cause the Company to take corporate action even if other Shareholders oppose it. The interests of the Controlling Shareholder may not be aligned with those of other Shareholders, which may have a material adverse effect on the trading price of the Ordinary Shares. This concentration of ownership might also have the effect of delaying or preventing a change of control of the Company despite such change of control being acceptable to other Shareholders.

PART 3

PRESENTATION OF INFORMATION

1. GENERAL

Investors should only rely on the information in this Prospectus. No person has been authorised to give any information or to make any representations concerning the Company, the Group, the Offer or the Offer Shares (other than those contained in this Prospectus) 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 Selling Shareholders or Numis. No representation or warranty, express or implied, is made by Numis or any of its representatives or affiliates as to the accuracy, completeness or verification of such information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Numis, any of its representatives or affiliates in this respect, whether or not to the past, present or future. Numis assumes no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this Prospectus or any such statement. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Article 23 of the UK Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules, neither the delivery of this Prospectus nor any subscription or sale of Offer Shares pursuant to the Offer shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Group since the date of this Prospectus, or that the information contained herein is correct as of any time subsequent to its date.

A copy of this Prospectus has been filed with, and approved by, the FCA and has been made available to the public in accordance with the UK Prospectus Regulation.

The Company will update the information provided in this Prospectus by means of a supplement if a significant new factor that may affect the evaluation by prospective investors of the Offer occurs prior to Admission or if this Prospectus contains any material mistake or material inaccuracy. This Prospectus and any supplement 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 Prospectus is published prior to Admission, investors shall have the right to withdraw their applications for Offer Shares made prior to the publication of the supplement. Such withdrawal must be made within the time limits and in the manner set out in any such supplement (which shall not be shorter than two clear Business Days after publication of the supplement).

The contents of this Prospectus are not to be construed as legal, tax, business and/or financial advice. Each prospective investor should consult his or her or its advisers as to the legal, tax, business, financial and related aspects of subscribing for or purchasing Offer Shares. In making an investment decision, each investor must rely on his or her or its own examination, analysis and enquiry of the Company, the Ordinary Shares and the terms of the Offer, including the merits and risks involved.

Prior to making any decision as to whether to subscribe for or purchase the Offer Shares, prospective investors should read this Prospectus. Investors should ensure that they read the whole of this Prospectus and not just rely on key information or information summarised within it. Investors who subscribe for or purchase Offer Shares in the Offer will be deemed to have acknowledged that: (i) they have not relied on Numis or any person(s) affiliated with Numis in connection with any investigation of the accuracy of any information contained in this Prospectus or their investment decision; and (ii) they have relied solely on the information contained in this Prospectus.

None of the Company, the Directors, the Selling Shareholders or Numis or any of their respective affiliates or 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 Offer, Numis and/or any of its representatives and/or affiliates, acting as an investor for its or their own account(s), may subscribe for, or purchase, Offer Shares and in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such Offer Shares and other securities of the Company or related investments in connection with the Offer or otherwise. Accordingly, references in this Prospectus to the Offer Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, Numis and any of its representatives and affiliates acting as an investor for its or

their own account(s). Numis does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

2. HISTORICAL FINANCIAL INFORMATION

The Group's consolidated financial information as of and for the three years ended 31 March 2019, 5 April 2020 and 4 April 2021 (collectively the "**Historical Financial Information**") has been included in Part 12 of this Prospectus.

The Historical Financial Information has been prepared in accordance with the basis of preparation and accounting policies as set out in Notes 1.2 and 1.3 of Section B of "*Historical Financial Information*" which are consistent with those that will be used by the Group in its audited financial statements as at and for the year ending 5 April 2022. The Group's historical financial information has been prepared in accordance with the requirements of the Prospectus Regulation Rules.

Unless otherwise stated, all financial information relating to the Group in this document has been prepared in accordance with the basis of preparation and accounting policies as set out in Notes 2 and 3 of Section B of "*Historical Financial Information*" and should be read in conjunction with the Accountant's report thereon from BDO set out in Section A of "*Historical Financial Information*".

The Group's financial year runs to the first Sunday in April (31 March in 2019). The historical financial information for the Group set out in Section B of Part 12 (*Historical Financial Information*) has been reported on by BDO for the purposes of this document, BDO's report, which was prepared in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom, is included in Section A of Part 12 of this document.

None of the historical financial information used in this document has been audited in accordance with auditing standards generally accepted in the United States of America ("**US GAAS**") or auditing standards of the Public Company Accounting Oversight Boards ("**PCAOB**"). In addition, there could be other differences between the auditing standards issued by the Financial Reporting Council in the United Kingdom and those required by U.S. GAAS or the auditing standards of the PCAOB.

3. NON-IFRS INFORMATION

Certain non-IFRS measures such as EBITDA have been included in the financial information contained in this document as the Directors believe that these present important alternative measures with which to assess the Group's performance. The Board believes that these non-IFRS measures provide valuable information to readers of the historical financial information because it enables the reader to, amongst other things, understand how the Board manages the Company's business, evaluates performance and develops budgets. See Part 9 (*Selected Financial Information*) and Part 10 (*Operating and Financial Review*).

The non-IFRS measures used in this document should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or to other measures of performance under IFRS. In addition, the Company's calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. Readers should not consider these non-IFRS measures in isolation, but in conjunction with the IFRS measures. The non-IFRS measures reported by the Company may differ from similarly titled measures reported by other companies which may define and calculate such measures differently from the Company.

Such Non-IFRS Financial Measures include: Adjusted EBITDA, Adjusted EBITDA (pre-IFRS 16), Adjusted EBITDA (pre-IFRS 16) margin, Adjusted EBIT, Adjusted EBIT (pre-IFRS 16), Free Cash Flow, Free Cash Flow Conversion, and constant currency revenue growth.

The Group includes these Non-IFRS Financial Measures in this Prospectus because the Directors believe that the Non-IFRS Financial Measures provide supplemental measures of performance, profitability and liquidity, which the Group uses for evaluating its business performance and understanding certain significant items, which contribute to an understanding of the Group's trading performance. Furthermore, the Directors believe that these Non-IFRS Financial Measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

The definition of each of these non-IFRS measures is given below, and are reconciled to IFRS measures.

- “**Adjusted EBIT**” is a non-IFRS financial measure and is defined as operating profit before exceptional items, brand value amortisation, monitoring and registry costs;
- “**Adjusted EBIT (pre IFRS 16)**” is a non-IFRS financial measure and is defined as operating profit before exceptional items, brand value amortisation, monitoring and registry costs, before accounting for the impact of IFRS-16 adjustments;

	Years ended		
	31 March 2019 £	5 April 2020 £	4 April 2021 £
Operating profit	1,449,053	1,716,717	189,208
Exceptional Items	(507,793)	454,639	3,111,546
Amortisation of brand value	1,331,415	1,331,415	2,083,569
Other ¹	55,137	50,000	70,564
Adjusted EBIT	2,327,812	3,552,771	5,454,887
IFRS 16 rent adjustment ²	(1,305,500)	(1,257,064)	(781,973)
IFRS 16 depreciation adjustment	1,104,836	1,044,931	932,035
IFRS 16 impairment adjustment	694,722	915,880	188,537
Adjusted EBIT (pre IFRS 16)	2,821,870	4,256,518	5,793,486

1 Other includes monitoring fees and registry costs

2 Represents lease expense that would have been incurred if IAS 17 had been applied to the periods FY19, FY20 and FY21

- “**Adjusted EBITDA**”: means operating profit after adding back depreciation and amortisation, impairment of right-of-use asset, loss on disposal of tangible fixed assets, exceptional items, share based payments and monitoring and registry costs;
- “**Adjusted EBITDA margin**”: is a non-IFRS financial measure and is defined as Adjusted EBITDA divided by revenue;
- “**Adjusted EBITDA (pre-IFRS16)**”: means operating profit after adding back depreciation and amortisation, impairment of right-of-use asset, loss on disposal of tangible fixed assets, exceptional items, share based payments and monitoring and registry costs; before accounting for the impact of IFRS-16 adjustments;
- “**Adjusted EBITDA margin (pre-IFRS 16)**”: is a non-IFRS financial measure and is defined as Adjusted EBITDA (pre-IFRS 16) divided by revenue;

	Years ended		
	31 March 2019 £	5 April 2020 £	4 April 2021 £
Operating profit	1,449,053	1,716,717	189,208
Exceptional Items	(507,793)	454,639	3,111,546
Amortisation of brand value	1,331,415	1,331,415	2,083,569
Depreciation and other amortisation	1,462,830	1,438,981	1,339,938
Loss on disposal of tangible fixed assets	2,855		
Impairment of Right-of-use asset	694,722	915,880	188,537
Other ¹	55,137	50,000	70,564
Adjusted EBITDA	4,488,219	5,907,632	6,983,362
IFRS 16 rent adjustment ²	(1,305,500)	(1,257,064)	(781,973)
Adjusted EBITDA (pre IFRS 16)	3,182,719	4,650,568	6,201,389

1 Other includes monitoring fees and registry costs

2 Represents lease expense that would have been incurred if IAS 17 had been applied to the periods FY19, FY20 and FY21

- **“Free Cash Flow”** means Adjusted EBITDA (pre IFRS 16) plus or minus changes in working capital, minus capital expenditure, minus onerous lease provision movement, minus impact of prepayment adjustments;
- **“Free cash flow conversion”** is a non-IFRS financial measure that the Company defines as Adjusted EBITDA (pre IFRS 16) plus or minus changes in net working capital, capital expenditure and IFRS 16 adjustments (together **“Free Cash Flow”**) divided by Adjusted EBITDA (pre IFRS 16);

	Years ended		
	31 March 2019	5 April 2020	4 April 2021
	£	£	£
Adj. EBITDA (Pre-IFRS 16)	3,182,719	4,650,568	6,201,389
Net change in working capital	(1,013,357)	1,097,310	104,258
IFRS 16 Adjustments	438,944	(157,519)	(139,298)
Capex	(439,550)	(771,244)	(456,011)
Free cash flow	2,168,756	4,819,115	5,710,338
Free cash flow conversion	68%	104%	92%

- **“Constant currency revenue growth”** Represents year-on-year growth in revenue, without giving effect to any change in foreign currency exchange fluctuations in the relevant subsequent year and, therefore, calculated by translating revenue that is other than sterling into sterling using the same exchange rate as was applied in the prior year

There are no generally accepted principles governing the calculation of Non-IFRS Financial Measures and the criteria upon which these measures are based can vary from company to company. Non-IFRS Financial Measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as alternatives to revenue, profit/loss before tax or cash flow from operating, investing and financing activities, as derived in accordance with IFRS or any other financial or performance measure derived in accordance with IFRS, and should not be considered as being indicative of operating performance or as a measure of the Group's profitability or liquidity. Non-IFRS Financial Measures should be considered only in addition to, and not as a substitute for or superior to, financial information for the Group prepared in accordance with IFRS included elsewhere in this Prospectus. Non-IFRS Financial Measures are not intended to be indicative of the Group's future results. Recipients of this Prospectus are cautioned not to place undue reliance on the Non-IFRS Financial Measures.

4. CURRENCY PRESENTATION

In this Prospectus, all references to “U.S. dollars” and “\$” are to the lawful currency of the United States and all references to “pounds sterling,” “pence” and “£” are to the lawful currency of the United Kingdom. References to “euros” or “€” are to the single currency of the participating member states of the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

5. ROUNDING

Certain data contained in this Prospectus, 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 Prospectus, 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 Prospectus may have been rounded and accordingly may not add up to 100 per cent.

6. MARKET, ECONOMIC AND INDUSTRY DATA

This Prospectus refers to information regarding our business and the markets in which the Group operates and competes. The information contained in this Prospectus relating to the Group's market has been provided for background purposes only. Unless indicated otherwise, the economic and industry data set out in this Prospectus constitutes the Directors' analysis and best estimates, using

underlying data from independent third parties. The Company obtained market data and certain economic and industry data and forecasts used in this Prospectus from publicly available information and industry publications, including publications, data compiled, and independent market research carried out by Armstrong Transaction Services Limited (“**Armstrong**”).

Armstrong, an independent and global strategy consulting firm whose registered address is 132-134 College Road, Harrow, England, HA1 1BQ, has prepared, at the request of the Company for the purposes of this Prospectus, information on the market and industry of the Group (the “**Armstrong Report**”). In particular, and unless otherwise indicated, references in this Prospectus to maternity and nursing wear market sizing and growth rates have been derived from the Armstrong Report. Armstrong has no material interest in the Company.

Certain other market data and certain economic and industry data and forecasts used in this Prospectus were obtained from publicly available information, including the Office for National Statistics.

The Company confirms that all third party data contained in this document has been accurately reproduced and, so far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third party data has been used in this Prospectus, the source of such information has been identified. While the Directors believe the third party information included in this Prospectus to be reliable, the Company has not independently verified such third party information, and the Company makes no representation or warranty as to the accuracy or completeness of such information as set forth in this Prospectus. Further, the Company does not intend, and does not assume any obligation, to update any industry or market data set out in this Prospectus.

7. DEFINITIONS AND GLOSSARY

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in Part 18 (*Definitions*) and Part 19 (*Glossary*).

References to the singular in this Prospectus shall include the plural and vice versa where the context requires.

Any references to time in this Prospectus are to times in London, UK unless otherwise stated.

8. INFORMATION NOT CONTAINED IN THIS DOCUMENT

No person has been authorised to give any information or to make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the 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 the date of this Prospectus.

9. 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 Directors’ current beliefs and expectations 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 or the Company concerning, among other things, the Group’s 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 headings “*Summary Information*”, “*Risk Factors*”, “*Business Description*” and “*Operating and Financial Review*” regarding the Company’s strategy, targets and expectations in respect of the impact of and government measures taken in connection with the

COVID-19 pandemic, the Group's expected revenue, underlying EBITDA margin, customer purchasing behaviour, frequency of purchases, profit, growth, accounting tax rates, and capital expenditure upon the operating results of the Group as well as other expressions of the Group's targets and expectations 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.

The following include some but not all of the factors that could cause actual results or events to differ materially from the anticipated results or events:

- Sales volume and product mix;
- Cost of manufacturing;
- Cost of customer acquisition;
- Distribution costs;
- Head office and central costs;
- COVID-19;
- Foreign currency fluctuations; and
- Exceptional items.

For more information regarding these and other uncertainties, please see Part 2 (*Risk Factors*).

Subject to the requirements of the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules and the Listing Rules, or applicable law, the Company explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in the Company's expectations or to reflect events or circumstances after the date of it.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this document.

10. ADVICE

Prospective investors should not treat the contents of this Document as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of shares. Prospective investors must rely upon their own representatives, including their own legal or financial advisers and accountants, as to legal, taxation, investment or any other related matters concerning the Company and an investment therein. Statements made in this Document are based on the law and practice currently in force in England and Wales and are subject to changes therein.

11. NO INCORPORATION OF WEBSITE INFORMATION

The contents of the Group's websites and any other website mentioned in this document or directly or indirectly linked to these websites do not form part of this document unless it is expressly incorporated by reference. The information on such websites has not been verified or approved by the FCA, and investors should not rely on such information.

PART 4

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Sharon Emma Flood David Newton Williams John Philip Bailey Chelsey Christine Oliver ¹ William (Bill) David Gordon Ronald Sarah Highfield Bertie Aykroyd	<i>Non-Executive Chair</i> <i>Chief Executive Officer</i> <i>Finance Director</i> <i>Creative and Brand Director</i> <i>Senior Independent,</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i> <i>Non-Executive Director</i>
Company Secretary	JTC (UK) Limited The Scalpel 18th Floor 52 Lime Street London EC3M 7AF	
Registered and Head Office	Suite 3.01 Grand Union Studios 332 Ladbroke Grove London W10 5AD	
Telephone Number	020 3735 7723	
Sponsor and sole bookrunner	Numis Securities Limited The London Stock Exchange Building 10 Paternoster Square London EC4M 7LT	
Reporting Accountant	BDO LLP 55 Baker Street London W1U 7EU	
Auditors to the Company	RSM UK Audit LLP Portland 24 High Street Crawley West Sussex RH10 1BG	
Solicitors to the Company	Pinsent Masons LLP 30 Crown Place Earl Street London EC2A 4ES	
Solicitors to the sponsor and sole bookrunner	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF	

¹ Note: Chelsey Christine Oliver (m. Westwood).

Registrars

Link Market Services Limited
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

**Financial public relations
advisers to the Company**

FTI Consulting
200 Aldersgate Street
London
EC1A 4HD

PART 5

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All references to times are to the time in London, UK. Each of the times and dates in the table below is indicative only and is subject to change without further notice.

	<i>Time and date</i>
Publication of this Prospectus	13 July 2021
Commencement of conditional dealings in Ordinary Shares on the London Stock Exchange ⁽¹⁾	8.00 am 13 July 2021
Admission and commencement of unconditional dealings in Ordinary Shares on the London Stock Exchange	8.00 am 16 July 2021
CREST accounts credited with uncertificated shares	16 July 2021
Despatch of definitive share certificates (where applicable) ⁽²⁾	Within 10 Business Days of Admission

Notes:

1. It should be noted that if Admission does not occur, all conditional dealings will be of no effect and any such dealings will be at the sole risk of the parties concerned.
2. No temporary documents of title will be issued.

PART 6

OFFER STATISTICS

Offer Price (per Offer Share)	295 pence
Number of Ordinary Shares in issue immediately following Admission ⁽¹⁾	50,902,011
Number of New Shares	20,677,011
Number of Sale Shares	4,931,278
Number of Ordinary Shares in the Offer as a percentage of total number of Ordinary Shares in issue immediately following Admission	50.3 per cent.
Estimated gross proceeds of the Offer receivable by the Company ⁽²⁾	£61.0 million
Estimated net proceeds of the Offer receivable by the Company ^{(2) (3)}	£56.1 million
Estimated gross proceeds of the Offer receivable by the Selling Shareholders ⁽⁴⁾	£14.5 million
Estimated net proceeds of the Offer receivable by the Selling Shareholders ^{(4) (5)}	£14.1 million
Expected market capitalisation of the Company at the Offer Price ⁽⁶⁾	£150.2 million

Notes:

- (1) Assuming the Share Capital Reorganisation has completed.
- (2) Including £45.4 million which will be used to repay the Loan Notes.
- (3) The estimated net proceeds receivable by the Company are stated after the deduction of underwriting commissions, including the maximum amount of any discretionary underwriting commissions, and other costs and expenses of, and incidental to, Admission and the Offer payable by the Company expected to be approximately £4.9 million including irrecoverable VAT.
- (4) Excluding £45.4 million which will be used to repay the Loan Notes.
- (5) Net proceeds receivable by the Selling Shareholders are stated after deduction of underwriting commissions, including the maximum amount of any discretionary underwriting commissions and stamp duty.
- (6) The market capitalisation of the Company at any given time will depend on the market price of the Ordinary Shares at that time. There can be no assurance that the market price of an Ordinary Share will equal or exceed the Offer Price.

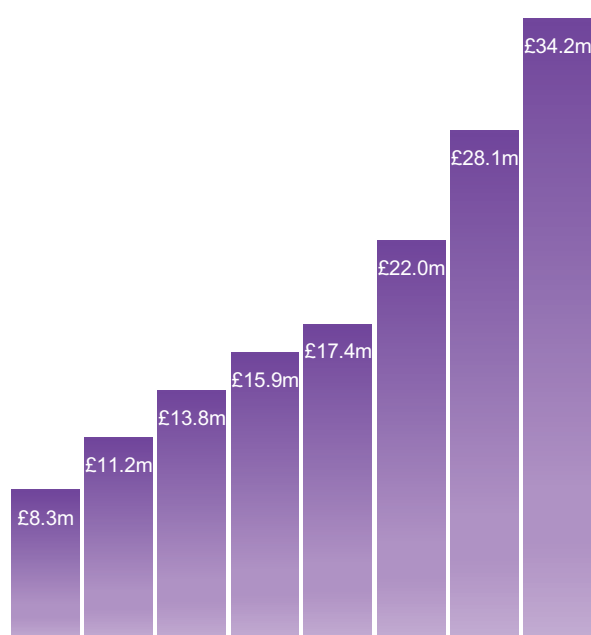
PART 7

BUSINESS OVERVIEW

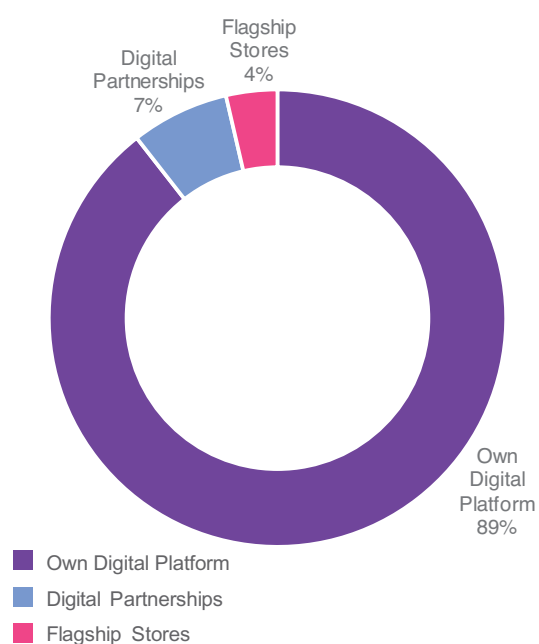
1. OVERVIEW OF THE GROUP

Seraphine is an international digitally-led maternity and nursing wear brand with a diverse range of innovative maternity and nursing products serving an under-competed global market. Seraphine was founded in 2002 with the vision of creating desirable clothes which women would want to wear even if they were not pregnant, and this ethos remains true to this day. The Group has over 18 years' experience designing and developing maternity and nursing wear for women from first trimester to post-partum and nursing products. The Seraphine brand is synonymous with innovative and versatile products which comprise a broad range of fashionable, superior fit and quality maternity and nursing wear at an affordable premium price point.

Sales Growth



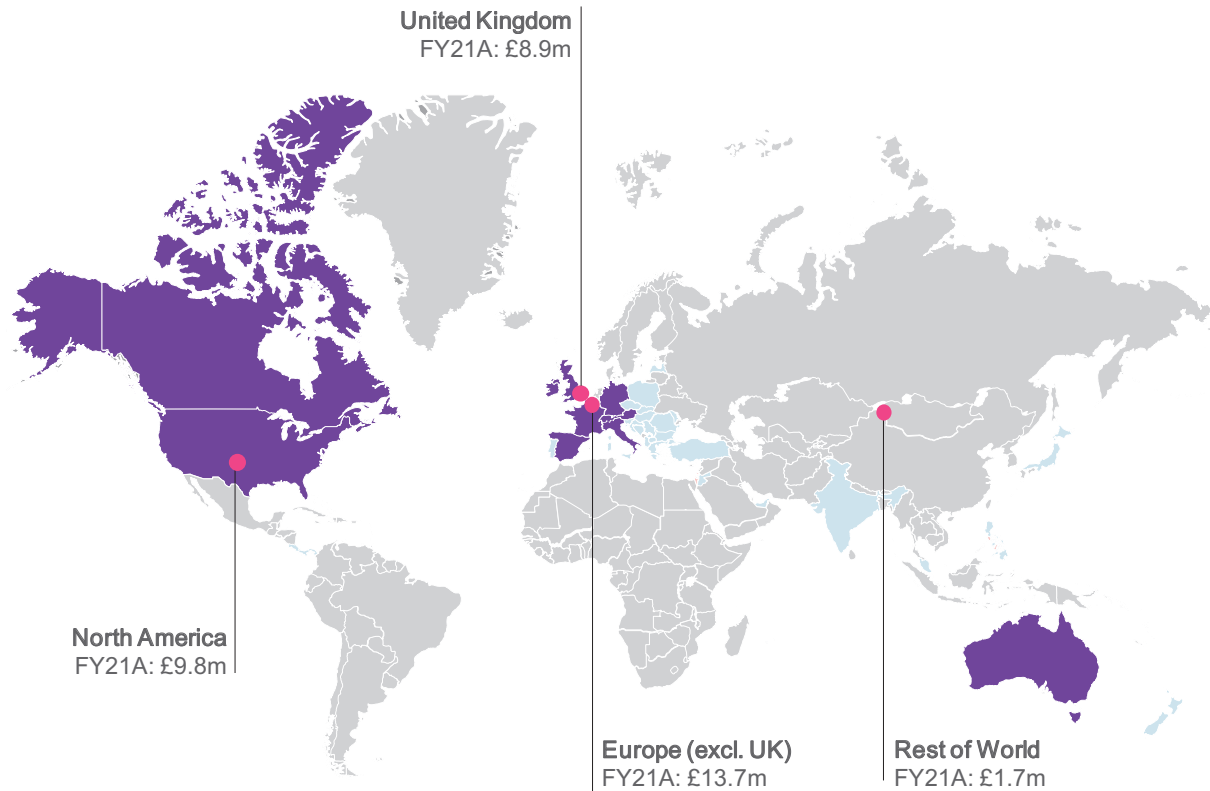
Sales Split by Channel



Source: Company information, FY14-21.

Seraphine has achieved global brand recognition through its rapidly growing digital platform, which in the 52 weeks ended 4 April 2021, contributed to approximately 89 per cent. of revenue growing at a 44 per cent. CAGR historically (FY19-FY21), and was supported by the Group's digital and wholesale partnerships and strategically located retail stores and franchisees. The Group currently exports products to customers in over 120 countries globally, with the Group's largest market being Europe accounting for approximately £13.7 million, representing approximately 40 per cent. of revenue, in the 52 weeks ended 4 April 2021. The Group's second largest market, North America, accounted for approximately £9.8 million, 28.7 per cent. of revenue in FY21 with the UK and the Rest of the World segments accounting for £8.9 million, 26.1 per cent. and £1.7 million, 5.0 per cent., respectively.

FY21A:



Source: Company information, FY21.

The Group has established an efficient digital marketing strategy that has enabled it to acquire customers in a cost effective way. Unlike many comparable fashion retailers, Seraphine makes a profit on an average first customer order across all the markets in which it operates dedicated websites. The Company maintains a low average blended customer acquisition cost (“CAC”), at £13, compared to a blended average contribution per order of £43, meaning that Seraphine is profitable from the first average customer order. Through its own digital platform and using paid search marketing and social media such as Facebook, Google and Instagram, the Group targets women who are on the journey of pregnancy and motherhood with inspiring campaigns focused on key lifestyle milestones from the first trimester through to nursing and postpartum with relevant content.

Seraphine is differentiated from its competitors by the depth and breadth of its innovative maternity and nursing product portfolio, creating a complete wardrobe of clothing for a highly engaged customer base at attainable price points, as such there are very few pure play specialists able to compete with Seraphine in the maternity and nursing market. The Group’s products are designed and developed in-house by a team of 12 specialists with full ownership of the pattern making process. This enables Seraphine to create differentiated, functional and high quality products. The team of specialist designers includes mothers whose personal experience helps develop solutions to the different stages and challenges of motherhood. Seraphine’s product range includes: occasionwear and workwear, dresses, nightwear, lingerie and leggings, maternity and post-partum jeans, swimwear, tops and knitwear, athleisure, activewear, outerwear, shapewear and babywearing products for new dads. This broad product offering is underpinned by Seraphine’s core “Continuity” range, which comprises timeless staple pieces which are repeated year-after-year for the relevant seasons and accounts for approximately 70 per cent. of the product range. This focus on its “Continuity” products, also helps drive Seraphine’s gross margin given its focus on a repeatable set of products which drives efficiencies in the development, procurement and marketing, which the Directors believe, would be difficult for its competitors to replicate. Seraphine has also organically grown a long-list of royal and celebrity followers which has helped to drive brand visibility internationally. Seraphine’s products are designed not only to flatter and give confidence to women in their changing bodies but provide technical innovations such as concealed nursing access, support and (post-partum) compression, to assist the journey of motherhood.

Maternity and nursing wear is a highly resilient market given the need to purchase maternity and nursing wear compared to discretionary nature of the wider apparel market. Within this under-competed market, Seraphine is a scale specialist and offers a differentiated product range, and broader price architecture, than its competitors. Seraphine targets the affluent customer demographic of digitally-native, pregnant and nursing women who are looking for both fashionable and functional solutions that meet the demands of modern motherhood. Often more affluent, these women are making needs based purchases and are willing to pay a premium for the convenience the products offer. The typical Seraphine customer is 25-40 year old women with increased disposable income who are attracted by the premium and versatile products. At the same time, the Group offers a broad product range at attainable price points which enables it to attract a broad range of customers.

The following table sets out certain key financial and operating metrics of the Group for the periods indicated:

	Years ended		
		(£m)	
	31 March 2019	5 April 2020	4 April 2021
Financial KPIs			
Revenue	£22.0m	£28.1m	£34.2m
Revenue growth ⁽¹⁾	26.3%	27.5%	21.8%
Constant currency revenue growth ⁽²⁾	25.6%	26.6%	21.9%
Gross profit margin ⁽³⁾	64.1%	65.7%	65.9%
Adjusted EBITDA ⁽⁴⁾	£4.5m	£5.9m	£7.0m
Adjusted EBITDA (pre-IFRS 16) ⁽⁵⁾	£3.2m	£4.7m	£6.2m
Adjusted EBIT ⁽⁶⁾	£2.3m	£3.6m	£5.5m
Adjusted EBIT (pre-IFRS 16) ⁽⁷⁾	£2.8m	£4.3m	£5.8m
Free Cash Flow conversion ⁽⁸⁾	68.1%	103.6%	92.1%
Non-financial KPIs			
Website traffic (visits) ⁽⁹⁾	6.5m	10.3m	13.8m
Conversion rate ⁽¹⁰⁾	2.6%	2.4%	2.8%
Total orders ⁽¹¹⁾	166,874	247,974	393,117
Average basket value ⁽¹²⁾	£154	£153	£127

(1) "Revenue growth" is calculated as the percentage growth in revenue from the previous financial period.

(2) "Constant currency revenue growth" represents year-on-year growth in revenue, without giving effect to any change in foreign currency exchange fluctuations in the relevant subsequent year and, therefore, calculated by translating revenue that is other than sterling into sterling using the same exchange rate as was applied in the prior year.

(3) "Gross profit Margin" is defined as revenue less cost of sales as a percentage of revenue and has been extracted from the Company's historical financial information in Part 8 (*Historical Financial Information*), where it appears in the Company's consolidated statement of profit or loss.

(4) "Adjusted EBITDA": means operating profit after adding back depreciation and amortisation, impairment of right-of-use asset, loss on disposal of tangible fixed assets, non-recurring costs, share based payments and monitoring and registry costs

(5) "Adjusted EBITDA (pre-IFRS 16)": is a non-IFRS financial measure and is defined as operating profit after adding back depreciation and amortisation, impairment of right-of-use asset, loss on disposal of tangible fixed assets, exceptional items, share based payments and monitoring and registry costs; before accounting for the impact of IFRS-16 adjustments. See table in Part 3 (*Presentation of Information*) for the reconciliation of operating profit to Adjusted EBITDA (pre-IFRS 16).

(6) "Adjusted EBIT" is a non-IFRS financial measure and is defined as Operating Profit before exceptional items, brand value amortisation and monitoring and registry costs.

(7) "Adjusted EBIT (pre-IFRS 16)" is a non-IFRS financial measure and is defined as operating profit before exceptional items, brand value amortisation and monitoring and registry costs before accounting for the impact of IFRS-16 adjustments.

(8) "Free cash flow conversion" is a non-IFRS financial measure that the Company defines as Adjusted EBITDA (pre IFRS 16) plus or minus changes in net working capital, capital expenditure and IFRS 16 adjustments (together "Free Cash Flow") divided by Adjusted EBITDA (pre IFRS 16).

(9) "Website traffic" is defined as the total number of visits the Company's websites receive during the financial period.

(10) "Conversion rate" is defined as the percentage of website visits across the Company's Own Digital Platform that results in a customer completing a purchase.

- (11) “**Total orders**” is defined as the aggregate numbers of orders the Company receives across the Company’s Own Digital Platform during the respective financial period.
- (12) “**Average basket value**” is defined as the average total value of customer orders, including VAT and shipping during the respective financial period.

2. KEY STRENGTHS

2.1 *Global digitally-led business model*

Seraphine has a global digitally-led business model which is readily scalable in an under-competed market.

With over 18 years of heritage, the Group has achieved global brand recognition. In FY21, the Group distributed its products to over 120 countries worldwide. Approximately two-thirds of its FY21 revenues were outside of the United Kingdom: 28.7 per cent. in North America, 40.2 per cent. in Europe (excluding the UK), 26.1 per cent. in the UK and 5.0 per cent. in the rest of the world.

The Group’s digitally led business model has three channels to market: own digital, digital partnerships and flagship stores. Own digital platform sales have grown at a rate of 44 per cent. CAGR over the period FY19 to FY21 and in FY21 over 89 per cent. of the Group’s revenue was generated through its own digital platform. In addition to the Group’s own digital platform, and following the success of its digital partnership with Amazon, the Group is focused on transitioning its digital partnerships from a traditional wholesale business model to a marketplace arrangement with retailers such as Zalando in Germany and Macy’s in the U.S.; in FY21, 7 per cent. of its revenue was generated through its digital partnership channel. The Group does not have a large legacy portfolio of bricks and mortar retail stores. Instead it has a small portfolio of 8 flagship stores in strategic city locations; three in London, two in New York, two in Paris and one in Leeds, which provide significant tourist footfall and access to a high concentration of Seraphine’s target customers in affluent residential areas, thus serving as showrooms for the brand. In FY21, 4 per cent. of its revenue was generated through the Group’s flagship stores.

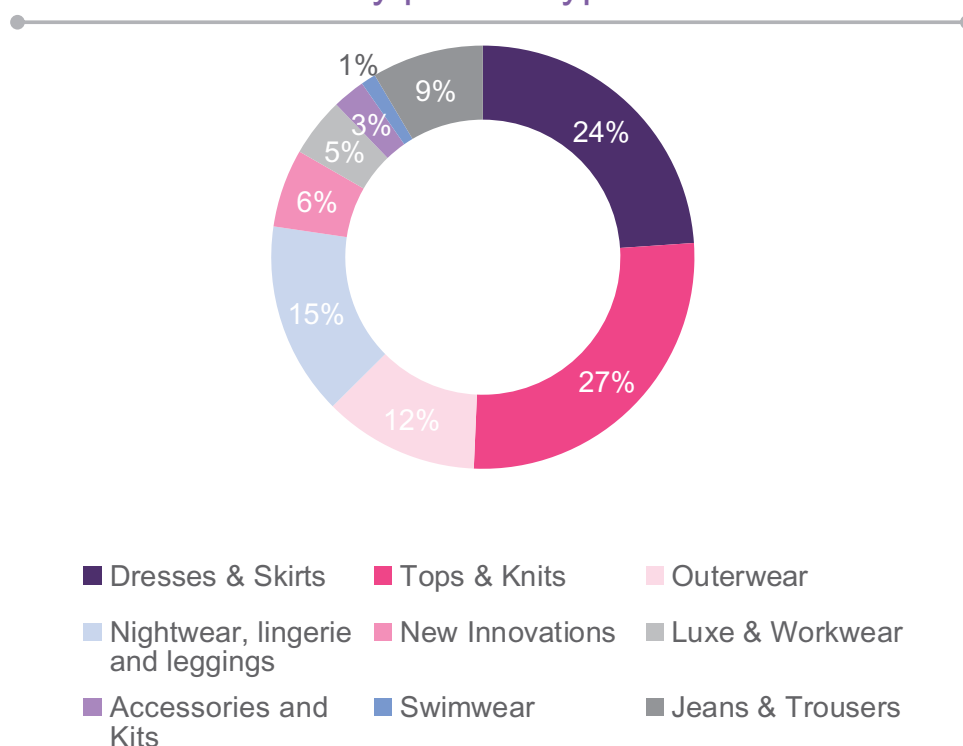
With 10 dedicated websites currently serving the UK, U.S., France, Spain, Germany, Italy, Australia, Canada, Switzerland and Pan-European English, customers, the Group has a significant opportunity to scale up its own digital platform in new and existing markets, with a short-term focus particularly on North America. Following the recent successful launches in Canada and Switzerland, the Group intends to launch further websites dedicated to specific countries or regions, such as The Netherlands and the Nordics over the next 12 months. The Group has a well-defined strategy for the roll-out of its own digital platform, which is both capital light and rapid, costing approximately £30,000-50,000 per website and taking approximately 8-12 weeks to develop and go-live. This increased digital footprint will help to strengthen the Group’s global brand recognition and digital sales.

2.2 *Market leading products and brand*

The Seraphine brand is synonymous with innovative and functional maternity and nursing products designed to meet the changing lifestyle demands of today’s busy “mother”. The Seraphine brand reflects real mothers of today juggling decisions and responsibilities while adapting to changing physically. Seraphine is by the customer’s side, guiding them through their pregnancy and new mum phase with pieces that support the motherhood journey. The designs consider women from many different backgrounds and affluence levels. The Group’s team of specialist in-house designers includes a number of mothers, enabling Seraphine to employ its “developed by mums for mums” approach, as the in-house designers are able to leverage their own lived experiences, to help Seraphine continually develop innovative products for the different stages and challenges of motherhood. Coupled with the Group’s in-house advertising and content creation team, this enables the Group to have complete control over Seraphine’s brand positioning from the outset of the design and research process through to the launch of its products. This sharp focus and in-house expertise has enabled the Group to differentiate itself from its competitors by creating an extensive product range, comprising specialist, technical and functional maternity and nursing clothing, which reflects many years of continued innovation, all developed by Seraphine’s in-house team. The products are aimed primarily at more style-conscious women who want to buy high quality clothing at an attainable price point, from special

occasionwear for weddings and events and workwear to maternity jeans and athleisure wear. The product offering is underpinned by the Group's timeless, core "Continuity" ranges, comprising classic staple pieces which are repeated year-after-year for the relevant seasons minimising fashion risk. The Directors believe that the breadth of "Continuity" products reduces the Group's fashion risk. The "Continuity" range reflects Seraphine's specialist maternity and nursing product design expertise as regards fit and function. These designs, which require minimal update, are reviewed each season for new materials, further relevant product innovation or colour options ensuring continual high relevance and success.

Sales by product type - FY21



Source: Management information, FY21.

Over many years, continuous celebrity exposure has driven brand visibility and leads to higher, cost-effective online traffic to the Group's websites from all over the world. The vast majority of Seraphine's royal, celebrity, influencer and press exposure is unpaid, reflecting the quality and positioning of the brand.

2.3 *Highly efficient and profitable digital marketing strategy*

The Group has an established an efficient digital marketing strategy that has enabled it to acquire customers in a cost effective way. Unlike many comparable fashion retailers, Seraphine makes a profit on an average first customer order across all the markets in which it operates dedicated websites. The Company maintains a low average blended CAC, at £13 compared to a blended contribution per order of £43.

The Group produces all of its content in-house which enables it to use its content in an efficient manner to focus on different aspects of the pregnancy and motherhood journey. The Group tailors its marketing approach to suit its customer base through an efficient use of customer data. Leveraging its customer data, the Group develops unique customer acquisition campaigns to target prospective customers at key lifestyle milestones in their pregnancy and motherhood journey. 52 per cent. of the Group's total website traffic is "organic", i.e. not directly paid for through social media, press, endorsement from influencers, celebrities and royals, digital partnerships, its flagship stores and word of mouth. The remaining 48 per cent. of its website traffic is driven through the targeted use of highly scalable paid marketing channels, such as Facebook, Instagram and Google. Seraphine continually monitors the performance of its marketing campaigns, refining and optimising its strategy based on the internal data that the Group receives. This allows Seraphine to act quickly to changing market trends and dynamics.

The Directors believe that Seraphine's blended CAC is low relative to its peers, which is a reflection of the investment made in the digital platform and the efficiency of the data-led performance marketing strategy.

2.4 *Attractive market dynamics and competitive positioning*

The maternity and nursing wear is an under-competed market globally relative to the wider apparel market and within this market Seraphine is a scale specialist and offers a differentiated product range, and broader price architecture, than its competitors. According to Armstrong analysis, in the maternity and nursing wear market, Seraphine's Core TAM which includes the U.S., UK, and Western Europe accounts for £2.4 billion out of a global £4.7 billion market. There is significant headroom for growth as Seraphine has less than 4 per cent. market share in each individual geography where it operates (Armstrong) and the Group intends to launch further websites dedicated to specific countries or regions, including in the Nordics, in the next 12 months. The online segment of the market continues to be Seraphine's focus and Armstrong estimates that the UK and U.S. online segment of the maternity and nursing wear market is forecast to grow at a CAGR of 8 per cent. and 11 per cent. from 2019-2026 for the UK and U.S., respectively.

Seraphine has benefited from the trend of rising spend per birth. Although global birth rates have reduced in recent years, this slowdown has been offset in part by growth in the average amount spent per birth, as disposable income (a major driver of clothing spend) has grown at 2-3 per cent. per annum in the period between 2015-2019 in the U.S. and Europe. Furthermore, the average age of women in childbirth in the U.S. for example has increased², resulting in higher average income in the customer base. The average Seraphine customer is aged between 25 and 40 years old with a higher disposal income than other demographics and is therefore seeking higher quality versatile products to support their busy lives. Women typically are working up until the point at which they give birth and therefore there is an increased demand for maternity workwear for which they are willing and able to pay a premium.

Seraphine continues to benefit from rising ecommerce penetration in the maternity and nursing wear market. Analysis has shown that consumers increasingly prefer to shop online for apparel, primarily due to increased range and convenience and particularly pregnant customers who may prefer the privacy of shopping from their own home, or to shield during COVID-19 pandemic for example. The maternity and nursing category is increasingly shopped by 'digital natives', leading to increased online penetration. Armstrong estimates that online penetration in the UK and U.S. has risen from 28 per cent. and 15 per cent. respectively in 2017 and forecast to rise to 48 per cent. and 37 per cent. respectively in 2026.

The trend in recent decades of a slowdown in new births in the U.S. and Western Europe is expected to moderate in the first half of 2020 (according to UN projections) with fertility rates stabilising as childcare availability increases and opportunity cost for women of having multiple children decreases. Importantly, the fertility rates (and spending patterns) of Seraphine's customers (i.e. more affluent females) are expected to be less impacted by any economic impacts driven by the COVID-19 pandemic.

Maternity and nursing wear is a highly resilient market given the non-discretionary nature of the category compared to the wider apparel market. The resilience of this section of the market is evidenced by the minimal impact of the global financial crisis; the maternity and nursing wear market continued to grow in the UK during 2008 and 2010 while other segments of the apparel market saw a decline. Similarly, throughout the global pandemic caused by COVID-19, maternity and nursing wear has been less impacted than womenswear and the apparel market more generally. Seraphine commands a strong position within this market because of its competitive positioning, delivering a superior range of high quality and fashionable products at an attainable price point.

The younger demographic composition of the maternity and nursing wear market, relative to the wider apparel market, contributes to this demographic having a higher online share than in the overall apparel market. Armstrong estimates that, in the UK and US, maternity and nursing wear consumers are younger women, from age groups that make up 33 per cent. of the apparel market spend. Such consumers tend to shop online more than older generations and this trend is set to accelerate as the younger generation prefer online shopping. Separately, Armstrong estimates that in the UK and US, 44 per cent. of purchases by Generation X and Millennial purchases. The

2 Source: Armstrong, Armstrong market model

continuing expansion of the online share, as a percentage of the total UK market is growing at a faster rate in maternity and nursing wear reflecting the digitally native customer base. The Directors believe that Seraphine is well positioned to benefit from this continuing growth within the online segment.

2.5 *Robust growth profile and market-leading financial KPIs*

Seraphine has a track record of strong financial performance, with sales growing at a CAGR of 22 per cent. during the period from FY14 to FY21. This growth has been driven by the successful expansion into new geographies and the rapid growth of the Group's own digital platform, and own digital platform revenue has grown at a 44 per cent. CAGR from FY19 to FY21, highlighting the continued strength of this channel.

Seraphine delivers high gross margins of 66 per cent., driven by 70 per cent. of Seraphine's products being continuity line products, low promotional activity and limited stock obsolescence. These high gross margins, combined with the Group's efficient digital marketing model, leads to above average EBITDA margins compared to apparel peers.

The Group has a strong track record of delivering impressive free cash flow conversion averaging 88 per cent. over the period FY19 to FY21 driven by the low capital intensive nature of the business. The Group's consistent performance throughout the COVID-19 pandemic demonstrates the stability of the underlying market.

2.6 *High performing and cross-functional executive team*

The Group benefits from a high performing and cross-functional executive team, with a broad range of expertise in scaling digital businesses and designing innovative products. David Williams (CEO) joined the Group in September 2017 from ASOS where he had spent seven years developing his extensive ecommerce experience. His previous experience includes time spent working at UK-based image and video search company Pixsta Limited, the technology focused venture capital firm Straub Ventures Limited and B2B marketplace company Mondus.com. David's expertise has facilitated the digital and international acceleration of the Group's business since his arrival. Chelsey Oliver (Creative and Brand Director) joined the Group in October 2011 and her remit has been expanded to include ownership of marketing and the brand. Chelsey has an established background in design, production and marketing, having studied at the London College of Fashion, combined with a strong commercial acumen. She has always held innovative multi-disciplinary roles having worked previously at Tiffany Rose Maternity and Hughes Models. John Bailey (Finance Director) has a long history of working in fashion. He joined the Group in 2014 having spent four years as Finance Director of Wholesale and International at SuperGroup plc and prior to that was a Chartered Accountant at PriceWaterhouseCoopers LLP.

3. STRATEGY AND OUTLOOK

The Group's strategy is focused on growing both its Own Digital Platform and Digital Partnerships:

Own Digital Platform: Seraphine will expand its existing platform with continued growth in existing markets, where it has significant potential for further growth in Western Europe and North America and a phased rollout to new geographies, such as the Nordics. It will seek to enhance its digital marketing capabilities to drive greater traffic to its websites and increase its penetration of its global markets.

Digital Partnerships: at the same time Seraphine will seek to increase its customer reach by expanding its business with existing digital distribution platform partners and seeking new partnerships including other digital specialists and multi-channel retailers.

This consistent digital strategy is supported by the Group's sharp focus on maternity and nursing products which marks Seraphine out as a leading specialist brand with superior technical product expertise and powerful digital marketing scale and specialism.

Superior technical product expertise

The Group's strong focus on maternity and nursing products has enabled it to become a market leader in this sector. With over 18 years' experience in designing maternity and nursing wear exclusively, the

Seraphine brand is synonymous with innovative and functional products which has given Seraphine a strategic advantage over its competitors. The in-house design team, which is led by Chelsey Oliver, includes a number of mothers, develops innovative products based on their own experiences of the various challenges of motherhood. Certain of the team's recent successes include the skin-to-skin product range and 3-in-1 outerwear. Seraphine will continue to innovate within its specialist product range where there are market opportunities to support the busy lifestyle of the modern mother. As these products are all developed in-house, Seraphine retains full ownership of its product creations. The mix of product categories being offered by the Group has evolved and given its specialist focus Seraphine has been able to accelerate this category growth expanding in loungewear, activewear, lingerie, and shapewear. The Group has a successful track record of launching new products each season with a 3-12 month development cycle, for example postpartum denim and shapewear and the baby wearing outerwear.

Leading specialist brand

Seraphine's international reach through its digital approach brings global brand recognition, with exports to over 120 countries in FY21. Seraphine is recognised globally as a leading maternity and nursing wear brand and such an extensive international footprint is, the Directors' believe, evidence that the Group's products travel well, underlining future potential for growth. This brand status, underpinned by celebrity and press endorsement, is an acknowledgment of Seraphine, as a market leader in its sector.

Although Seraphine operates a digitally-led business model, its flagship stores (3.6 per cent. total sales in FY21) provide an additional customer acquisition point and assist its brand awareness strategy. All eight Seraphine flagship stores are strategically-located in international city locations with high tourist footfall and access to a high concentration of Seraphine's target customers. The highly branded stores provide an extra touch point for customers, increasing Seraphine's brand awareness across key markets and beyond. The physical stores also provide a Search Engine visibility advantage, since store addresses provide additional search engine results, helping to increase brand visibility online as well as offline.

Powerful digital marketing scale and specialism

The Group will continue to invest in its highly effective marketing strategy which drives brand awareness and customer conversion. The Board intends to hire an additional head in digital marketing and plans to recruit another eight digital marketing specialists to the team over the next coming years.

The Group's core focus will continue to be on its digital marketing efforts (both paid and organic) with incremental investment and continued innovation in existing paid digital channels. For example, the Group is trialing new channel investment in sites such as Pinterest and YouTube. The Group will continue to invest in territory specific digital marketing to support new sites as they are launched. The Group plans to continue developing its own digital platform, leveraging its in-house design capabilities and customer relationship management ("CRM") data to curate effective and targeted digital content and expand its social media following.

The Group will also continue with its traditional marketing and PR initiatives; for example advertising in locations with high target customer footfall, circulating its catalogue to new and existing customers and continuing to dress influencers and celebrities.

Proven international own digital platform rollout strategy

Seraphine will continue its efficient digital platform rollout strategy to drive an increase in traffic to its websites and convert browsers into customers. The Group plans to establish new dedicated country-specific websites for key jurisdictions supported by targeted digital marketing in the local language. This strategy has been proven to lead to an immediate uptick in traffic and sales conversion, driving significant sales growth. The own digital platform was launched in Germany in October 2018 and sales grew from £1.7 million in FY19 to £5.6 million in FY21, a CAGR of 81 per cent. Similarly, in August 2019 Seraphine launched its own digital platform in Australia and sales grew from £ 0.3 million in FY19 to £1.1 million in FY21, a CAGR of 113 per cent.

North American strategy

In the North American market (U.S. and Canada), Seraphine has achieved sales growth for the period FY19 to FY21 at a CAGR of 24 per cent. The Group's strategy for this market can be summarised as follows:

Own Digital Platform

- An increased and more personalised digital marketing investment to drive penetration efficiently;
- A continued investment in U.S. specific paid search (for example, Google Shopping and Adwords);
- Social media marketing to increase visibility with target customers and drive conversion;
- Targeted marketing based on U.S. location and climate – leveraging the platform upgrade to tailor site content for East and West Coast of US; and
- Capitalise on the brand awareness built through the U.S. flagship concession presence to drive own digital platform traffic, including in store data capture.

Digital Partnerships

- To achieve greater reach via expansion with new and existing digital distribution platforms; and
- To work with selected digital distribution partners who have strong brand resonance, a premium offering and can enhance access to the target customer base in North America.

Stores

- To increase brand visibility via cultivation of its two concessions within key Macy's stores; and
- To continue to drive brand awareness through the Group's two existing New York City stores.

United Kingdom

In the UK market, Seraphine has achieved sales growth for the period FY19 to FY21 at a CAGR of 10 per cent.. The Group's strategy for this market can be summarised as follows:

Own Digital Platform

- To continue to increase the Group's penetration of the UK market and strengthening its existing market position through targeted digital marketing, particularly through Facebook audience matching. There is significant headroom for growth within this marketing channel, with traffic generation currently only capped by level of spend. The Group is also trialing other digital marketing techniques within the UK to broaden its brand presence for example YouTube. If the trial is successful the Group may look to roll this out to other geographies; and
- Following the recent administration of large UK bricks and mortar maternity retailers, such as Mothercare and Mamas and Papas, Seraphine has the opportunity to increase its market share and will invest further in the 'essentials' categories to assist with this strategy.

Digital Partnerships

- To nurture the Group's existing strategic relationships with digitally focused multichannel retailers, such as John Lewis. The Group will seek to increase sales with John Lewis, primarily by extending the breadth of the existing range available on the John Lewis website.

Stores

- To continue to drive brand awareness via its four flagship stores in the UK; and
- To drive a return to FY20 performance as in-store demand returns to pre-COVID 19 levels.

European strategy

In the European market, Seraphine has achieved sales growth for the period FY19 to FY21 at a CAGR of 41 per cent.. The Group's strategy for this market can be summarised as follows:

Own Digital Platform

- Continued optimised digital marketing to drive growth in the European geographies;
- Continued investment in paid search and social media marketing to drive traffic on existing sites;
- An extended service proposition (for example, payment options, delivery, returns) on existing sites to serve other European territories better;
- To continue to target English language speakers across Europe;
- A phased rollout of dedicated, localised sites in the relevant local language, across Europe for example, the Netherlands and the Nordics by 2022; and

An optimised service proposition (for example, faster shipping) following the phased move to the Bleckmann operated warehouse in Belgium between October 2019 and January 2020.

Digital Partnerships

- To deepen partnerships with European digital distribution platforms for example changing the Group's relationship with Zalando from the existing B2B wholesale proposition to the B2C Zalando Partnership Programme; and
- To continue to cultivate relationships with existing multi brand digital platform specialists to drive brand awareness.

Stores

- To continue to drive brand awareness through the two existing Paris stores; and
- To drive a return to FY20 performance as in-store demand returns to pre-COVID 19 levels.

RoW strategy

In its RoW territories, Seraphine has achieved sales growth for the period FY19 to FY21 at a CAGR of 10 per cent.. The Group's strategy for this market can be summarised as follows:

Own Digital Platform

- To capitalise on the counter-seasonality of the Australian market. The Group recently launched its Australian website and through the introduction of tailored visual merchandising and content it will look to manage the counter seasonality effectively. For example, the Group will seek to re-buy the successes of the Group's northern hemisphere websites late in season, where it would otherwise result in terminal stock, instead these bestselling products are sold in Australia, helping to 'recycle' the successful marketing assets in the subsequent counter season in Australia.
- To invest in digital marketing to grow brand awareness in key RoW territories. The Group will use targeted paid and social media marketing techniques to raise brand awareness in key markets within Asia to drive traffic to the Group's own digital platform.

Digital Partnerships

- To drive new and existing digital partnerships within the Asia Pacific region. The Group will seek to strengthen its relationships with potential digital partners in the Asia Pacific region, for example The Iconic. In addition, the Group will work with its existing Japanese agent, Solregaro, to establish relationships with additional digital partners in Japan, as well as growing its existing wholesale partnerships; and
- Enhance existing franchise stores performance. In addition, the Group will look to provide greater support to its franchise partners and improve product curation so that it is best suited to these individual markets.

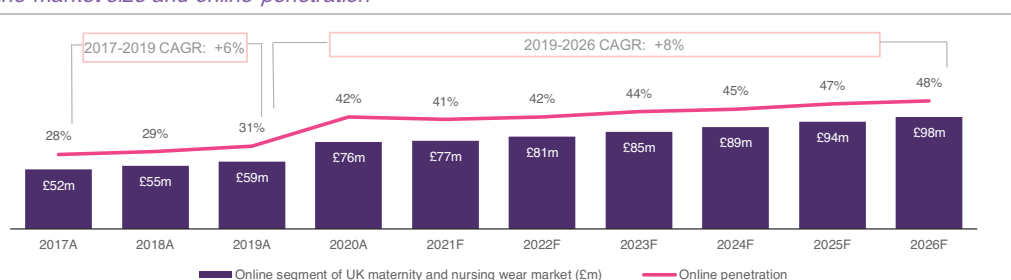
4. MARKET OVERVIEW

4.1 Global maternity and nursing wear market

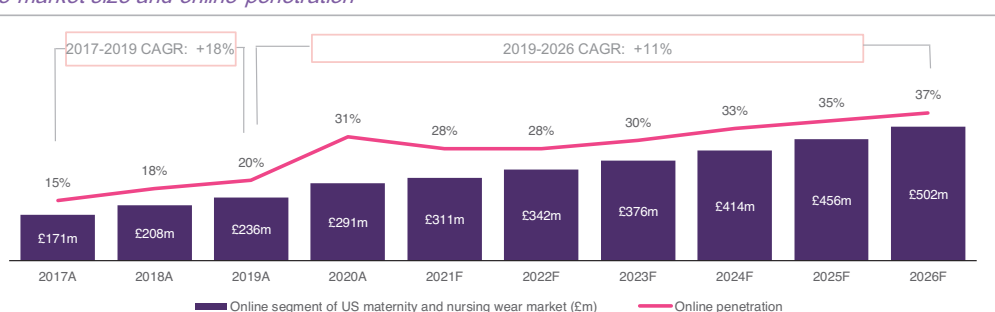
Seraphine operates in the global maternity and nursing wear market. Armstrong estimates that the size of this market in Seraphine's core geographies, being North America, the UK and Western Europe, was £2.4 billion in 2019 (the “**Core TAM**”), out of a global £4.7 billion global market. Within these markets, Seraphine specifically targets customers in the premium, affordable luxury and mid-market price segments (the “**Core SAM**”); Armstrong estimates this market was worth £109 million in the UK and £408 million in the U.S. in 2019, against a Core TAM of £190 million (57 per cent.) and £1.2 billion (35 per cent.), respectively. In respect of its Core SAM in 2019, Seraphine had only a 7 per cent. share in the UK, 1 per cent. in the U.S., 3 per cent. in France and 2 per cent. in Germany (Armstrong). This indicates that Seraphine has successfully established a presence in these geographies, but with substantial opportunity for future growth.

This material headroom for growth is complemented by consistent growth within the online maternity and nursing wear market where Seraphine is focused (Armstrong). Between 2017 and 2019, this market grew at a CAGR of 6 per cent. in the UK and 18 per cent. in the U.S (as shown below), according to Armstrong analysis. This trend is expected to continue between 2019 and 2026 with healthy CAGRs of 8 per cent. and 11 per cent. projected, respectively, in the UK and U.S, based upon Armstrong analysis. The high degree of resilience, within the maternity and nursing wear market, as compared with the broader womenswear industry has proven out during economic downturns, including during the COVID-19 pandemic, reflecting the needs-based requirement of maternity wear compared to the discretionary aspect of purchases in the wider apparel market (Armstrong).

UK online market size and online penetration



US online market size and online penetration



Source: Armstrong market model, Armstrong analysis.

There are a number of important barriers to entry to the maternity and nursing wear market, including:

- the level of technical expertise required in the design process, which the Group has accumulated over the period of 18 years since Seraphine was founded;
- the level of technical expertise required in the manufacturing process, which limits the number of suppliers and manufacturers and provides an advantage to established players, who are able to achieve the minimum order quantities necessary to maintain competitive pricing; and
- changing customer needs throughout the product lifecycle, which make it more difficult for new entrants to cater for each phase of the pregnancy and motherhood journey,

particularly when combined with high customer acquisition costs and a shorter timeline from which to derive value from this investment.

In this respect, the emphasis placed on meaningful branding is key in order to reach prospective customers at the earliest point in their pregnancy and motherhood journey and encourage them to return to the brand for subsequent pregnancies or at later stages in their motherhood journey. Seraphine, through its digital platform and investment in digital marketing, design and innovation, has positioned itself well within this market, with 47 per cent. of their 1st pregnancy customers in 2017 returning in 2019, 2020 and Q1 2021, based upon Armstrong analysis. On their return, the average value per customer increased by 37 per cent., with a 27 per cent. increase in the number of orders per customer and 8 per cent. increase in the average order value (Armstrong). In the same timeframe, a number of generalist retailers have exited the UK and North America maternity and nursing wear markets.

Seraphine also provides a distinct offering through its strong digital platform, where almost 15 years of digital marketing investment has enabled the brand to accumulate knowhow, experience and data to accurately target its Core SAM; this level of differentiation would not be straightforward for a competitor to replicate. In addition, Seraphine maintains a sole and dedicated focus on maternity and nursing wear, with limited deviation into other product ranges, which gives it a technical advantage. This is complemented by Seraphine's commitment to designing innovative, functional and fashionable maternity and nursing wear at an affordable premium price point. Seraphine combines this focus with continuous product innovation, including its skin-to-skin offering, which provides a competitive advantage against competitors with narrower or less specialist product ranges.

4.2 **Geographic breakdown**

Armstrong estimate, the maternity and nursing wear market generated approximately £2.4 billion in revenue across North America, the United Kingdom and Western Europe in 2019. The Group distributed products to over 120 countries in FY20 and the Group's current geographic footprint, in terms of total Group revenue, is 29 per cent. North America, 26 per cent. UK and 40 per cent. Western Europe.

North America market

The North American (U.S. and Canada) maternity and nursing wear market was valued at an estimated £1.3 billion per annum in 2019 (Armstrong). In the U.S. (which comprises 90 per cent. of the North American market), the Core SAM accounted for 35 per cent. of the market in 2019, of which it is estimated that Seraphine holds only an estimated 1 per cent. share (Armstrong). The Company is seeking to increase its brand awareness in North America by supplementing its digital campaigns with store concessions and marketplace partnerships with existing retailers in the region, including Macy's stores and Macys.com. The online segment of the U.S. maternity and nursing wear market grew at a CAGR of 18 per cent. between 2017 and 2019, with CAGR of 11 per cent. anticipated between 2019 and 2026, based on Armstrong estimates. This translates to growth from 15 per cent. of online penetration in 2017 to up to 37 per cent. projected in 2026, based on Armstrong estimates.

United Kingdom market

The UK maternity and nursing wear market was valued at an estimated £190 million in 2019, with Seraphine's Core SAM accounting for 57 per cent. of total spend (Armstrong). Seraphine held approximately 7 per cent. of the UK Core SAM, which indicates that there are significant growth opportunities within the market, supported by the Company's competitive digital proposition. The online segment of the UK maternity and nursing wear market grew at a CAGR of 6 per cent. between 2017 and 2019, with a projected CAGR of 8 per cent. from 2019 to 2026, based on Armstrong estimates. This represents growth in online penetration from 28 per cent. of the market in 2017 to up to 48 per cent. projected in 2026, based on Armstrong estimates.

Western Europe market

The Western European maternity and nursery wear market was valued at an estimated £850 million in 2019, with France and Germany (valued at approximately £155 million and £179 million, respectively) forming the most substantial markets for the Group (Armstrong). In 2019, Seraphine held approximately 3 per cent. and 2 per cent. of the Core SAM in France and Germany, respectively, again indicating that there are substantial opportunities for growth in these markets, based on Armstrong estimates. The structure of these markets varies slightly; the Core SAM accounts for 59 per cent. of both the French and German maternity and nursing wear markets, based on Armstrong estimates. However, the composition is more fragmented in Germany with a higher number of participants and key players serving multiple pan-European markets. In contrast, the French maternity market is characterised by fewer, fashion-forward specialist players with an established presence and reputation, including brands such as Envie de Fraise. Germany has shown higher levels of growth in recent years. The Company intends to launch dedicated e-commerce propositions in further Western European countries in the short and medium term.

RoW market

The RoW maternity and nursing wear market had an estimated value of £1.6 billion in 2019 (Armstrong). In 2019, Seraphine generated £1.4 million revenue from these markets, capitalising on its digital platform to drive sales. The brand continues to invest in these markets through dedicated digital partnerships, including with The Iconic in Australia, and localised sites in Australia. There is substantial opportunity for growth in these markets, where Seraphine's Core SAM comprises an increasing proportion of the overall maternity and nursing wear market, due to a rising number of women in the working population in emerging economies contributing to a similar trend towards fashion-forward maternity wear. With its digital platform, the Directors believe that Seraphine is well positioned to penetrate this market.

4.3 Market Trends

Shifting customer demographic and lifestyle demands driving spend per birth

Changes in lifestyles and customer demographics are key trends driving growth in the maternity and nursing wear market, particularly within Seraphine's Core SAM (Armstrong). In particular, there has been an increase in the average age of first-time mothers in developed countries (in the UK, increasing from 27.7 years old in 2010 to 28.9 years old in 2019), which means that expectant mothers have a higher level of disposal income to spend on purpose-designed maternity and nursing wear (ONS; Armstrong). These shifts in customer demographics are complemented by substantive lifestyle changes, including a much higher proportion of women in the workforce, a trend towards women remaining active during their pregnancies, and a greater input to remain fashionable during pregnancy. The stabilisation of fertility rates has therefore been offset by an increasing number of women continuing to work until much closer to their due date, increasing demand for maternity workwear and extending the lifecycle for products which carry a higher margin and fall within Seraphine's core product lines.

Ongoing consumer shift to e-commerce

The last decade has seen a significant shift in consumer spending habits, most notably the rise of e-commerce and increase in online consumer expenditure. Convenience as a driving force for e-commerce carries even greater weight in the maternity and nursing wear market, where the target demographic often has less time, may prefer shopping for such items with greater privacy, and may be less able or less inclined to visit retail stores. This is reflected within the composition of the market, with a rising proportion of purchases in the UK and U.S. maternity and nursing wear market (42 per cent. and 31 per cent. in 2020, respectively) taking place online (Armstrong). This trend is set to continue; it is estimated that, by 2025, over 50 per cent. of the maternity and nursing wear market will comprise of the millennial and Generation-Z demographic³, who present a higher affinity for e-commerce, providing confidence in the continued growth of the online maternity market and reinforcing Seraphine's competitive position within this market.

3 Source: Management estimates.

The rise in online consumer expenditure will also inevitably have been influenced by the COVID-19 pandemic, where governmental restrictions and local lockdowns have reduced reliance on traditional bricks and mortar retail stores. Depending on their supply chain and distribution networks, brands with a larger online presence also typically carry fewer overheads and are therefore less susceptible to global economic downturns.

Market Resilience

Maternity and nursing wear is typically purchased as a result of necessity, to accommodate the biological changes which occur during pregnancy. As a result, this market is characterised by higher levels of resilience throughout periods of economic downturn, particularly when compared to the general apparel markets which are often more discretionary in nature. This was demonstrated during the global financial crisis, where the UK maternity and nursing wear market increased by 0.7 per cent. in 2009, while the UK general apparel market fell by 1.9 per cent. in 2008 and was static in 2009, based on Armstrong analysis. Further, Seraphine has continued to grow despite the ongoing COVID-19 pandemic (21.8 per cent. CAGR FY20-FY21), where it is expected that Seraphine's Core SAM will have experienced less volatility than the value segment of the market. In this respect, Seraphine benefits from a more affluent target demographic than other market participants, given that these customers are generally in more resilient financial positions than other demographics (Armstrong; Company information).

5. COMPETITION

Seraphine competes with a wide range of both specialist maternity and nursing wear retailers and non-specialist general retailers, including those with a focus on baby, childrenswear and baby-hardware, across its Core TAM and the RoW market. Within the luxury price segment, a high proportion of Seraphine's competition comes from maternity pure-plays. Within the affordable premium and mid-market price segment, the Company faces competition from global specialists and more generalist apparel and womenswear retailers.

Seraphine has carved a space for itself on this platform where it can compete effectively across both markets. It achieves this through replicating the scale advantage achieved by larger mass-market retailers (which is atypical within the specialist maternity wear market), leveraging its supplier relationships and economies of scale to price competitively and generate higher margins. In FY21, Seraphine achieved a gross margin of 66 per cent., which is higher than other e-commerce driven apparel businesses. In comparison to the generalist apparel players, the brand benefits from its streamlined focus on maternity and nursing wear, and targeted investment on design and innovation. In this respect, Seraphine maintains its competitive position through a combination of scale and technical advantage.

While Seraphine competes in a fragmented market, the Directors' believe that there are many factors that differentiate the Group from its competition, including its price point and price to quality ratio; the opportunity for its digital proposition to expand its international reach; its strong performance marketing capabilities; a concentrated focus on designing and creating functional products in the maternity and nursing wear market which support the entire pregnancy and motherhood journey at an affordable premium price point; the Group's continued development of innovative products complimentary to its existing offering (for example, the launch of its post-partum shapewear and babywearing products), which provides a competitive advantage against competitors with narrower or less specialist product ranges; and its emphasis on brand awareness and reputation.

6. HISTORY OF THE GROUP

Seraphine was founded in 2002 as a maternity fashion label by opening its first store on Kensington Church Street in West London. Seraphine's vision was to revolutionise the maternity wear industry by creating fashionable clothes that women would want to wear even if they were not pregnant.

In 2006, Seraphine launched its digital platform and quickly expanded internationally with the launch of a dedicated French website in 2007 and subsequent launch of Seraphine's dedicated U.S. website in 2013. Seraphine's digital platform underwent a website refresh in 2016 and since then, in line with the Group's targeted ecommerce strategy, the Group has launched further country specific websites under Seraphine's umbrella domain, www.seraphine.com, including Germany in 2018, Australia in 2019 and

Canada and Switzerland in 2021. The Group recently upgraded its digital platform, in June 2020, through the migration to Amazon Web Services, cloud hosting and the implementation of the Magento-2 ecommerce platform, allowing for improved web functionalities.

Historically, the Seraphine brand was well known for its fashionable maternity wear collections. In 2012, Seraphine launched its “Luxe” collection, a line of maternity and nursing fashion for special occasions, providing solutions for pregnant and nursing women attending events including dresses worn by certain royals. Seraphine gained global recognition and media coverage, in 2013, when the Duchess of Cambridge chose a Seraphine dress for the first official photograph following the birth of Prince George. The Duchess of Cambridge went on to wear Seraphine's products in all subsequent pregnancies, which has in part contributed to Seraphine's now long-list of both royal and celebrity followers which helped to drive brand visibility internationally. In recent years, Seraphine has focused on the continued innovation, product development and expansion of its existing product range, launching products in categories including lingerie and athleisure, together with the well-regarded Seraphine skin-to-skin tops and its 3-in-1 parkas.

In terms of the Group's management team, David Williams joined in September 2017 from ASOS as COO and CEO designate, and was appointed CEO in August 2019, when the founder Cécile Reinaud, stepped away from her day-to-day management role and became President. Chelsey Oliver joined the Group in October 2011 as Senior Designer, two years later she was promoted to Creative Director and in 2017 her remit was expanded to include ownership of marketing and brand. John Bailey joined as Finance Director in 2014 after approximately four years as Finance Director of Wholesale and International at SuperGroup plc.

The Group has built on its strategically located, small portfolio of retail stores in fashion and tourist hotspots in the years following the initial opening in London, by opening its second store in Hampstead, London in 2007, and subsequent London retail store openings in Marylebone High Street and Northcote Road, Clapham. The Group opened its first New York store on West Broadway in 2015, in 2016 opened its second New York boutique on Madison Avenue. The Group separately opened its first store in Place St Sulpice in Paris in 2017 and in 2018 opened another store on Avenue Victor Hugo near the Champs Élysées.

Seraphine has won various industry awards, including:

- A **Drapers award** for the ‘**Best Specialist E-Tailer**’ award in 2011;
- The ‘**Best Multichannel Retailer**’ at the **PayPal Etail Awards** for the Group's digital platform in 2014;
- The Company has received two **Queen's Award for Enterprise**, the first of which in 2015 and won the award again in 2020; and
- **The Sunday Times** recognised the Company as a “**Fast Track 100 Ones To Watch**” in 2014 and again in April 2021.

7. SALES CHANNELS

7.1 Own Digital Platform

The Group's business model is weighted heavily in favour of its e-commerce business, with over 89 per cent. of FY21 revenue generated through its own digital platform. Since the Group's initial launch of its UK website in 2006, Seraphine has had a proven track record of implementing its international digital platform strategy, including by establishing localised websites serving each of the UK, U.S., France, Spain, Germany, Italy, Europe and Australia and most recently in 2021, with the introduction of country specific sites serving Switzerland and Canada. The Group's own digital platform enables Seraphine to reach customers in over 120 countries. The Group has utilised its existing scalable technology platform for the creation and roll-out of these country specific sites. The launch of any new country specific sites is supported by targeted digital marketing in the local language. The Board expects to launch further websites in Western Europe in the next 12 months, with this digital strategy informed in part by leveraging the customer data the Group has on its CRM system. The implementation of new localised digital platforms, under the umbrella domain name www.seraphine.com, leads to an increase in traffic to the Group's website, increase in sales conversion and revenues in the local jurisdiction.

7.2 Digital Partnerships And Wholesale Customers

In addition to leveraging its own digital platform, the Company also operates sales channels through several partnerships with online and maternity retailers and independent retailers. In FY21, the Group's revenue from its digital partnerships and wholesale customers was £2.4m, amounting to approximately 7 per cent. of revenue.

In recent years, and in line with market trends, the Group has focused on the transition from its traditional wholesale business model, to operate a marketplace arrangement with a number of retailers. Seraphine launched a marketplace model with Amazon in 2013. This arrangement complements the Company's emphasis on maintaining its premium position in the market by ensuring that the Company retains control over pricing. The Group aims to replicate this marketplace model, in the next 12 months, with both Zalando in Germany and Macys.com in the U.S.

In addition, the Group has a number of international wholesale arrangements in place, either directly with retailers, such as including John Lewis Partnership, in the UK and various specialist international maternity retailers including Mamarella in Germany, or indirectly through distributors.

Furthermore, the Group has three franchise stores, located in Hong Kong (opened in 2013), Dubai (opened in 2016) and New Delhi (opened in 2019), which are accounted for in the Group's digital partnership channel.

7.3 Stores

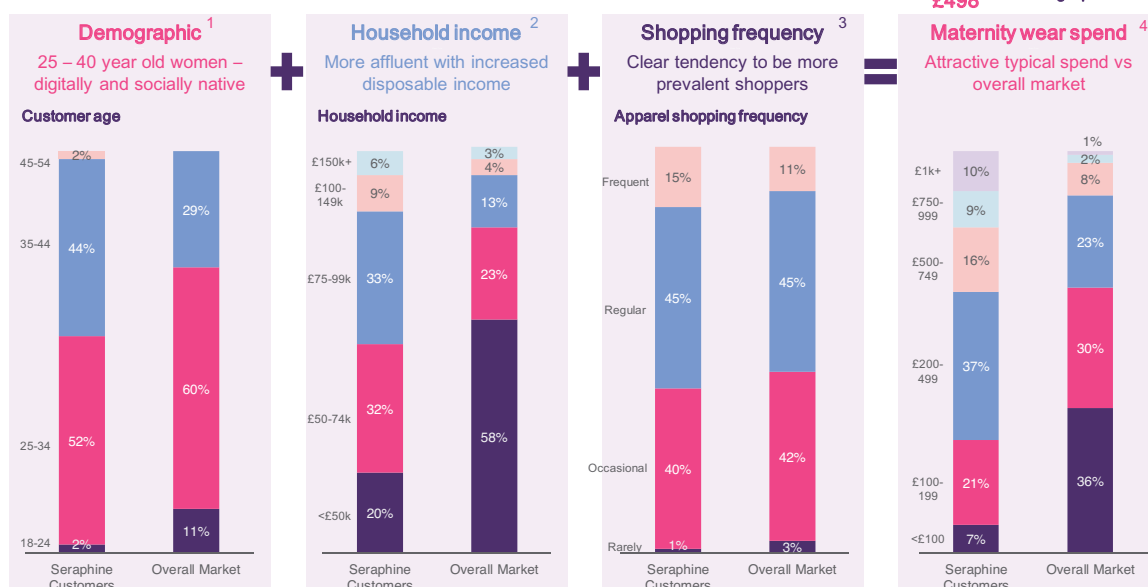
Seraphine's digital platform is complemented by the Group's retail channel. The retail channel, in aggregate, comprising the Group's strategically located, small portfolio of retail stores, concessions and franchisees in FY21, contributed £1.2m, amounting to approximately 4 per cent. of revenue. The Group operates eight retail stores in premium locations within tourist and fashion hotspots including London, Paris and New York. The Group also reaches customers within its target demographic, through concessions in Macy's Herald Square (New York) and Macy's South Coast Plaza (Costa Mesa) stores, with the option to expand to other Macy's stores in the U.S.

Whilst Seraphine continues to operate its digitally-led business model, the Directors believe that the retail channel and stores provide an unrivalled ability to provide brand awareness across key markets and act as a driver for e-commerce growth. Although the retail channel is viewed primarily as an additional marketing channel, Seraphine's store network was, prior to the impact of COVID-19, profitable, and the Directors expect to see a recovery in the post-COVID environment.

8. CUSTOMERS

Seraphine's target demographic is expectant and nursing mothers and it looks to support these customers providing products for use throughout the pregnancy and motherhood journey, including the nursing stage post-partum. Seraphine's product range primarily falls within the affordable premium price bracket market segment, the Seraphine brand is tailored to support 'digital native' pregnant and nursing women seeking fashionable pieces that offer functional solutions for their busy lifestyles with its product offering broadly spanning dresses, denim, athleisure, special occasion and workwear, in addition to more timeless essential items such as nursing bras, leggings, nightwear and outerwear. Seraphine has also launched products aimed at fathers in recent years such as baby wearing outerwear for men. During FY21 Seraphine had approximately 271,000 purchasing customers during the 12 month period.

Seraphine's customer base, compared to the overall maternity market is older, predominately between the ages of 25 to 40, more affluent with higher disposable income and have a tendency to be more prevalent shoppers. This results in the average spend of a Seraphine customer being, £498 spent on additional clothing items during pregnancy being significantly higher than the overall market £222.



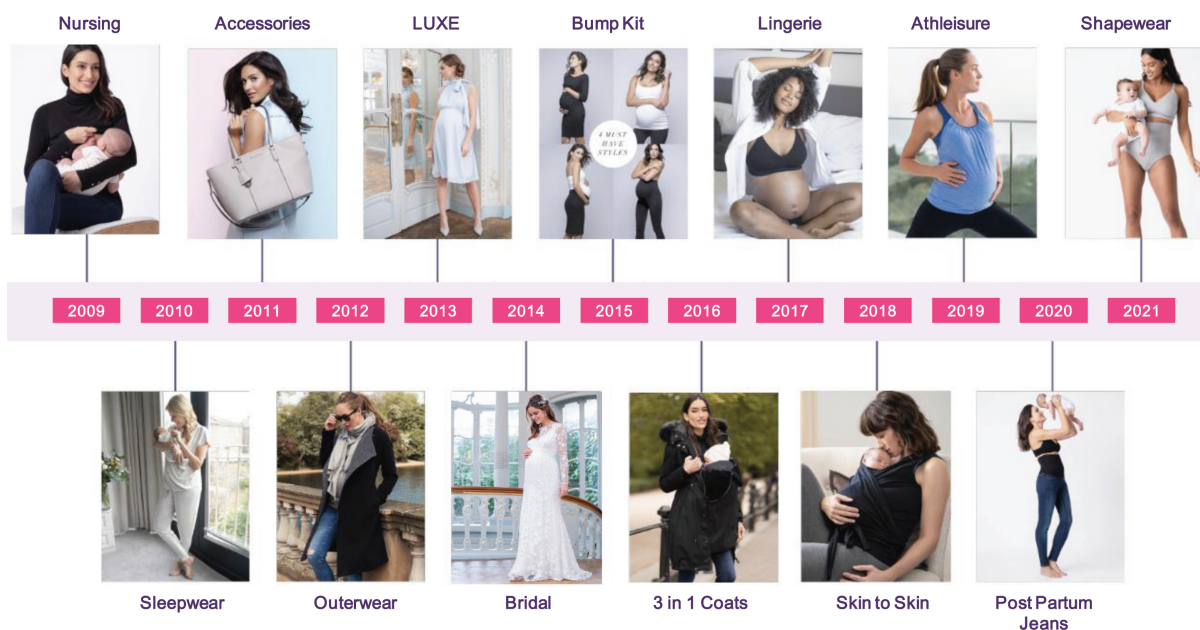
Source: Company customer survey. Survey of a sample of 124 Seraphine customers and a sample of 880 market participants.

The Company supports these customers in over 120 jurisdictions, with its core geographic market being the UK, U.S. and Canada and Western Europe; approximately one third of the Company's business is carried out within the UK market, and the other two thirds overseas. The Directors believe that the business is highly scalable with significant opportunity for growth in existing and new markets.

9. DESIGN AND INNOVATION

Seraphine has a strong track record of continuously expanding and enhancing its technically innovative product range utilising its in-house technical expertise to drive product portfolio enhancement. The Group has over 18 years' of experience designing specifically for pregnant and nursing mothers, focusing on perfecting technical attributes, size and fit. Unlike many comparable fashion retailers, all of the Group's products are designed and created in-house by an established team of 12 specialists, led by Seraphine's Creative and Brand Director, Chelsey Oliver. The in-house design team includes individuals specialising in product development and design, pattern cutting, technical construction and in-house sample machinists, enabling Seraphine to have day-to-day access to couture-level expertise. The Group's team of specialist in-house designers includes a number of mothers, enabling Seraphine to employ its "developed by mums for mums" approach, as the in-house designers are able to leverage their own lived experiences, to help Seraphine continually develop innovative products for the different stages and challenges of pregnancy and motherhood.

Seraphine's broad product offering is underpinned by Seraphine's core "Continuity" range, which comprises timeless staple pieces which are repeated year-after-year for the relevant seasons. The "Continuity" range reflects Seraphine's specialist maternity and nursing product design expertise as regards fit and function. These designs, which require minimal update, are reviewed each season for new materials, further relevant product innovation or colour options ensuring continual high relevance and success. Alongside its range of "Continuity" products, Seraphine designs and develops two collections a year; spring summer and autumn winter. The bi-annual collections are developed in-house over a period of approximately 2 months. The Directors' believe that unlike many competitors, the Group is able to draw on its technical expertise and create patterns, garment mock-ups, undertake fitting and produce samples in-house before sending the relevant samples to a third-party supplier for further development. The Directors believe that, this focus on its "Continuity" products also helps drive Seraphine's gross margin given its focus on a repeatable set of products which drives efficiencies in procurement, marketing and distribution.



Source: Company information

Innovation is at the heart of Seraphine's design ethos. Whilst, historically, the Seraphine brand was synonymous with its dress designs and special occasionwear, including dresses worn by certain royals, such as the Duchess of Cambridge, in recent years Seraphine has focused on the continued development and expansion of its product range to cover more of the journey of motherhood. Centred around the needs of the modern mother, the team of in-house product developers is continually innovating products, including reviewing the "Continuity" staple product ranges to consider potential innovation as well as seasonal colourway updates to ensure that the staple products ranges continue to remain relevant and developing new and innovative product ranges, such as the launch of postpartum denim and shapewear and baby wearing outerwear. The Group also focuses on the sales strategy coupled with its innovative designs, one such example is the Group's recent introduction of the two pack and bundle strategy. Seraphine's multi-pack offering allows the Group to offer an affordable premium price point, driving margins, whilst maintaining an average order value.

In addition, the Group also sells a small selection of non-Seraphine branded products from certain third parties, which the Directors believe are complimentary to Seraphine's existing product offering, such as baby carriers and changing bags.

10. MARKETING

The Group prides itself on its digital marketing strategy, which targets prospective customers with relevant content at key milestones of the pregnancy and motherhood journey. The Company has a systemic approach to managing digital marketing investment based on clearly defined cost of acquisition and return on advertisement spend thresholds, which are set to maximise first order profitability. Unlike many comparable fashion retailers, typically Seraphine makes a profit on an average first customer order. The Company maintains a low average CAC, at £13 compared to a blended contribution per order of £43.

Seraphine's targeted marketing strategy focuses on a threefold marketing channel approach; paid digital, organic digital and traditional marketing channels. Seraphine's core focus, its digital marketing strategy utilises a range of highly scalable marketing channels including Facebook, Instagram and Google, with opportunities for further diversification in channel mix, with platforms such as Pinterest and YouTube. The Group engages two third party agencies to assist with its digital marketing strategy, NEST Performance and a third party agency in relation to its paid Google advertising. Seraphine drives its organic reach, which contributes to 52 per cent. of the Group's total website traffic in FY21, through its social media platforms, press coverage, influencer and celebrity endorsement and traditional print medium including its catalogue.

Unlike many fashion retailers, Seraphine's advertising and content creation team is entirely in-house, which enables the Group to have exclusive control over Seraphine's brand positioning, from the outset

of the design and research process through to the development of the advertising campaign, which is produced and edited by Seraphine's team in-house and, ultimately, the launch of the products through the various marketing channels. This streamlined approach enables Seraphine to focus on its strategy of achieving consumer connectivity through a meaningful and purposeful storytelling providing targeted advertising specific to the key milestones of pregnancy and motherhood. In addition, Seraphine is able to tailor its marketing approach to better suit customer base through impactful use of customer data maintained the Group's CRM platform, such as leveraging the information in relation to the status of pregnancy and motherhood, the browsing behaviours or previous purchases of its customers.

Whilst the Group participates in typical cyclical promotions and campaigns which would be expected for a retailer in this sector, including Mother's Day, Black Friday and mid and end of season sales, Seraphine seeks to limit the number of promotional activities it offers.

In FY21, the Group's online marketing spend as a percentage of own digital platform revenue amounted to approximately 19 per cent. each year. Looking forward, the Group intends to continue to invest in its digital marketing strategy, including by hiring a Head of Growth in the near term.

11. DISTRIBUTION, WAREHOUSING AND RETURNS MANAGEMENT

The Group's strategy is to partner with high quality third party service providers for its logistics solution, providing for scalable growth in the future. In 2018, the Group partnered with a leading third party logistics provider in the fashion and lifestyle logistics industry, Bleckmann, for the exclusive provision of the Group's warehousing and distribution services. Bleckmann's clients include leading e-commerce brands such as Gymshark. The agreement with Bleckmann, based on a single distribution centre model, provides the Group with access to a state of the art facility based in Rieme, Belgium. All of the Group's supply chain and distribution logistics are provided by Bleckmann, including inbound receipt, outbound shipment, storage, warehouse management, quality checks of its products, pick and pack, shipment to customers and processing of returns.

The Directors believe that partnering with a well-established and leading industry expert such as Bleckmann provides the Group with the ability to meet the future demands of geographical expansion, whilst maintaining a single distribution centre strategy, based in the EU.

In addition, the Group partners exclusively with ReBounce, an industry expert in the field of returns solutions, with clients including ASOS for Seraphine's global returns solution. The agreement with ReBounce ensures that all returned goods are shipped to the Group's warehousing facility in Rieme, Belgium.

Seraphine typically offers a flat rate delivery cost on all orders to the UK, Western Europe and the 'Rest of the World', with express options available in certain markets. Currently, Seraphine operates on the basis of a free returns policy to all customers with a shipping address in the ten markets in which it operated dedicated e-commerce sites, regardless of the number of items or parcel weight and a "pay at your own cost" returns policy for all customers outside of these markets. Returns are initiated by way of a returns portal available via the website. Courier services are outsourced to a number of different partners, including UPS and Hermes.

12. IT INFRASTRUCTURE

The Group has made, and continues to make, investments into its digital platform, enabling improvements both to the consumer facing website and back-end platform operations. The Directors believe that the recent investments in the Group's digital platform, will provide the Group with enterprise grade solutions to match the pace and scale of growth of Seraphine. In recent years the Group has implemented a number of upgrades to its digital platform, including by migrating to Amazon Web Services ("AWS") in 2019 which provides the Group with reliable and scalable cloud performance for the provision of cloud hosting, the implementation of the Magento-2 e-commerce platform, allowing for improved web functionalities and optimised mobile viewing and improved search and merchandising functionality provided by Bloomreach. The Group migrated to AWS cloud hosting in 2019 which provides the Group with reliable and scalable cloud performance. In addition, the Group integrated Stripe, a payment gateway technology, which provides Seraphine with the ability to offer multiple payment options in different currencies. The Group has plans to invest further in the Group's IT

infrastructure including its in-house technology team and the Group has recently appointed a Chief Information Officer.

When expanding and operating its technology platform, the Group focuses on ensuring that its IT infrastructure platforms remain secure and reliable. To this end, the Group undertakes administrative and technical measures to protect its systems and the consumer data that those systems process and store (for example, cloud storage and data encryption). In addition, the Group has developed policies and procedures designed to manage data security risks (including disaster recovery systems, penetration and security testing), and implemented various security measures, including automated backup systems and high-quality antivirus software.

13. SUPPLY CHAIN

The Board is committed to a programme of continuous improvement with regards to supply chain and ESG and has commissioned an independent review into its supply chain and sourcing practices and procedures from two leading ESG consultants.

The Group works with a geographically broad supplier base and engages with multiple suppliers by specialism (such as denim, knitwear, woven, jersey or outerwear products), which in the Directors view, ensures that the Group is not heavily reliant upon any one factory or territory for the supply of any of its products. This approach encourages and challenges the Group's third party suppliers to create quality products at a good price, whilst also allowing the Group to sample the production of each product at multiple factories and then decide which factory has the best skill and machinery for that particular line. Therefore, such a policy helps to ensure the Group has a high production standard across its range of products and to drive margins. During FY21, 59 per cent. of the Group's suppliers were based in China, approximately 15 per cent. were based in Turkey and approximately 15 per cent. were based in Portugal and the remaining third party suppliers were based in RoW. The Directors believe that the Group's approach of working with a number of suppliers with a broad geographical spread enables the Group to best manage any potential geo-political or economic issues which the Group's third party suppliers may face. For example, as the COVID-19 pandemic unfolded in early 2020, the Group was able to take advantage of its broad supplier base and contracting strategy and reacted quickly to changes and manufacturing shutdowns taking place in China, by sourcing from other third party suppliers in other territories, including by transferring certain production supply of certain products from a third party supplier based in China to a third party supplier located in Turkey. Through a combination of careful process planning by the Group's in-house design team, and technical supervisor and coordination with its third party suppliers, the Group is able to operate a flexible supply chain with its third party suppliers.

The Group has longstanding relationships with the many of the Group's third party suppliers, in some cases, having had relationships with the certain suppliers for over 18 years.

The Group is committed to sourcing responsibly and having an ethical and sustainable supply chain and has been proactive in engaging with its supply chain in order to manage potential risks. The Group's supplier risk management processes are as follows:

- **In-house capability:** during 2020, the Group appointed a technical manager, with over 10 years' experience, to oversee the Group's supply chain compliance and ethical sourcing policies. Seraphine holds a monthly meeting with department heads to discuss any ESG issues and any matters arising out of its supply chain, including the status of third party supplier audits.
- **New suppliers:** the Group rarely sources from new third party suppliers or third party supplier agents ("**Agents**"), and when it does, such new suppliers or Agents are generally only sourced via referrals, recommendations or industry trade shows. The Group sources primarily from factories and third party suppliers it has long-standing and strong relationships with. As a result, the Group does not need to source new suppliers or Agents each season. Where new suppliers or Agents are required, the Group's diligence processes for any such new suppliers or Agents include: compliance checks, public research, product quality checks, review of audit reports where available and where possible, site visits.
- **Supplier Manual and ETI Base Code:** the Group issued a revised draft of its Supplier Manual in April 2021, which sets out, amongst other matters, the Group's sourcing Code of Practice, including chemical compliance and cotton sourcing policy (including banning cotton from the

Xinjiang region). As at the date of this Prospectus, all of the Group's Agents and Tier 1 suppliers, have signed declarations with respect to the Group's revised Supplier Manual and the Ethical Trading Initiative base code, a recognised code of labour practice, founded on the conventions of the International Labour Organisation (ILO) (the "**ETI Base code**"). The Group's Supplier Manual permits sub-contracting in certain processes only where authorised, with written approval required from the Group prior to production. Approval is only granted when the supplier partner can demonstrate that their subcontractor is fully audited and when all certifications have been reviewed by the Group. The Group's Supplier Manual does not permit undeclared sub-contracting and the Group ensures, where possible that its Tier 1 suppliers ensure that their respective raw material providers adhere to the relevant policies. Going forward, the Group intends to strive for further transparency and include Tier 2 suppliers within the Group's policies and to ensure such suppliers are members of the Sedex register.

- **Auditing:** all of the Group's Tier 1 suppliers are members of the Sedex register, which has enabled the Group to ensure that it has oversight of its supply chain. The Group is able to identify potential higher risk suppliers and requires Tier 1 suppliers to undertake independent social ethical audits. The Group has been proactive in assisting its Tier 1 suppliers who have encountered particular issues in relation to their respective social ethical audits. Seraphine maintains a compliance register in relation to the status of all supplier audits and regularly reviews this register.
- **Supplier visits:** prior to the outset of the COVID-19 pandemic, the Group regularly visited its third party suppliers and factories when able to do so, including in China and the Group expects to continue with this practice, once the global travel restrictions as a result of COVID-19 are lifted.
- **Exiting suppliers:** whilst no third party suppliers or factories have been terminated for reasons related to working practices, the Group has, in recent years, terminated relationships with a small number of third party suppliers who were unable to comply with the independent social ethical audits.

14. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board recognises the increasing importance and focus on the sustainability and the environmental impact of the wider fashion industry. Seraphine's design ethos is centred on creating high quality, well-constructed, functional products which are designed to be worn throughout the pregnancy and motherhood journey. The Group's focus on environmental and sustainable issues expands beyond the Group's in-house design team and the Group hosts a monthly meeting with the heads of department to discuss and review Seraphine's ESG & sustainability efforts, ensuring that the Group achieves its '**better planet**' Mission The Group is committed to improving its sustainable practices and a number of the Group's initiatives include:

- **Focus on Longevity of Products** – Seraphine collections and ranges are designed to be worn throughout the entire pregnancy journey and the nursing stage of motherhood. With this adaptable functionality, the Group aims to try and increase the cumulative wears of a product, therefore helping to reduce the carbon footprint of such products. The Directors' believe that Seraphine designs and brand strategy has played a significant role in how maternity clothing is perceived; no longer purchased just for the final months of pregnancy, instead garments are designed and made with the intention of being functional from bump to baby, countering the 'single use' culture of maternity fashion and reducing the need for excess production. If such products are worn throughout the pregnancy journey, this means less carbon dioxide, less waste, reduced energy and water consumption.
- **Continuity of Ranges; Seraphine is not a fast fashion brand** – Seraphine's core "Continuity" range, which accounts for approximately 70 per cent. of the product range, helps to reduce waste from the design process and reduce surplus. The Group has very low levels of terminal stock and to the extent that the Group has surplus stock, Seraphine is capitalise on its RoW market, by selling products in counter-seasonal markets, such as Australia.

- **‘Eco-friendly’ Components** – Across some of the Group’s product lines, Seraphine has selected materials which have lesser environmental impacts and promoted manufacturing processes with lesser environmental impacts, such as:
 - recent introduction of more eco-friendly product lines including recycled polyester and organic cotton;
 - application of standards including OEKO-TEX (free from harmful chemicals), GOTS (organic) and The Wool Standard (animal welfare);
 - avoiding polyester in clothing where possible, working with supply base to source recycled polyester where possible; and
 - sourcing the organic cotton denim range from a sustainable denim washing platform in Turkey.
- **Greener Packaging** – The Group has focused on the reduction of uses of plastics in its packaging, including replacing all plastic polybags for the Group’s denim products with biodegradable paper packaging and the Group is actively sourcing biodegradable packaging options.

Seraphine is working alongside two leading ESG consultants to formalise the Group’s approach and long term incentives with regards to ESG issues facing the business including the environmental impact of clothing and climate change.

Separately, Seraphine participates in and undertakes regular charitable activities particularly to those causes closely connected to the Group, both in the UK and overseas. For example, every year the Group donates any un-sold stock to Fripp Ethique, Oxfam’s social enterprise in Senegal, where it is sorted and sold on to local market traders.

Looking ahead Seraphine is strengthening the Group’s innovative approach to dressing pregnant and new mums and the Group hopes to be an advocate for designing and developing environmentally-friendly maternity and nursing wear. The Directors believe that the Seraphine brand has already made considerable strides towards its ESG ambitions and the primary focus for its future ESG ambitions is improving the longevity of wear of its products.

There are a number of strands to the Group’s future 2030 strategy, as follows:

1. **Social purpose:** using the power of the Group’s supplier relationships to ensure that the people making its clothes thrive.
 - a. **Women empowerment:** The Group hopes to empower women through the design of clothing items that have function beyond the stage of pregnancy. All of the Group’s maternity clothes will be designed to be wearable during pregnancy and post-partum.
 - b. **Working Conditions:** The Group’s working conditions aim to ensure the people making the Group’s clothing are able to work in conditions that universally meet the highest international standards enabling them safety, dignity, opportunity and social capital from the job they do. Specific emphasis is placed on ensuring that women working in the supply chain are supported on their motherhood journey. All Tier 1 suppliers will sign up to the Group’s policy requirements, be audited to the highest international standards and will engage in continuous improvement initiatives.
 - c. **Inclusion:** The Group success is inclusive of women and minorities and will remain so through its responsible sourcing policies and a natural tendency towards procurement from women owned or led suppliers.
 - d. **Transparency:** The Group is aiming to build a fully transparent reporting of its supply chain at all tiers (currently 100 per cent. Tier 1 and partial for Tier 2 and Tier 3) and to use this to deepen the level of trust across its customers and key stakeholders.

2. **Environmental sustainability:** making and selling clothes in a regenerative way that leaves the environment in a better state for tomorrow's generation:
 - a. **Nature:** Clothes are designed for longevity and are made from regenerative fibres which enable a positive impact on nature. The Group aims to produce all clothes with sustainable attributes including regenerative, natural and/or recycled fibres.
 - b. **Climate:** The Group aims to achieve emissions reductions in line with science-based targets for limiting global rise in temperature of less than 1.5oC and on track for NetZero by 2050, or sooner. Once the baseline assessment is complete, specific targets will be set for emissions reductions.
 - c. **Resources:** The Group will collaborate with industry partners to ensure all resources used in the clothes, packaging and merchandising are used more, made to be made again, and are crafted from safe and recycled, or renewable resources.
 - d. **Safety:** All of the Group's products are designed to be safe and have clear and binding policies to ensure compliance in manufacture. The Group is committed to strengthening this by working with supplier partners and through industry collaborations to further ensure zero hazardous chemicals are used in the manufacture thus enabling zero pollution in the making and wearing or washing of its clothes.
3. **Diversity and inclusion:** creating a diverse and inclusive workplace within Seraphine:
 - a. **For employees:** Setting accountabilities, policies and processes that create a diverse and inclusive workplace and culture.
 - b. **In business decisions and operations:** Considering diversity and inclusion in business decisions including around product design, through to supply chain and sale / marketing activities.
 - c. **In the community:** Using the Company's external voice to raise awareness and drive positive change in diversity and inclusion in the market.
4. **Climate change:** meaningful and lasting improvements to reduce the impact of operations and value chain, and to understand the risk that climate change may present to the business:
 - a. **Reducing emissions:** Calculating and reporting Scope 1, 2 & 3 emissions and setting an annual carbon reduction target that will ultimately achieve net zero.
 - b. **Assessing climate risk:** Assessing climate-related risks and opportunities, using the guidance provided by the Task Force on Climate-related Financial Disclosures (TCFD), and reporting on this in line with regulatory timelines.

The Group's future strategy is fully supportive of the aims of the United Nations Global Compact and specific emphasis on the UN Sustainable Development Goals (SDGs). The Group continues to develop strong partnerships with leading organisations to drive progress in each of these sustainable development areas. The Group remains committed to continually improving its ESG performance in order to maintain trust in the Seraphine brand.

15. EMPLOYEES

For FY19, FY20 and FY21, the Group at the end of such period 94, 92, and 88 full time equivalent employees, respectively, broken down by operational area as follows:

	FY19	FY20	FY21
<i>End of period headcount</i>			
Head Office	54	58	62
Retail Stores	37	34	26
	<u>94</u>	<u>92</u>	<u>88</u>

As at 12 July 2021, being the last practicable date before the publication of this Prospectus, the Group had 90 full time equivalent employees.

16. INTELLECTUAL PROPERTY

The Group takes steps to protect its intellectual property through a combination of inherent design rights, trademarks, registered design rights and copyright together with contractual protections such as confidentiality agreements to protect the Group against third-party infringement.

The Group owns a number of domain names relating to its business and considers its key domain name to be www.seraphine.com, which is used as an umbrella domain name for other country specific websites and www.seraphine.fr which is used for its French website. The Group also owns several registered trademarks in the territories of the EU, UK and U.S. relating to the Seraphine brand. The Group does not own any patents which are material to its business. Most of the Group's product development is carried out in-house, however, the Group also engages with external consultants to assist with the development of branding, websites, technological solutions and other such intellectual property on behalf of the Group. The Group's general approach, where possible, is to require any contracts relating to such work to include provisions relating to confidentiality and specifying that any rights subsisting in such intellectual property shall be the property of the Group or, if such specification is not effective, that the relevant third-party shall transfer any such rights to the Group.

17. PROPERTIES/STORES

The following table lists the material properties of the Group as of the date of this Prospectus:

<i>Country</i>	<i>Location</i>	<i>Function</i>	<i>Size (M²)</i>
UK	Suite 3.01 Third Floor, Grand Union Studios, 322 Ladbroke Grove, London	Office, Headquarters	566
UK	Ground Floor and Basement, 179/181 Kensington High Street, London	Retail Store	120
UK	Ground Floor, 45 Marylebone High Street, London	Retail Store	65
UK	102 Northcote Road, London	Retail Store	70
UK	Unit 10-12 Cross Arcade, Victoria Quarter, Leeds	Retail Store	70
U.S., New York	1321 Madison Avenue, New York	Retail Store	121
U.S., New York	464 West Broadway, New York	Retail Store	158
France, Paris	84 AV Victor Hugo, Paris	Retail Store	170
France, Paris	2-4 Place Saint-Sulpice, Paris	Retail Store	75

18. FX POLICY

The global nature of Seraphine's business means that it earns revenue and incurs expenses in a number of different currencies, and the currency of the revenue may not match the currency of the expense. Seraphine trades internationally earning revenues in a variety of currencies, however, its costs are primarily in pounds sterling, Euros, U.S. dollars and Australian dollars, which create a foreign exchange rate risk. Movements in exchange rates therefore impact its results and cash flows. Seraphine's results are presented in sterling and are thus exposed to exchange rate risk on translation of foreign currency assets and liabilities. Seraphine does not typically hedge translation risk. The Group's foreign currency exposure is in part, reduced by offsetting revenues in certain currencies with the Group's expenses, for example, the majority of the Group's third party manufacturing expenses are in U.S. dollars and the majority of the Group's logistics costs are paid in Euros.

19. INSURANCE

The principal risks covered by the Group's insurance policies relate to business interruption, credit insurance property damage, employers, product and public liability, directors' and officers' liability, marine insurance and certain other claims consistent with customary practice for the type of business the Group operates. The Group does not have cyber security in place since it prefers to invest the cost of such insurance cover in its IT systems. The Board believes that its insurance coverage, including the excesses, maximum coverage amounts and terms and conditions of the policies, are standard for the Group's industry and are appropriate. Save in respect of a claim for credit insurance of approximately £120,000 following the collapse of a wholesale retailer in the U.S. in February 2020, the Group has not had any material insurance claims, nor has it suffered any material loss following any uninsured claim, in the last three years.

20. DIVIDEND POLICY

In connection with the expected admission to the London Stock Exchange, the Group's current intention is to target an initial payout ratio of approximately 20 per cent. to 40 per cent. of adjusted profit after tax, with reinvestment for growth being the primary use of available cash. This dividend policy reflects the long-term earnings and cash-flow potential of the Group, whilst maintaining sufficient financial flexibility in the Group. The Board will consider returning excess cash to Shareholders over time, to the extent that higher-returning opportunities are not identified.

The Board intends that an interim dividend and a final dividend will be paid in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. The first dividend that may be declared after the expected date of admission will be the final dividend for the financial year ending 5 April 2022.

The Board may revise the dividend policy from time to time.

21. REGULATORY ENVIRONMENT

The Group is subject to the laws and regulations of the jurisdictions in which it operates covering a wide variety of areas relating to the sale of products and e-commerce, including privacy, internet advertising and general consumer protection, anti-corruption, antitrust and competition, economic and trade sanctions, tax, accounting standards and data security systems. The Group does not operate in a heavily-regulated industry.

The Group is subject to a number of laws relating to data protection and privacy and such data protection and privacy laws and regulations have become more stringent in recent years, such as UK GDPR. Such laws govern the Group's ability to collect, use and transfer Personal Data, including its consumer data. The GDPR significantly changed the data protection landscape in the EU and the UK, strengthening the rights of individuals, imposing stricter controls over the Processing of Personal Data, by both Controllers and Processors of Personal Data, and imposing stricter sanctions with substantial administrative fines and potential claims for damages from individuals for breach of their data protection rights. Should a serious data breach occur, the GDPR provides for increased obligations to notify regulators and individuals whose Personal Data has been compromised, and this may result in the imposition of significant sanctions and penalties, which require heightened escalation and notification processes with associated response plans.

PART 8

DIRECTORS AND CORPORATE GOVERNANCE

1. DIRECTORS

- 1.1 The following table lists the names, ages, positions and dates of appointment of the current members of the Board:

<i>Name</i>	<i>Age</i>	<i>Position</i>	<i>Date of appointment to the Board</i>	<i>Date of appointment to the Board of Kensington</i>
Sharon Emma Flood	56	<i>Non-Executive Chair</i>	30 June 2021	30 April 2021
David Newton Williams	42	<i>Chief Executive Officer</i>	30 June 2021	4 September 2017
John Bailey	57	<i>Finance Director</i>	30 June 2021	3 March 2014
Chelsey Christine Oliver	34	<i>Creative and Brand Director</i>	30 June 2021	24 October 2011
William (Bill) David Gordon Ronald	65	<i>Non-Executive Director</i>	30 June 2021	30 April 2021
Sarah Highfield	42	<i>Non-Executive Director</i>	30 June 2021	–
Bertie Aykroyd	37	<i>Non-Executive Director</i>	14 June 2021	22 December 2020

- 1.2 The business address of each Director (in such capacity) is Suite 3.01 Grand Union Studios, 332 Ladbroke Grove, London, W10 5AD United Kingdom. The management expertise and experience of each Director is set out in their biography below:

Sharon Emma Flood, Non-Executive Chair

Sharon Flood is Non-Executive Chair of the Company, having joined Seraphine on 30 April 2021. Sharon is also Non-Executive Director and Chair of Audit at Crest Nicholson plc, Non-Executive Director and Chair of Remuneration at Pets at Home plc, Non-Executive Director and Chair of Audit at Connect TopCo Ltd, Director of Getlink SA, a Trustee of the University of Cambridge and Trustee and Chair of Finance at the Science Museum Group. Previous roles held by Sharon include Non-Executive Director at Network Rail, Chair of S T Dupont SA (2014 - 2018), Group Chief Financial Officer at Sun European Partners (2012–14), Trustee of Shelter (2009-2015) and Finance Director, Department Stores, John Lewis Partnership (2005–10). Sharon holds a BSc in Mathematics from the University of Bath, an MBA from Insead and is a Fellow of the Chartered Institute of Management Accountants.

David Newton Williams, Chief Executive Officer

David Williams is the Chief Executive Officer of the Company. He has been instrumental in the recent growth of Seraphine, having first joined the Company as Chief Operating Officer in 2017 and then becoming Chief Executive Officer in 2019. Prior to joining Seraphine, he was at ASOS.com, where he served for nearly seven years in various senior roles, including Digital Experience Director and Director of Customer Intelligence. David holds a BA in Mathematics from the University of Oxford.

John Philip Bailey, Finance Director

John Bailey is the Finance Director and Company Secretary of the Company, having joined Seraphine in that role in 2014. John has over 23 years' experience working within the fashion industry and during that period prior to joining the Group, John previously held the role of Finance Director (Wholesale and International) at Superdry. His early career was spent with PwC, where he spent several years as an Audit Manager, and prior to that with Baker Tilly, where he qualified as a chartered accountant. John studied Accountancy at City of London University.

Chelsey Christine Oliver, Creative and Brand Director

Chelsey Oliver is the Creative and Brand Director of the Company, having served in that role since 2017. She has been with Seraphine for almost ten years, serving as Creative Director and a Senior Designer before taking up her current role. Prior to joining Seraphine, Chelsey spent five

years at Tiffany Rose where she was a Designer. Chelsey studied at the London College of Fashion, where she specialised in Womenswear clothing.

William (Bill) David Gordon Ronald, Independent Non-Executive Director

Bill Ronald is a Non-Executive Director of the Company, having joined Seraphine on 30 April 2021. Bill is also Non-Executive Chair of Fevertree Drinks Plc and he is also a mentor for the FTSE Mentoring Foundation. Bill has a sales and marketing background, having spent 23 years in a variety of roles at Mars, including Managing Director of the UK confectionery operation. Since leaving Mars, he has been Chair at Fox International Group, Chief Executive Officer of Uniq and has held non-executive roles in Bezier, Halfords, Alfesca, Dialight and the Compleat Food Group and also Chair of Trustees for the charity Muscular Dystrophy UK and Chair of Trustees for The Challenge Network. Bill holds a BSc Hons in Statistics from Glasgow University.

Sarah Highfield, Independent Non-Executive Director

Sarah Highfield is a Non-Executive Director of the Company, having joined Seraphine on 30 June 2021. Sarah is also Chief Operating Officer and Chief Financial Officer of Elvie. Prior to joining Elvie, Sarah was the Chief Financial Officer at Costa Coffee for over 5 years. Sarah has a strong financial background, having been Chief Financial Officer of Tesco's Hungary and Slovakia businesses after starting her career at Mars. Sarah holds a BSc in Mathematics from the University of Birmingham, and is CIMA qualified.

Bertie Aykroyd, Non-Executive Director

Bertie Aykroyd is a Non-Executive Director of the Company and a representative of Mayfair. Bertie joined the Board following the Company's acquisition of the Seraphine business from Stork Topco in December 2020. Bertie co-founded Mayfair in 2014. Bertie built his private equity career at LDC, where he completed several high-profile investments including Fever Tree, D&D London and Ocean Outdoor. He started his career at Barclays Bank in Leveraged Finance. Bertie has an Honours degree from the University of Durham and is a AMCT qualified corporate treasurer.

2. CORPORATE GOVERNANCE

The Board is firmly committed to the highest standards of corporate governance. Following Admission, the Company will comply with the provisions of the UK Corporate Governance Code issued in July 2018 by the Financial Reporting Council, as amended from time to time (the "**Governance Code**") (other than as detailed in this Part 8) and will report to Shareholders on such compliance in accordance with the Listing Rules.

3. THE BOARD

The Board is responsible for leading and controlling the Company and has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a comprehensive system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Group.

4. COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

4.1 Board and committee independence

The Governance Code recommends that at least half the board of directors of a UK listed company, excluding the Chair, should comprise non-executive directors determined by the Board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, this judgment. The Board has determined that, with the exception of Bertie Aykroyd, all of the other Non-Executive Directors are free from any business or other relationship that could materially interfere with the exercise of their independent judgment and are therefore "independent non-executive directors" within the meaning of the Governance Code. On Admission, the Company will have three Executive Directors, two independent Non-Executive Directors, one additional Non-Executive Director plus the

independent Chair and will therefore not fully comply with the UK Corporate Governance Code in this respect.

The Directors believe that the appointment of Bertie Aykroyd to the Board by the Controlling Shareholder (pursuant to the Relationship Agreement) will assist the Group with the implementation of its growth strategy following Admission. The Directors further believe that the terms of the Relationship Agreement will enable the Group to function independently of the Controlling Shareholder, notwithstanding the Controlling Shareholder's appointment of Bertie Aykroyd to the Board.

4.2 Chair

The Governance Code recommends that, on appointment, the chair of a company with a premium listing on the Official List should meet the independence criteria set out in the Governance Code. Notwithstanding her 0.3 per cent. shareholding in the Company immediately following Admission, (as further described in paragraph 8.2 of Part 17 (*Additional Information*)), the Board has concluded that Sharon Flood was independent at the date of her appointment as Chair when assessed against these conditions.

4.3 Senior Independent Director

The Governance Code also recommends that the board of directors of a UK listed company should appoint one of the Independent Non-Executive Directors to be the senior independent director to provide a sounding board for the Chair and to serve as an intermediary for the other directors and the shareholders when necessary. The senior independent director has an important role on the Board in leading on corporate governance issues and being available to Shareholders if they have concerns which contact through the normal channels of the Chair, Chief Executive Officer or other Executive Directors, have failed to resolve or for which such channel of communication is inappropriate. Bill Ronald has been appointed as the senior independent director of the Board.

4.4 Re-election

The Governance Code recommends that all directors of UK listed companies should be subject to annual re-election. The Directors therefore intend to put themselves up for re-election at the Company's next annual general meeting (expected to be held in the third quarter of 2022). It is also intended that the Directors will continue to put themselves up for annual re-election voluntarily at each further annual general meeting of the Company. In addition, prior to recommending their re-election to Shareholders, the Board intends to carry out an annual re-assessment of the ongoing independence of each of the Non-Executive Directors and to make an appropriate statement disclosing their status in the Company's annual report.

5. BOARD COMMITTEES

The Board has established an audit committee, a remuneration committee, a nomination and governance committee and a health, safety and environment committee. The members of these committees are appointed principally from among the independent non-executive directors and all appointments to these committees shall be for an initial period of up to three years and may be extended by no more than two additional three year periods. The terms of reference of the committees have been drawn up in accordance with the provisions of the Governance Code and such terms are updated as necessary. A summary of the terms of reference of each of these committees is set out below. If the need should arise, the Board may set up additional committees as appropriate.

5.1 Audit Committee

The audit committee's role is to assist the Board with the discharge of its responsibilities in relation to financial reporting, including reviewing the Group's annual and half year financial statements and accounting policies, internal and external audits and controls, reviewing and monitoring the scope of the annual audit and the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the internal audit, internal controls, whistleblowing and fraud systems in place

within the Group. The audit committee shall additionally oversee and advise the Board on the Group's overall risk appetite, tolerance and strategy, review the Company's capability to identify and manage new types of risk and keep under review the Group's overall risk assessment processes that inform the Board's decision making. The audit committee will meet at such times as are necessary, but not less than four times a year. The audit committee will consider annually how the Group's internal audit requirements shall be satisfied and makes recommendations to the Board accordingly as well as on any area it deems needs improvement or action.

The audit committee is chaired by Sarah Highfield and its other members are Bill Ronald and Sharon Flood, although Sharon Flood's term as a member of the audit committee is limited to the period of one year only. It is the opinion of the Directors that Sarah Highfield has recent and relevant financial experience and is appropriate to chair the audit committee. The Governance Code recommends that the audit committee should consist of at least three independent non-executive directors and that at least one such member has recent and relevant financial experience. The Board considers that the Company complies with the requirements of the Governance Code in this respect.

5.2 Nomination and Governance Committee

The nomination and governance committee assists the Board in reviewing the structure, size and composition of the Board, including providing advice to the Board on the retirement and appointment of additional and/or replacement Directors. It is also responsible for reviewing succession plans for the Directors, including the Chair and Chief Executive Officer and other senior executives. The nomination and governance committee will meet at such times as are necessary, but not less than twice a year.

The nomination and governance committee is chaired by Sharon Flood and its other members are Bill Ronald and Sarah Highfield. The Governance Code recommends that a majority of the members of the nomination and governance committee be independent non-executive directors and that the Chair (other than where the committee is dealing with the appointment of a successor to the Chair ship) or an independent non-executive director should chair the committee. The Board considers that the Company complies with the requirements of the Governance Code in this respect.

5.3 Remuneration Committee

The Remuneration Committee recommends the Group's policy and framework on executive remuneration, determines the levels of remuneration for Executive Directors, the Chair and other senior executives and prepares an annual remuneration report for approval by the Shareholders at the annual general meeting. The Remuneration Committee will also review the scale and structure of Executive Directors' remuneration and the terms of their service or employment contracts, including share based schemes, other employee incentive schemes adopted by the Company from time to time and pension contributions and ensure that payments made on termination are fair to the individual and the Company. The Remuneration Committee will meet at such times as are necessary, but not less than twice a year.

The Remuneration Committee is chaired by Bill Ronald, and its other members are Sharon Flood and Sarah Highfield. The Governance Code recommends that the Remuneration Committee should consist of at least three independent non-executive directors. The Board considers that the Group complies with the requirements of the Governance Code in this respect.

5.4 Disclosure Committee

The Board has established a market disclosure committee in order to ensure timely and accurate disclosure of all information that is required to be so disclosed to the market to meet the legal and regulatory obligations and requirements arising from the listing of the Company's securities on the London Stock Exchange, including the Listing Rules, the Disclosure Guidance and Transparency Rules and the Market Abuse Rules.

The disclosure committee will meet at such times as shall be necessary or appropriate, as determined by the chair of the market disclosure committee or, in his or her absence, by any

other member of the market disclosure committee. The market disclosure committee is chaired by David Williams and its other members are Sharon Flood, John Bailey, Bill Ronald and Sarah Highfield.

6. SHARE DEALING CODE

The Company has adopted, with effect from Admission, a code of securities dealings in relation to the Ordinary Shares which is based on the requirements of the Market Abuse Rules. The code adopted will apply to the Directors and other relevant employees of the Group.

7. CONTROLLING SHAREHOLDER

The Controlling Shareholder will retain a significant interest in the Company following Admission.

Immediately following Admission and assuming that the Share Capital Reorganisation steps to be completed prior to Admission have been completed in full, the Controlling Shareholder will be the beneficial owner of, in aggregate, approximately 42.7 per cent. of the Company's issued share capital. The Company has entered into a relationship agreement with the Controlling Shareholder (the "**Relationship Agreement**").

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 Controlling Shareholder and any of its Associates (as defined in Appendix I to the Listing Rules). A description of the terms of the Relationship Agreement is in paragraph 13.5 of Part 17 (*Additional Information*).

PART 9

SELECTED FINANCIAL INFORMATION

Table: Combined and consolidated statement of comprehensive income and other comprehensive income

	2019 £	2020 £	2021 £
Revenue	22,008,969	28,052,760	34,168,688
Cost of sales	(7,908,655)	(9,625,414)	(11,655,878)
Gross profit	14,100,314	18,427,346	22,512,810
Distribution costs	(2,092,355)	(3,360,025)	(5,023,244)
Administrative expenses	(11,066,699)	(12,906,087)	(14,504,459)
Other operating income	–	10,122	315,647
Adjusted operating profit	941,260	2,171,356	3,300,754
Exceptional items	507,793	(454,639)	(3,111,546)
Operating profit	1,449,053	1,716,717	189,208
Finance costs	(826,907)	(390,273)	(1,661,538)
Profit/(loss) before taxation	622,146	1,326,444	(1,472,330)
Taxation	(303,661)	(483,656)	(474,021)
Profit/(loss) for the period	318,485	842,788	(1,946,351)
Other comprehensive income:			
Exchange gains arising on translation of foreign operations.....	40,600	9,894	12,036
Total comprehensive income	359,085	852,682	(1,934,315)
Earnings per Share			
Basic EPS	–	–	£(1.98)
Diluted EPS	–	–	£(1.98)

Table: combined and consolidated statement of financial position

	2019 £	2020 £	2021 £
ASSETS			
Non-current assets			
Goodwill	5,693,822	5,693,822	13,769,598
Other intangible assets	11,435,247	10,640,094	41,390,058
Right of use assets	6,767,590	4,806,778	3,519,916
Other tangible assets	460,370	302,732	223,504
Total non-current assets	24,357,029	21,443,426	58,903,076
Current assets			
Inventories	4,368,003	6,014,727	7,510,108
Trade and other receivables	1,492,945	926,570	1,189,441
Cash and cash equivalents	3,281,589	5,248,043	3,168,542
Total current assets	9,142,537	12,189,340	11,868,091
Total assets	33,499,566	33,632,766	70,771,167
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	(2,163,012)	(4,290,994)	(7,149,914)
Lease liabilities.....	(1,183,668)	(716,183)	(915,912)
Loans and borrowings	—	(1,600,000)	(2,619,049)
Total current liabilities	(3,346,680)	(6,607,177)	(10,684,875)
Non-current liabilities			
Provisions.....	(61,115)	(82,701)	(102,708)
Lease liabilities.....	(6,927,889)	(6,211,706)	(5,129,503)
Loans and borrowings	(6,246,493)	(3,100,000)	(10,075,000)
Deferred tax liabilities	(1,955,393)	(1,816,504)	(7,847,115)
Investor loan notes.....	—	—	(42,018,808)
Total non-current liabilities	(15,190,890)	(11,210,911)	(65,173,134)
Total liabilities	(18,537,570)	(17,818,088)	(75,858,009)
Net assets/(liabilities)	14,961,996	15,814,678	(5,086,842)
Equity			
Share capital	—	—	97,500
Share premium	—	—	877,500
Retained earnings	—	—	(6,061,842)
Foreign exchange reserve	—	—	—
Invested capital	14,961,996	15,814,678	—
Total equity	14,961,996	15,814,678	(5,086,842)

Table: Combined and consolidated statement of cash flows

	2019 £	2020 £	2021 £
Cash flows from Operating Activities			
Profit/(loss) for the period	318,485	842,788	(1,946,351)
Adjustments for:			
Depreciation and amortisation of fixed assets	2,794,245	2,770,396	3,423,507
Loss on disposal of fixed assets	2,855	—	—
Impairment of fixed assets	694,722	915,880	188,537
Corporation tax.....	303,661	483,656	474,021
Interest payable	826,907	390,273	1,573,185
Decrease/(Increase) in trade and other receivables	134,545	566,375	103,087
(Increase)/Decrease in inventories	(389,418)	(1,646,724)	(1,495,381)
Increase in trade and other payables	(758,484)	2,177,659	1,496,552
Tax paid	(291,526)	(650,000)	(770,778)
Net cash generated from operating activities	3,635,992	5,850,303	3,046,379
Cash flows from investing activities			
Interest received	—	—	—
Purchase of intangible fixed assets	(247,982)	(742,967)	(397,634)
Purchase of property, plant and equipment	(191,568)	(28,274)	(58,377)
Proceeds from disposal of fixed assets	37,281	—	—
Acquisition of subsidiary	—	—	(53,123,873)
Net cash used in investing activities	(402,269)	(771,241)	(53,579,884)
Cash flows from financing activities			
Repayment of loans and borrowings	—	(5,550,000)	(4,700,000)
Loans drawn down	—	5,000,000	12,694,049
Dividend payment	—	—	—
Interest paid on loans and borrowings	(3,370)	(1,155,852)	(111,324)
Fees paid on loans and borrowings	—	—	(381,000)
Loan notes issued	—	—	40,889,901
Share issue	—	—	970,000
Payment of lease liabilities	(1,062,730)	(1,183,668)	(716,183)
Interest on lease liabilities	(258,551)	(230,914)	(205,088)
Net cash generated (used in) / from in financing activities	(1,324,651)	(3,120,434)	48,440,355
Net increase in cash and cash equivalents	1,909,072	1,958,628	(2,093,150)
Cash and cash equivalents at beginning of year	1,327,501	3,281,589	5,248,043
Exchange gains arising on translation of foreign bank accounts	45,016	7,826	13,649
Cash and cash equivalents at end of year	3,281,589	5,248,043	3,168,542

Non-IFRS Measures

Certain non-IFRS measures such as EBITDA have been included in the financial information contained in this document as the Directors believe that these present important alternative measures with which to assess the Group's performance. The Board believes that these non-IFRS measures provide valuable information to readers of the historical financial information because it enables the reader to, amongst other things, understand how the Board manages the Company's business, evaluates performance and develops budgets. See Part 9 (*Selected Financial Information*) and Part 10 (*Operating and Financial Review*).

The non-IFRS measures used in this document should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or to other measures of performance under IFRS. In addition, the Company's calculation of EBITDA may be different from the calculation used by other companies and therefore comparability may be limited. Readers should not consider these non-IFRS measures in isolation, but in conjunction with the IFRS measures. The non-IFRS measures reported by the Company may differ from similarly titled measures reported by other companies which may define and calculate such measures differently from the Company.

Such Non-IFRS Financial Measures include: Adjusted EBITDA, Adjusted EBITDA (pre-IFRS 16), Adjusted EBITDA (pre IFRS 16) margin, Adjusted EBIT, Adjusted EBIT (pre IFRS 16), Free Cash Flow, Free Cash Flow Conversion, and constant currency revenue growth.

The Group includes these Non-IFRS Financial Measures in this Prospectus because the Directors believe that the Non-IFRS Financial Measures provide supplemental measures of performance, profitability and liquidity, which the Group uses for evaluating its business performance and understanding certain significant items, which contribute to an understanding of the Group's trading performance. Furthermore, the Directors believe that these Non-IFRS Financial Measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

The definition of each of these non-IFRS measures is given below, and are reconciled to IFRS measures.

- **“Adjusted EBIT”** is a non-IFRS financial measure and is defined as operating profit before exceptional items, brand value amortisation and monitoring and registry costs;
- **“Adjusted EBIT (pre IFRS 16)”** is a non-IFRS financial measure and is defined as operating profit before exceptional items, brand value amortisation and monitoring and registry costs, before accounting for the impact of IFRS-16 adjustments;
- **“Adjusted EBITDA”**: means operating profit after adding back depreciation and amortisation, impairment of right-of-use asset, loss on disposal of tangible fixed assets, exceptional items, share based payments and monitoring and registry costs;
- **“Adjusted EBITDA margin”**: is a non-IFRS financial measure and is defined as Adjusted EBITDA divided by revenue;
- **“Adjusted EBITDA (pre-IFRS16)”**: means operating profit after adding back depreciation and amortisation, impairment of right-of-use asset, loss on disposal of tangible fixed assets, exceptional items, share based payments and monitoring and registry costs; before accounting for the impact of IFRS-16 adjustments;
- **“Adjusted EBITDA margin (pre-IFRS 16)”**: is a non-IFRS financial measure and is defined as Adjusted EBITDA (pre-IFRS 16) divided by revenue;
- **“Free Cash Flow”** means Adjusted EBITDA (pre IFRS 16) plus or minus changes in working capital, minus capital expenditure, minus onerous lease provision movement, minus impact of prepayment adjustments;
- **“Free cash flow conversion”** is a non-IFRS financial measure that the Company defines as Adjusted EBITDA (pre IFRS 16) plus or minus changes in net working capital, capital expenditure and IFRS 16 adjustments (together **“Free Cash Flow”**) divided by Adjusted EBITDA (pre IFRS 16); and
- **“Constant currency revenue growth”** represents year-on-year growth in revenue, without giving effect to any change in foreign currency exchange fluctuations in the relevant subsequent year and, therefore, calculated by translating revenue that is other than sterling into sterling using the same exchange rate as was applied in the prior year.

There are no generally accepted principles governing the calculation of Non-IFRS Financial Measures and the criteria upon which these measures are based can vary from company to company. Non-IFRS Financial Measures, by themselves, do not provide a sufficient basis to compare the Group's performance with that of other companies and should not be considered in isolation or as alternatives to revenue, profit/loss before tax or cash flow from operating, investing and financing activities, as derived in accordance with IFRS or any other financial or performance measure derived in accordance with IFRS, and should not be considered as being indicative of operating performance or as a measure of the Group's profitability or liquidity. Non-IFRS Financial Measures should be considered only in addition to, and not as a substitute for or superior to, financial information for the Group prepared in accordance with IFRS included elsewhere in this Prospectus. Non-IFRS Financial Measures are not intended to be indicative of the Group's future results. Recipients of this Prospectus are cautioned not to place undue reliance on the Non-IFRS Financial Measures.

PART 10

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of Seraphine's combined results of operations and financial condition for the financial years ended 4 April 2021, 5 April 2020 and 31 March 2019 should be read in conjunction with the whole of this document, including Seraphine's combined and consolidated historical financial information and the related notes included in Section Part 12 (Historical Financial Information) and should not just rely on the key or summarised information contained in this Part 10 (Operating and Financial Review) and the "Risk Factors" section. Seraphine's combined and consolidated historical financial information was prepared in accordance with IFRS and the Annexure to SIR 2000 in relation to the preparation of combined and consolidated historical financial information. The financial information in this Part 10 (Operating and Financial Review) has either been extracted without material adjustment from Part 12 (Historical Financial Information) of this document, or has been extracted without material adjustment from the Company's accounting records. Seraphine's combined and consolidated historical financial information for the financial years ended 4 April 2021, 5 April 2020 and 31 March 2019, set out in Part B (Historical Financial Information) of Part 12 (Historical Financial Information), is reported on in the accountant's report from BDO included in Section A (Accountant's Report in respect of the historical financial information) of Part 12, which was prepared in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom.

The following discussion contains "forward looking statements". Those statements are subject to risks, uncertainties and other factors that could cause the Company's future results of operations or financial condition to differ materially from the results of operations or financial condition expressed or implied in such forward looking statements. Factors that may cause such a difference include, but are not limited to, those discussed in the "Risk Factors" section and the "Forward Looking Statements" section of this document.

1. OVERVIEW

Seraphine is an international digitally-led maternity and nursing wear brand with a diverse range of innovative maternity and nursing products serving an under-competed global market.

Seraphine has achieved global brand recognition through its rapidly growing digital platform, which in the 52 weeks ended 4 April 2021 contributed to approximately 89 per cent. of revenue and was supported by the Group's digital and wholesale partnerships and strategically located retail stores and franchisees. The Group currently exports products to customers in over 120 countries globally. The United States is the Group's single largest country, accounting for approximately £9.4 million of revenue (representing approximately 27.5 per cent), while Europe is the Group's largest market, accounting for approximately £13.7 million of revenue (representing approximately 40.2 per cent), in the 52 weeks ended 4 April 2021. The Group's second largest market, North America, accounted for approximately £9.8 million of revenue (representing approximately 28.7 per cent) in FY21 with the UK and the Rest of the World segments accounting for £8.9 million (26.1 per cent) and £1.7 million (5.0 per cent) of revenue, respectively.

Seraphine has a track record of strong financial performance, with sales growing at a CAGR of 22 per cent. during the period from FY14 to FY21. This growth has been driven by the successful expansion into new geographies and the rapid growth of the Group's own digital platform, and own digital platform revenue has grown at a 44 per cent. CAGR from FY19 to FY21, highlighting the continued strength of this channel.

Seraphine delivers high gross margins of 65.9 per cent, driven by 70 per cent. of Seraphine's products being continuity line products. As the brand owner, Seraphine is able to control its intake margins, and its high proportion of continuity products means there is limited stock obsolescence (thanks to low levels of terminal stock), which in turn limits the need for promotional activity. These high gross margins, combined with the Group's efficient digital marketing model, leads to above average EBITDA margins compared to apparel peers.

The Group has a strong track record of delivering impressive free cash flow conversion thanks to the low capital intensive nature of the business, averaging 88 per cent. over the period FY19 to FY21. The Group's consistent performance throughout the COVID-19 pandemic demonstrates the stability of the underlying market.

2. KEY PERFORMANCE INDICATORS

The Group monitors several key metrics to track the financial and operating performance of its business. These measures are derived from the Group's internal financial and analytics systems.

The Directors consider the following KPIs used by Seraphine to help evaluate growth trends, establish budgets and assess operational performance and efficiencies:

	For the financial year ended		
	£m		
	31 March 2019	5 April 2020	4 April 2021
Financial KPIs			
Revenue	£22.0m	£28.1m	£34.2m
Revenue growth	26.3%	27.5%	21.8%
Constant currency revenue growth	25.6%	26.6%	21.9%
Gross profit margin	64.1%	65.7%	65.9%
Adjusted EBITDA	£4.5m	£6.0m	£7.0m
Adjusted EBITDA (pre-IFRS 16)	£3.2m	£4.7m	£6.2m
Adjusted EBIT	£2.3m	£3.6m	£5.5m
Adjusted EBIT (pre-IFRS 16)	£2.8m	£4.3m	£5.8m
Free Cash Flow Conversion	68.1%	103.6%	92.1%
Non-financial KPIs			
Website traffic (visits)	6.5m	10.3m	13.8m
Conversion rate	2.6%	2.4%	2.8%
Total orders	166,874	247,974	393,117
Average basket value	£154	£153	£127

The Directors believe that these KPIs, in addition to IFRS measures, provide an enhanced understanding of Seraphine's results and related trends, therefore increasing transparency and clarity of the core results of the business. The Directors believe these metrics are useful in evaluating Seraphine's operating performance.

As some of these measures are not determined in accordance with IFRS, and are thus susceptible to varying calculations, they may not be comparable with other similarly titled measures of performance of other companies. For more information on the definition and calculation of these metrics, including a reconciliation to the Group's reported historical financial information prepared on an IFRS basis, where relevant, please see "Non-IFRS financial information" and "Key performance indicators", each in Part 3 (*Presentation of Information*).

3. OUTLOOK AND CURRENT TRADING

3.1 Outlook

Seraphine's business plan sets out certain targets and ambitions in respect of revenue growth for its businesses as well as key financial items for the Group. These are forward-looking statements, based on assumptions that Seraphine believes are reasonable, but which may turn out to be incorrect or different than expected, and Seraphine's ability to achieve them will depend on a number of factors, many of which are outside Seraphine's control, including significant business and economic uncertainties and risks. As a result, Seraphine's actual results may vary from the targets and ambitions set out below and those variations may be material.

Seraphine's growth plan focuses on continuing its digital expansion internationally while building on existing strong fundamentals. Seraphine is expecting revenue growth to moderate to approximately 25 per cent. over the medium term. The Group generates revenue through three channels: (i) its own digital platform, (ii) digital partnerships and (iii) retail, which each have their own revenue targets:

- Digital platform: Year on year percentage revenue growth to moderate from mid-thirties in the 2022 financial year reducing to mid-twenties over the medium term
- Digital partnerships: The 2022 financial year is expected to benefit from revenue of approximately £2.0 million from new partners, with high-teens revenue growth thereafter
- Stores: The 2022 financial year is expected to be in line with FY19 for existing stores including the benefit of approximately £0.5 million from the Macy concessions. FY23 Stores revenue is expected to be £5.0 million (the first full year with no COVID-19 related impact), with mid-single digit year on year percentage growth thereafter

The Directors expect these targets to be achieved by:

- (i) investing in digital expansion internationally, including the recent launches of localised websites in Canada and Switzerland and planned launch of a new localised website in the Netherlands, as well as continued investment in increased and more personalised digital marketing to strengthen existing leadership positions in the United Kingdom and drive growth in the United States and Europe;
- (ii) maintaining continuous innovation, launching new products each season—particularly those with a proven track record of success;
- (iii) enhancing Seraphine's product portfolio by (1) capitalising on gaps in the market with products at an affordable premium price point; (2) increasing the customer lifespan with functional post-partum products; (3) continuing to research products tailored for the motherhood lifestyle (e.g., the skin-to-skin products); and (4) developing successful product concepts, such as menswear sales;
- (iv) accelerating growth in the "essentials" categories, including by increasing the multipack offering, increasing the size offering, introducing fuller figure lingerie and accelerating growth in the loungewear, activewear, lingerie and shapewear categories; and
- (v) continuing to employ highly effective marketing techniques, including paid digital, organic digital and traditional channels.

Seraphine is targeting an Adjusted EBITDA (pre-IFRS) margin over the medium term to be broadly in line with FY21, excluding any additional costs as a result of being a publicly listed company, which are estimated as £0.6 million and £0.8 million for FY22 and FY23 respectively, and share based payment charges estimated as £0.3 million for FY22, £0.5 million for FY23 and £0.8 million for FY24.

Seraphine has maintained strong levels of free cash flow conversion in the Historical Financial Period, primarily because the business requires only low capital investment (with customer acquisition having an average maximum of four weeks return on cash). The business also has strong working capital management as it relates to its stock and creditors. Moving forward, the Directors are targeting free cash flow conversion of approximately 100 per cent. over the medium term.

3.2 Current trading

The Group has continued to perform strongly for the first quarter of the current financial year. The own digital platform has traded well, with revenue growing strongly in the first quarter and ahead of management's guidance, as the Group experienced continued improvement in conversion rate driven by the opening of new dedicated sites in Canada and Switzerland and further optimisation of the Group's digital marketing strategy. Digital Partner revenue growth has benefited from strong wholesale demand and the Group successfully launched the Zalando partnership in June 2021. The retail stores landscape remains challenging with sales impacted by a slower return to

the high street and a further national lockdown in France, however, management expect this to gradually improve as restrictions ease globally. As expected the easing of lockdown has resulted in the Group experiencing a significant increase in demand for its higher value dresses and Luxe items during April and May 2021, driving a shift in basket mix and as a result an increase in average basket value. However, the Group was unable to fully capitalise on the mix in the Spring peak as a result of previously committed stock levels. The Group has increased its Autumn/Winter buy of these products, with a view to capitalising on this trend in the upcoming season. The Group remains confident that it is well placed to capitalise on the changing retail landscape through its digital led strategy and continued expansion into new geographies through dedicated local language websites. Whilst it remains difficult to predict any future impact from COVID-19, the Board continue to be reassured by the resilience of the Seraphine's digitally-led business model and remain confident in the outlook for the Group.

4. SIGNIFICANT FACTORS AFFECTING SERAPHINE'S RESULTS OF OPERATIONS

Seraphine's financial condition and results of operations have been, and will continue to be, affected by a number of important factors, including the following:

4.1 Sales volume and product mix

The Group's revenues are primarily driven by traffic, conversion rate, average basket value and return rates. These KPIs impact each other and together, in turn, impact the Group's revenues. Traffic multiplied by the conversion rate equals total orders (i.e., sales volume), while the average basket value is driven in large part by the product mix of a customer's basket. For instance, the increases in traffic, conversion rate and total orders and decline in return rates over the FY20 to FY21 period, were slightly offset by a decline in the average basket value from 2020 to 2021 due to a reduction in the sales of luxe and workwear (which have a higher selling price and return rate) and a commensurate increase in the sales of loungewear and activewear (which have a lower selling price and return rate). The shift in product mix during FY21 reduced the overall return rate, as loungewear and activewear are not returned as frequently as luxe and workwear.

Sales Volume

The Group's customer acquisition strategy focuses on targeting pregnant and nursing women with content and advertising relevant to their maternity journey, underpinned by its strong brand identity and reputation.

Seraphine's marketing channels span both organic and paid channels, with new customers being acquired in two primary ways:

- (1) *Organic* – investment over time in brand awareness, search engine visibility, influencers, celebrity and royal endorsement, PR, stores and word of mouth that drives traffic to Seraphine channels that is not directly paid for.
- (2) *Paid* – investment in Digital Marketing channels that drive immediate traffic to Seraphine's own digital platform.

The organic channels include:

- *Direct*: direct visits to Seraphine's websites by customers;
- *Organic search*: traffic from search engine results that is "earned", not paid (users clicking on search results that best match their parameters);
- *Social and referral*: traffic generated through global and local social media platforms and third-party content; and
- *Email*: direct lead generation focusing on relevant target audiences, leveraging Seraphine's understanding of particular customer requirements.

The paid channels include:

- *Paid search*: traffic from search engine results that are paid for (users clicking on advertisements or “shopping” links in response to their search queries);
- *Facebook and Instagram*: prospective marketing to customers on social media platforms; and
- *Affiliates*: affiliated sites with relevant content to Seraphine’s customer operating on a commission model for leads generated.

For FY21, Seraphine acquired approximately 52 per cent. of its traffic via organic channels, with the remaining approximately 48 per cent. coming through paid channels.

As a specialist maternity business, Seraphine’s products are hyper-relevant to customers for a specific finite period. This means that driving traffic to its sales channels and successfully converting new customers is of particular importance. Importantly, traffic alone does not increase orders; once on an Seraphine website, the breadth and depth of Seraphine’s product offering, ranging from lower price-point essential items such as bras, to higher price-point special occasion items like wedding dresses, drives customer conversion. Having a wide range of high quality options means that a customer is more likely to find an option they like.

Product Mix

The Company expects that most customers who visit a Seraphine website are prepared to spend a certain amount of money. As such, the average basket value, being total sales for a period divided by total orders for that period, is to a certain extent predetermined by the types of customers visiting the website. However, a shift in customer preferences or needs can result in a change in product mix of a customer’s basket.

For instance, during the various COVID-19 lockdowns in FY21, there was a shift in consumer preferences towards basics and essentials. The average basket value also dropped from £153 to £127 during FY21, which was offset by an increase in the total number of orders, which grew by 59 per cent. during FY21, and a decrease in returns rates. Because the Company targets a consistent intake margin, a change in product mix, no matter how significant, will not have a material impact on the gross profit achieved, unless the Company is unable to meet consumer demand for certain products. Thus, a decrease in the sale of higher cost products (such as occasionwear and workwear) or increase in the sale of lower cost products (such as athleisure or sleepwear) will not generally impact overall margin. The geographical mix, conversely, does impact overall margin. For instance, if the Group sells more products in the United States, it will achieve a higher average gross profit.

When considered in the context of average basket value, higher frequencies of orders together with higher average basket values result in higher revenue. Returning customers are important from this perspective, as they tend to order and spend more in subsequent pregnancies. For instance, while new customers place on average 1.77 orders, with an average order value of £133 (total value per customer: £236), subsequent customers tend to place on average 2.25 orders, with an average order value of £143 (total value per customer: £323).

These factors have helped drive an increase in revenue in Seraphine from £22.0 million in FY19 to £34.2 million in FY21.

4.2 Costs of manufacturing

To facilitate and grow Seraphine’s sales across its retail websites globally, in addition to further enhancing its technology platform capabilities, Seraphine has invested in developing its relationships with its manufacturing suppliers worldwide. Seraphine has grown to 32 manufacturing suppliers in China, Portugal, Turkey and India as of March 2021. All manufacturing is outsourced to third party suppliers, meaning that Seraphine is not burdened with high fixed factory costs. This flexibility allows Seraphine to delay or cancel orders in the event of a downturn in demand, and manage its manufacturing costs. Furthermore, utilising multiple suppliers with different specialisations (e.g., jersey, woven or denim) allows production to be moved easily as required to maximise margin and ensure a high quality standard.

Approximately 70 per cent. of Seraphine's product range is continuity, which contains classic staple pieces that can be repeated year-after-year. These designs require minimal updates for new seasons, which minimises the risk that pieces will fall quickly out of fashion. The remaining approximately 30 per cent. of products are seasonal pieces, which are trend items designed to be fashionable for a single season. Between continuity and season lie "seasonal continuity" items, such as coats and swimwear, which are only relevant for a single season but can be sold in future seasons or in the alternative hemisphere. Continuity items have less risk, as they can be sold regardless of season and do not become terminal stock. Conversely, seasonal items carry higher risk, and as such are purchased in much lower quantities.

4.3 **Cost of customer acquisition**

Direct costs, which are costs directly attributable to a sales channel, predominantly relate to customer acquisition costs in the context of Seraphine's own digital platform and digital partners. Seraphine has been able to grow its customer base across all localised websites while maintaining marketing cost as a percentage of net channel revenue consistently below 17 per cent. Marketing costs as a percentage of revenue were 17.1 per cent., 15.9 per cent. and 15.2 per cent. for FY21, FY20 and FY19, respectively. Seraphine targets its marketing to key lifestyle milestones within pregnancy and motherhood, ranging from maternity dresses for the first trimester to skin to skin tops for postpartum.

The blended average cost of acquisition for a new customer is approximately £13, although this does vary by territory. The flagship stores provide an additional customer acquisition point, contributing to the strength of the brand in key markets. These offline presences in turn drive online customer conversion, ultimately lowering the cost of customer acquisition.

Seraphine has a first order profitability model, meaning that it delivers higher average contribution per order than its incremental cost of acquisition. This model helps underpin the business's continued growth. In the twelve months ended 4 April 2021, Seraphine achieved profitability on an average first order across all of its websites, with gross contribution per order ranging from £25 in Australia to £45 on the Pan European English website and a blended average gross contribution per order of £43 across all websites.

To complement the first order profitability model, Seraphine also seeks to build life-time value ("LTV") with its existing customers. By focusing only on high-quality specialist maternity and nursing wear, Seraphine is able to enhance brand development, drive traffic and drive customer conversion, all of which in turn ensure profitability on not just the first order, but also future orders.

Seraphine has undertaken some cohort analysis which shows that approximately 50 per cent. of customers return to shop during their second pregnancies, although this is hard to track accurately as they may use new email addresses, different names or different addresses. Seraphine records that it receives, on average, 1.8 orders from each customer during the duration of her first pregnancy, while return customers during second pregnancies are estimated to place, on average, 2.3 orders. Return customers are also estimated to start placing orders earlier in their pregnancy and spend 40 per cent. more than they did during their first pregnancy.

The cost of customer acquisition is the largest component of direct costs, which the Group expect to be broadly in line as a percentage of revenue with pre COVID levels over the medium term.

4.4 **Distribution Costs**

To facilitate and grow sales across all of its channels globally, Seraphine has invested in developing its relationships with its distribution suppliers, as well as improving the customer proposition with a smooth distribution process. Distribution deals with the transport of the product from the warehouse to the customer. Seraphine currently uses a single third-party supplier, Bleckmann, for distribution, which means that Seraphine incurs no fixed costs for warehouses spaces and no variable or fixed costs for necessary technology improvements.

Bleckmann is a specialist in the distribution market, allowing Seraphine access to modern facilities and IT systems. Furthermore, Bleckmann provides ample capacity for the Group to grow over the foreseeable future. Bleckmann invests in its customers by reducing the costs of handling

and shipping goods, and its buying power opens up more competitive courier rates, particularly for international shipping.

In FY21, 74 per cent. of Seraphine's sales were international. Bleckmann distributes all of Seraphine's orders all around the globe from its warehouse in Belgium. The benefits of this centralised infrastructure include a direct relationship with the distributor, allowing for improved communication and efficient pricing; and no additional margin due to the use of third party intermediaries; and economies of scale. However, the expansion into new territories has caused some margin compression due to increased courier costs. For instance, distribution costs have increased faster than sales in the United States, resulting in distribution costs accounting for an increasing percentage of sales. While it is expensive to distribute products in the United States, it is also a more profitable market, meaning that it is expected that distribution costs as a percentage of sales will eventually plateau at approximately 17 per cent. of revenue over the medium term.

Distribution costs are variable and have increased since 2019. Seraphine recorded costs of £2.1 million, £3.4 million and £5 million for its distribution facilities for the FY19, FY20 and FY21, respectively.

4.5 Head office and central costs

Central costs, which are split into head office central costs and channel central costs, have increased over the past three financial years, from £4.0 million in FY19 to £4.2 million in FY21. The Directors expect that, as the business grows and enters new markets, these costs will increase as it invests in quality headcount and its people. The Directors expect these costs to increase to approximately £6.0 million in the 2022 financial year, £7.0 million in the 2023 financial year and £7.5 million in the 2024 financial year, on a pre-IFRS 16 basis. While increasing headcount generally necessitates increasing costs, Seraphine considers these costs essential to successfully growing its business.

The increase in central costs will not be solely due to investment in headcount as there are other variable central costs, such as web hosting and central marketing. The cost of running the localised websites has generally been immaterial (FY21: £208,000, FY20: £102,000, FY19: £82,000), and the Directors expect this cost to stay low in the future. There are costs associated with growing relationships with new digital partners, including the technical integrations with the partners systems.

While the costs associated with running the Group's new head office have decreased from £265,400 in FY20 to £226,700 in FY21, these are expected to increase again in the 2022 financial year. Similarly, the cost of the head office property has decreased from £434,100 in FY20 to £387,700 in FY21, but this is also forecast to increase again in the 2022 financial year. The Company is looking to relocate its head office to accommodate an increase in headcount, which is anticipated to incur a cost of approximately £100,000.

Also included in central costs is the impact of Seraphine reversing its furlough arrangements, resulting in a sharp drop off of furlough income from £193,500 in FY21 to nothing in the 2022 financial year.

4.6 COVID-19

The importance of the online channel has been accentuated during the COVID-19 pandemic, with many traditional retailers closing their bricks and mortar shops and consumers switching to online sales channels. Even when retail stores were allowed to briefly reopen, low footfall (worsened by Seraphine's target customer base being inherently high risk) meant that in-store sales did not always cover the costs of reopening. Seraphine was able to mitigate some of the costs of lockdown through central and local government schemes (such as furlough and other COVID-19 lockdown grants) and landlord support in the form of rent concessions.

Online, the average basket value dropped due to a shift in product mix from higher-priced items (such as workwear) to lower-priced items (such as loungewear). The shift to buying mostly essential items, such as loungewear, athleisure and lingerie, also resulted in a decline in returns, as these product categories are returned less frequently.

Despite the closure of its retail stores and drop in average basket value, Seraphine has performed strongly during this period, with revenue for FY21 increasing by 21.8 per cent. compared to the FY20. The business continued to grow at a rate in line with previous years as a result of continued investment in marketing resulting in traffic growth, however the product mix that delivered these sales was different to originally planned due to COVID-19.

The Directors also anticipate that Seraphine may benefit from a post-COVID-19 boost, as demand remains strong for its essential and basic items, while demand recovers for higher-priced occasionwear, such as event and wedding dresses.

Some of the jurisdictional restrictions on movements of people and goods implemented during recent periods have increased the costs associated with Seraphine's transportation, delivery and fulfilment of its orders during the period mainly due to the impact of the cargo market pricing in FY21. Furthermore, the sudden and pronounced shift in product mix led the Company to make more repeat orders, necessitating the increased use of air freight for selected products. Air freight is the fastest way of moving goods from factory to distribution centre, but would not be used for all products, such as heavy products, for which it would not be cost-effective. While air freight did allow Seraphine to meet customer demands more quickly during COVID-19, it is more expensive than shipping goods by sea. Once the impacts of the COVID-19 pandemic have lessened, Seraphine intends to revert back to shipping goods from factory to distribution centre predominantly by sea and road.

Whilst the Company continues to incur a number of these COVID-19 related costs, the Directors believe their impact is outweighed by the pandemic's acceleration of the positive, structural trends underpinning Seraphine's growth (e.g., channel shift online), strengthening its competitive position.

4.7 Foreign Currency Fluctuations

The global nature of Seraphine's business means that it earns revenue and incurs expenses in a number of different currencies, and the currency of the revenue may not match the currency of the expense. Seraphine trades internationally, earning revenue in a variety of currencies, but its costs are primarily in British pounds, Euros and U.S. dollars. The Group's costs may not be equally balanced with its revenues, which can create an exchange rate risk. Logistics costs are incurred in Euros, while manufacturing costs are mostly (60 per cent) incurred in U.S. dollars, with the remainder in Euros, British pounds and Australian dollars. Movements in exchange rates therefore impact its results and cash flows. Seraphine's results are presented in sterling and are thus exposed to exchange rate risk on translation of foreign currency assets and liabilities. Seraphine does not typically hedge translation risk.

Seraphine's general approach is to "naturally hedge" its transactional exposure wherever possible (i.e. matching customer receipts with same denomination costs). This is possible with the major currencies, including British pounds, Euros, U.S. dollars and Australian dollars.

See paragraph 11 *Quantitative and Qualitative Disclosures about Market Risks*) of this Part 10 (*Operating Financial Review*) below.

4.8 Exceptional Items

Seraphine records in its combined statements of comprehensive income data as adjusted items certain costs which are material and non-recurring in nature, including costs relating to Mayfair's acquisition of the Group, acquisitions, refinancing costs, legal and professional costs, tax effects, disposals and significant business restructuring programmes, some of which span multiple years.

See Note 9 of Section B of Part 12 (*Historical Financial Information*).

5. BUSINESS UNITS

Seraphine operates through three channels.

- Digital Platform – Seraphine’s own e-commerce platform, consisting of 10 transactional websites for dedicated markets including in the United Kingdom, United States, France, Spain, Germany, the European Union and Australia, through which it sells maternity wear direct to consumers.
- Digital Partnerships – This includes both wholesale customers, such as Mamarella, John Lewis and the franchise stores located in Hong Kong, Dubai and New Delhi, and marketplace models, such as Amazon. With marketplace partnerships, Seraphine’s products are either (i) stored in the third-party partner’s warehouse and sold at retail price with a commission paid to the third-party partner, or (ii) sold from the third-party’s website with Seraphine then fulfilling the order from its own warehouse.
- Stores – this includes:
 - Flagship stores located in areas with highly affluent residential areas and areas of high tourist footfall; and
 - Two concessions located within Macy’s stores in New York and California.

See Section 7 of Part 7 (*Business Overview*).

6. DESCRIPTION OF LINE ITEMS IN SERAPHINE’S CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

6.1 Revenue

Revenue represents the fair value of the consideration receivable for sales of goods in the ordinary course of business and excludes discounts, VAT and returns.

Revenue is recognised when the control of goods is transferred to the customer. Revenue from own stores is recognised at the point of sale when the goods have been provided, while revenue from website and wholesale activities is recognised on the date that the goods have been dispatched.

Revenue includes revenue from each of the Company’s three channels:

- For own digital platform revenue, control is considered to transfer when the goods are delivered to the customer.
- For digital partnerships revenue, control is considered to transfer when the goods are delivered to the wholesaler.
- For store revenue, control is considered to transfer when the customer takes possession of the goods in store and pays for the goods.

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management’s latest best estimates.

6.2 Cost of sales

Cost of sales consists of the direct costs associated with the delivery of a product, the nature and composition of which varies by business.

Cost of sales includes the cost of raw materials and packaging for goods manufactured internally, in addition to the costs incurred with manufacturing the product (principally labour). This line item also includes freight, duty and buying agents’ commissions.

6.3 Distribution costs

Distribution costs primarily consist of the costs associated with fulfilling orders, including transportation, postage and fulfilment costs.

6.4 **Administrative expenses**

Administrative costs consist of the costs not already captured within the cost of sales or distribution cost lines, and include Seraphine's marketing and employee costs.

6.5 **Other operating income**

Other operating income consists of government grants during the COVID-19 pandemic.

6.6 **Depreciation**

Depreciation relates to the annual write down of Seraphine's fixed assets, including right-of-use assets recognised under IFRS 16, over their respective estimated useful life.

The policy for calculating the annual charge varies by category as follows:

Leasehold improvements	Over the unexpired term of the lease
Office fixtures and fittings	5 years
IT equipment	3 years
Right-of-use assets	Over the unexpired term of the lease

6.7 **Amortisation**

Amortisation relates to the annual write down in the value of Seraphine's intangible assets, with the annual charge being calculated on a straight-line basis over their estimated useful economic life. The estimates of useful economic lives are reviewed on an annual basis, and any changes are reflected as changes in amortisation period and are treated as changes in accounting estimates.

The following useful economic useful lives are applied:

Brands	10 years
Platform development costs	5 years
Computer software	5 years

6.8 **Finance income**

Finance income primarily consists of the interest received on Seraphine's cash deposits. Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

6.9 **Finance costs**

Finance costs primarily relates to the interest and amortisation of arrangement fees on Seraphine's borrowings, in addition to the implicit interest charges on lease liabilities.

6.10 **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax charge. Taxation is charged or credited to the Income Statement unless it relates to items recognised in other comprehensive income or directly in equity. Deferred tax is accounted for using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

7. RESULTS OF OPERATIONS

The table below presents Seraphine's results of operations for the periods indicated, and has been extracted without material adjustment from the historical financial information set out in Part 12 (*Historical Financial Information*).

	For the financial year ended		
	4 April 2021 £	5 April 2020 £	31 March 2019 £
Revenue	34,168,688	28,052,760	22,008,969
Cost of sales	(11,655,878)	(9,625,414)	(7,908,655)
Gross profit	22,512,810	18,427,346	14,100,314
Distribution costs	(5,023,244)	(3,360,025)	(2,092,355)
Administrative expenses	(14,504,459)	(12,906,087)	(11,066,699)
Other operating income	315,647	10,122	—
Adjusted operating profit	3,300,754	2,171,356	941,260
Exceptional items	(3,111,546)	(454,639)	507,793
Operating profit	189,208	1,716,717	1,449,053
Finance costs	(1,661,538)	(390,273)	(826,907)
Profit before taxation	1,472,330	1,326,444	622,146
Taxation	(474,021)	(483,656)	(303,661)
Profit for the financial year	(1,946,351)	842,788	318,485
Exchange differences on retranslation of Subsidiary Undertakings	12,036	9,894	40,600
Total Comprehensive Income for the year	(1,934,315)	852,682	359,085

7.1 Comparison of results of operations for financial year ended 4 April 2021 and 5 April 2020

Revenue

Seraphine's revenue for FY21 was £34,168,688, an increase of £6,115,928, or 21.8 per cent, compared with £28,052,760 for FY20.

The below table shows Seraphine's revenue by geographic region for the periods indicated.

	For the financial year ended	
	4 April 2021	5 April 2020
	Revenue (£)	
UK	8,919,248	7,527,487
Europe	13,722,824	9,969,271
North America	9,801,959	9,349,996
Rest of World	1,724,657	1,206,006
Total	34,168,688	28,052,760

The below table shows Seraphine's revenue by channel for the periods indicated.

	For the financial year ended	
	<i>4 April 2021</i>	<i>5 April 2020</i>
	<i>Revenue (£)</i>	
Digital platform	30,533,885	21,316,705
Digital partners	2,388,664	2,874,133
Stores	1,246,139	3,861,922
Total	34,168,688	28,052,760

Seraphine's revenue in FY21 reflected strong online trading performance in all of its principal geographic regions, partially offset by the impacts of the global pandemic on its retail stores in the UK, France and the USA. Seraphine's revenue in FY21 increased 18.5 per cent. in the UK (thanks to growth in own digital platform sales, and despite the loss of sales from the UK stores), 37.7 per cent. in Europe (principally due to the continued market penetration of the localised German website), and 4.8 per cent. in North America (thanks to the Group's established U.S. website, and despite the loss of sales from the New York stores) and 43.0 per cent. in the Rest of World (due to the annualisation of the Australian website in FY21).

The COVID-19 pandemic did impact revenue, as store closures and lower footfall reduced turnover from retail stores as compared to the year ended 5 April 2020.

Cost of Sales

Seraphine's cost of sales for FY21 was £11,655,878, an increase of £2,030,464, or 21.1 per cent., compared with £9,625,414 for FY20. The increase was principally a result of commensurate growth in revenue, partially offset by a change in the amount of direct to consumer activity.

Gross profit

Seraphine's gross profit for FY21 was £22,512,810, an increase of £4,085,464, or 22.2 per cent., compared with £18,427,346 for FY20. Seraphine's gross profit margin for FY21 was 65.9 per cent. compared with 65.6 per cent. for FY20, reflecting the continued focus on direct to consumer sales.

Distribution costs

Seraphine's distribution costs for FY21 were £5,023,244, an increase of £1,663,219, or 49.5 per cent., compared with £3,360,025 for FY20. The increase was principally a result of the variable nature of these costs, combined with a commensurate increase in revenue. Distribution costs increased as a proportion of revenue, from 11.9 per cent. to 14.7 per cent., as the Company experienced increased orders from the United States, further developed its service proposition to the customer and faced COVID-19 surcharges on courier costs.

Administrative costs

Seraphine's administrative costs for FY21 were £14,504,459, an increase of £1,598,372, or 12.4 per cent., compared with £12,906,087 for FY20. The increase was principally as a result of the cost of marketing increasing to implement the Company's digital marketing strategy, partially offset by a reduction in property cost due to COVID-19-related landlord support on leases.

Other operating income

Seraphine's other operating income for FY21 was £315,647, compared with £10,122 for FY20. Other operating income for FY21 comprised Government grants received with respect to the COVID-19 Job Retention Scheme in the United Kingdom, and local council grants with respect to the COVID-19 lockdown in the United Kingdom of non-essential retail stores.

Exceptional items

Seraphine's exceptional items for FY21 were a net cost of £3,111,546, compared with a net cost of £454,639 for FY20. This increase primarily reflects the costs associated with the sale of the Company to Mayfair Equity Partners LLP on 29 December 2020.

Operating profit

Seraphine's operating profit for FY21 was £189,208, a decrease of £1,527,509, or 89.0 per cent, compared with £1,716,717 for FY20. The decrease was principally a result of exceptional costs incurred in connection to the sale of the Company to Mayfair Equity Partners LLP, which was offset by revenue growth resulting from the Company's continued focus on online activities.

Adjusted operating profit

Seraphine's adjusted operating profit for FY21 was £3,300,754, an increase of £1,129,398, or 52.0 per cent, compared with £2,171,356 for FY20. The increase was principally a result of sales growth.

Finance costs

Seraphine's finance costs for FY21 was £1,661,538, an increase of £1,271,265, or 325.7 per cent, compared with £390,273 in for FY20. The interest element was principally a result of the loan notes issued on 29 December 2020 in connection with the sale of the Company to Mayfair Equity Partners LLP with the remaining finance costs relating to the HSBC loan and to lease liabilities.

Profit before taxation

Seraphine's loss before taxation for FY21 was £1,472,330 a decrease of £2,798,774, compared with profit before tax of £1,326,444 for FY20. The decrease was principally a result of the reduction in operating profit and increase in the finance costs.

Taxation

Seraphine's tax payable for FY21 was £474,021, a decrease of £9,635, compared with £483,656 for FY20. The decrease was principally a result of the variable nature of taxation.

Profit for the period

Seraphine's loss for FY21 was £1,946,351, a decrease of £2,789,139, compared with profit of £842,788 for FY20. The decrease was principally a result of the Company's reduction in operating profit and increase in finance costs.

Exchange differences on retranslation of subsidiary undertakings

Seraphine's uplift due to exchange differences on retranslation of subsidiary undertakings for FY21 was £12,036, an increase of £2,142, compared with £9,894 for FY20. This uplift arose from the translation of the Group's assets in companies in France and the United States, which operate local retail stores.

Total comprehensive income for the period

Seraphine's total comprehensive loss for FY21 was £1,934,315, a decrease of £2,786,997, or 326.9 per cent., compared with profit of £852,682 for FY20. The decrease was principally a result of the Company's reduction in operating profit and increase in finance costs.

7.2 Comparison of results of operations for financial year ended 5 April 2020 and 31 March 2019

Revenue

Seraphine's revenue for FY20 was £28,052,760, an increase of £6,043,791, or 27.5 per cent, compared with £22,008,969 for FY19.

The below table shows Seraphine's revenue by geographic region for the periods indicated.

	For the Financial year ended	
	<i>5 April 2020</i>	<i>31 March 2019</i>
	<i>Revenue (£)</i>	
UK	7,527,487	7,359,597
Europe	9,969,271	6,876,628
North America	9,349,996	6,352,308
Rest of World	1,206,006	1,420,436
Total	28,052,760	22,008,969

The below table shows Seraphine's revenue by channel for the periods indicated.

	For the financial year ended	
	<i>5 April 2020</i>	<i>31 March 2019</i>
	<i>Revenue (£)</i>	
Digital platform	21,316,705	14,735,194
Digital partners	2,874,133	3,320,298
Stores	3,861,922	3,953,477
Total	28,052,760	22,008,969

Seraphine's revenue in FY20 reflected strong trading performance in most of its principal geographic regions. Seraphine's revenue growth in FY20 was broadly spread, and period-on-period revenue increased 2.3 per cent. in the UK (thanks to the continued contribution of established websites in the UK and France), increased 45.0 per cent. in Europe (thanks to the annualised contribution from the Company's localised German website, as well as the continued contribution of the established French website), increased 47.2 per cent. in North America (due mostly to increased market penetration in the United States market) and decreased 15.1 per cent. in Rest of World (as a result of the business focusing on its key Western European and North American markets).

Cost of Sales

Seraphine's cost of sales for FY20 was £9,625,414, an increase of £1,716,759, or 21.7 per cent., compared with £7,908,655 for FY19. The increase was principally a result of a commensurate growth in revenue, partially offset by a change in the amount of direct to consumer activity.

Gross profit

Seraphine's gross profit for FY20 was £18,427,346, an increase of £4,327,032, or 30.7 per cent., compared with £14,100,314 for FY19. Seraphine's gross profit margin for FY20 was 65.7 per cent. compared with 64 per cent. for FY19. The slight gross margin increase was principally a result of the changing mix of direct to consumer activity, which increased from 85.6 per cent. to 91.0 per cent.

Distribution costs

Seraphine's distribution costs for FY20 were £3,360,025, an increase of £1,267,670, or 60.6 per cent., compared with £2,092,355 for FY19. Distribution costs increased from 9.5 per cent. to revenue to 12.0 per cent. to revenue, primarily due to the Company focusing on direct to consumer activity and improving the customer service offering to optimise customer sales conversion.

Administrative costs

Seraphine's administrative costs for FY20 were £12,906,087, an increase of £1,839,388 or 16.6 per cent., compared with £11,066,699 for FY19. The increase was principally as a result of the cost of marketing increasing to implement the Company's digital marketing strategy.

Other operating income

Seraphine's other operating income for FY20 was £10,122, compared with no other operating income for FY19. The nature of this other operating income was UK Government grants in respect of the COVID-19 Job Retention Scheme.

Exceptional items

Seraphine's exceptional items for FY20 were a net cost of £454,639, compared with a net revenue of £507,793 for FY19. The nature of these exceptional items for FY20 included design infringement costs, costs in relation to the relocation of a warehouse and transaction and refinancing-related costs.

Operating profit

Seraphine's operating profit for FY20 was £1,716,717, an increase of £267,664, or 18.5 per cent., compared with £1,449,053 for FY19. The increase was principally a result of the revenue growth resulting from the Company's focus direct to the consumer sales from its own websites.

Finance costs

Seraphine's finance costs for FY20 was £390,273, a decrease of £436,634, compared with £826,907 in for FY19. This was principally a result of the refinancing of shareholder loan notes.

Profit before taxation

Seraphine's profit before taxation for FY20 was £1,326,444, an increase of £704,298, compared with £622,146 for FY19. The increase was principally a result of the Company increasing scaling its online activities and focusing on customer service to drive both paid and organic traffic to its websites. The Company was also able to refinance its shareholder debt thanks to the cash generated in the business, thereby reducing its financing costs.

Taxation

Seraphine's tax payable for FY20 was £483,656, an increase of £179,995, or 59.3 per cent., compared with £303,661 for FY19. The increase was principally a result of the variable nature of taxation, increasing proportional to increases in profit before taxation.

Profit/loss for the period

Seraphine's profit for FY20 was £842,788, an increase of £524,303, compared with £318,485 for FY19. The increase was principally a result of a growth in operating profit.

Exchange differences on retranslation of subsidiary undertakings

Seraphine's uplift due to exchange differences on retranslation of subsidiary undertakings for FY20 was £9,894, a decrease of £30,706, compared with £40,600 for FY19. The decrease was principally a result of the growth of the business was driven primarily by the UK entity, while the Company's overseas operations in France and the United States focused on traditional retail.

Total comprehensive income for the period

Seraphine's total comprehensive income for FY20 was £852,682, an increase of £493,597, compared with £359,085 for FY19. The increase was principally a result of the growth in operating profit.

8. LIQUIDITY AND CAPITAL RESOURCES

8.1 Overview

Seraphine's primary sources of liquidity are the cash flows generated from its operations, along with its revolving credit facility. The primary use of this liquidity is to fund Seraphine's operations and capital expenditure requirements.

8.2 Cash flows

The table below presents a summary of Seraphine's cash flows for the periods indicated, which have been extracted without material adjustment from the historical financial information set out in Part 12 (*Historical Financial Information*).

	For the financial year ended		
	4 April 2021	5 April 2020	31 March 2019
	(£)		
Net cash generated from operating activities	3,046,379	5,850,303	3,635,992
Net cash flow used in investing activities	(53,579,884)	(771,241)	(402,269)
Net cash used in financing activities	48,440,355	(3,120,434)	(1,324,651)
Cash and cash equivalents at the beginning of the period	5,248,043	3,281,589	1,327,501
Cash and cash equivalents at the end of the period	3,168,542	5,248,043	3,281,589

Net cash generated from operating activities

Seraphine's net cash generated from operating activities for FY21 was £3,046,379 compared with net cash inflows of £5,850,303 for FY20. This was primarily as a result of the fall in operating profit in the period.

Seraphine's net cash generated from operating activities for FY20 was £5,850,303 compared with net cash inflows of £3,635,992 for FY19. This increase was principally a result of the period's increase in operating profit and a decrease in cash outflows, partially offset by the net working capital outflow during the period.

Net cash flow used in investing activities

Seraphine's net cash used in investing activities for FY21 was £53,579,884, which principally consisted of the acquisition of Stork Topco.

Seraphine's net cash used in investing activities for FY20 was £771,241, which principally consisted of website development and business systems.

Seraphine's net cash used in investing activities for FY19 was £402,269, which principally consisted of website development, business systems and retail store shop fits.

Net cash flow used in financing activities

Seraphine's net cash flow generated in financing activities for FY21 was £48,440,355, which principally consisted of the issue of loan notes and draw down of loan facilities.

Seraphine's net cash flow used in financing activities for FY20 was £3,120,434, which principally consisted of repayment of shareholder loan notes and the payment of lease and interest liabilities on right of use assets offset by bank debt and revolving credit facilities.

Seraphine's net cash flow used in financing activities for FY19 was £1,324,651, which principally consisted of lease and interest liabilities on right of use assets.

8.3 Indebtedness

The table below presents a breakdown of Seraphine's interest-bearing loans and borrowings, including lease liabilities, as at the dates indicated.

	As at		
	4 April 2021	5 April 2020	31 March 2019
Current			
Bank borrowings	2,619,049	1,600,000	–
Lease liabilities.....	915,912	716,183	1,183,168
Total current	3,534,961	2,316,183	1,183,168
Non-current			
Bank borrowings	10,075,000	3,100,000	–
Lease liabilities.....	5,129,503	6,211,706	6,927,889
Redeemable notes.....	42,018,808	–	6,246,493
Total non-current	57,223,311	9,311,706	13,174,382
Total debt	60,758,272	11,627,889	14,357,550

Borrowings as at 31 March 2019 related to £5,250,000 10 per cent. unsecured redeemable loan notes, which were repaid on 8 April 2019 together with accrued interest of £1,009,150. Interest is compounded at a fixed rate of 10 per cent., and interest of £12,657 was charged during 2020 (2019: £564,986).

As at 5 April 2020, borrowings related predominantly to a £4.0 million loan facility and a £1.0 million multicurrency revolving credit facility. Interest is charged at a rate of LIBOR plus 2.5 per cent. per annum.

As at 4 April 2021, borrowings related predominantly to loan notes issued on 29 December 2020 in connection with the sale of the Company to Mayfair Equity Partners LLP and a £11.2 million term loan, used to fund the acquisition.

The contractual maturity of loans and bank borrowings is as follows:

	For the financial year ended		
	4 April 2021	5 April 2020	31 March 2019
Within one year	2,619,049	1,600,000	6,246,493
Between one and five years	10,075,000	3,100,000	–
Total	12,694,049	4,700,000	6,246,493

8.4 Pension liabilities

During FY21, Seraphine operated a defined contribution pension scheme and an auto-enrolment pension scheme. The schemes are managed by independent fund managers, and Seraphine contributes in accordance with statutory requirements. The pension charge represents contributions payable by the Group to the schemes and amounted to £107,698 (2020: £122,174; 2019 £99,652). There were no outstanding contributions due to the fund at 4 April 2021 (2020: £40,367; 2019: £6,147).

8.5 Dividend policy

In connection with the expected admission to the London Stock Exchange, the Group's current intention is to target an initial pay-out ratio of approximately 20 per cent. to 40 per cent. of adjusted profit after tax, with reinvestment for growth being the primary use of available cash. This dividend policy reflects the long-term earnings and cash-flow potential of the Group, whilst maintaining sufficient financial flexibility in the Group. The Board will consider returning excess

cash to Shareholders over time, to the extent that higher-returning opportunities are not identified.

The Board intends that an interim dividend and a final dividend will be paid in respect of each financial year in the approximate proportions of one-third and two-thirds, respectively, of the total annual dividend. The first dividend that may be declared after the expected date of admission will be the final dividend for the financial year ending 5 April 2022.

The Board may revise the dividend policy from time to time.

9. CAPITAL EXPENDITURE

The most significant element of Seraphine's capital expenditure during the period under review was website development.

The Directors believe Seraphine has a prudent approach to capitalisation coupled with conservative amortisation policy.

The table below sets out the breakdown of Seraphine's capital expenditures for the financial years ended 4 April 2021, 5 April 2020 and 31 March 2019.

	For the financial year ended		
	4 April 2021	5 April 2020	31 March 2019
		(£)	
Intangible capital expenditure	397,634	742,967	247,982
Tangible capital expenditure	58,377	28,274	191,568
Total	456,011	771,241	439,550

Tangible capital expenditures

Since FY19, Seraphine has invested £278,219 in shop fit and general office and IT equipment.

Intangible capital expenditures

Since FY19, Seraphine has invested £1,388,583 in website and systems development and trade marks.

Future capital expenditures

Seraphine is not a capex intensive business and its main intangible capex is in web development. Capex related to store upgrades is not expected to be material in the future.

Guarantees and other commitments

The Group's parent company, Kensington Bidco Limited, has bank facilities with HSBC Bank plc where the Group has pledged a fixed and floating charge over its assets in respect of these facilities.

The Group has the following facilities with HSBC Bank plc: Documentary Letters of Credit \$2.25m (this is in the process of being increased to \$3m), with the options of sight terms, usance terms and an import loan option, bank guarantees facility of €185,000 and forward foreign exchange contracts facility of \$250,000.

At the 4 April 2021 the following facilities were drawn: Standby Letter of Credit dated 17 October 2014 in favour of GW Properties LLC for \$159,000 (2020: \$159,000, 2019: \$159,000), standby Letter of Credit dated 13 May 2015 in favour of 1321 Madison Avenue Corp for \$148,568 (2020: \$148,568, 2019: \$148,568), bank guarantee dated 4 August 2017 in favour of Mr Laurent et Didier Hirsh for €35,412 (2020: €135,000, 2019: €135,000), bank guarantee dated 11 January 2021 in favour of Financien Fiscaliteit KMO for €22,000 (2020: €nil, 2019: €nil), usance Letter of Credit commitments of \$580,547 for balances included in trade creditors at 4 April 2021 (2020: \$188,677, 2019: \$179,148).

10. OFF-BALANCE SHEET ARRANGEMENTS

Seraphine did not have any material off-balance sheet arrangements as at 4 April 2021.

11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group regularly forecasts cash flows and maintains an appropriate balance of cash and debt facilities to ensure that sufficient funds are available to cover future expenses and capital expenditure.

Foreign currency risk

Seraphine trades internationally, earning revenues in a variety of currencies, but its costs are primarily in British pounds, Euros and U.S. dollars. The Group's costs may not be equally balanced with its revenues, which can create an exchange rate risk. Logistics costs are incurred in Euros, while manufacturing costs are mostly (60 per cent) incurred in U.S. dollars, with the remainder in Euros, British pounds and Australian dollars. Movements in exchange rates therefore impact its results and cash flows. Seraphine's results are presented in sterling and are thus exposed to exchange rate risk on translation of foreign currency assets and liabilities. Seraphine does not typically hedge translation risk.

Seraphine's general approach is to "naturally hedge" its transactional exposure wherever possible (i.e. matching customer receipts with same denomination costs). This is possible with the major currencies, including British pounds, Euros, U.S. dollars and Australian dollars.

The Group's foreign exchange exposure is predominantly Euro and U.S. Dollars. The Group's exposure to foreign currency risk at the end of the respective reporting period was as follows:

	4 April 2021	5 April 2020	31 March 2019
		(£)	
USD	860,816	373,056	629,647
EUR	(623,589)	608,375	584,698
AUD	138,394	68,971	—
JPY	937	937	979
Total	376,558	1,051,339	1,215,324

In the financial year ended 4 April 2021, there was an exchange gain of £12,036 which is reflective of the reporting period.

12. CRITICAL ACCOUNTING POLICIES

For a description of Seraphine's critical accounting policies and judgements and key sources of estimation uncertainty, see Note 3 of Section B of Part 12 (*Historical Financial Information*) and Note 4 of Section B of Part 12 (*Historical Financial Information*).

PART 11

CAPITALISATION AND INDEBTEDNESS

The tables below set out the Group's consolidated capitalisation as at 4 April 2021 and the unaudited indebtedness of the Group as at 2 May 2021. The capitalisation figures as at 4 April 2021 have been extracted without material adjustment from the Group's historical financial information set out in Part 12 (*Historical Financial Information*) and the indebtedness figures at 2 May 2021 have been extracted from the underlying accounting records of the Group as at 2 May 2021.

The following tables do not reflect the impact of the Offer or the Share Capital Reorganisation on the Group's capitalisation and indebtedness. Please refer to Part B of Part 13 (*Unaudited Pro Forma Financial Information*) of this Prospectus for an analysis of the impact of the Offer on the consolidated net assets of the Group.

Capitalisation and Indebtedness

The table below sets out the Group's total capitalisation as at 4 April 2021 and the Group's indebtedness as at 2 May 2021. You should read this table together with "Operating and Financial Review".

	<i>Indebtedness as at 2 May 2021 £'000</i>
<i>Current debt</i>	
Secured	3,039
Unguaranteed/unsecured	430
Total current debt	3,469
<i>Non-current debt</i>	
Secured	59,505
Total non-current debt	59,505
Total indebtedness	62,974
	<i>Capitalisation as at 4 April 2021</i>
Share capital	97
Share premium	878
Total capitalisation	975

Secured borrowings includes lease obligations that are secured against the underlying leased assets.

There has been no material change in the Group's total capitalisation since 4 April 2021. Save for the repayment of the import loan facility of £430k on 5 May 2021, there has been no material change in the Group's indebtedness since 2 May 2021.

Net Financial Indebtedness

The table below sets out the Group's total net current financial indebtedness and non-current financial indebtedness as at 2 May 2022.

	As at 2 May 2021 £'000
Cash and cash equivalents	4,464
Liquidity	4,464
Current bank debt	2,555
Other current financial debt	914
Net financial debt	3,469
Net current cash	995
Non current bank loans	10,075
Other non-current loans	44,380
Other non current financial deb	5,050
Non-current financial indebtedness	59,505
Net indebtedness	58,510

The Group has no other indirect or contingent liabilities, or any contingent commitments.

PART 12

HISTORICAL FINANCIAL INFORMATION

Part A: Accountant's Report on the Historical Financial Information



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Seraphine Group plc
Suite 3.01
Grand Union Studios
332 Ladbroke Grove
London
W10 5AD

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

13 July 2021

Dear Sir or Madam

Seraphine Group plc (the “Company”)
Kensington Topco Limited (“KTL”) and its subsidiary undertakings (together, the “Group”)

Introduction

We report on the financial information on the Group set out in Section B of Part 12 of the prospectus dated 13 July 2021 of the Company (the “Prospectus”).

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 March 2019, 5 April 2020 and 4 April 2021 and of its results, cash flows, changes in equity for the years then ended in accordance with the basis of preparation set out in note 2 to the financial information.

Responsibilities

The directors of the Company are responsible for preparing the financial information on the basis of preparation set out in note 2 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

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 the 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 1 of the PR Regulation consenting to its inclusion in the Prospectus.

Basis of preparation

This financial information has been prepared for inclusion in the Prospectus on the basis of the accounting policies set out in note 3 to the financial information. This report is required by item 18.3.1

of Annex 1 of the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Company in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Conclusions relating to going concern

We have not identified any material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the ability of the Group to continue as a going concern for a period of at least twelve months from the date of the Prospectus. Accordingly the use by the Directors of the Company of the going concern basis of accounting in the preparation of the financial information is appropriate.

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 this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully

A handwritten signature in dark ink that reads "BDO LLP". The letters are slightly slanted and connected, with a small horizontal line under the "P".

BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Part B: Historical Financial Information

COMBINED AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND OTHER COMPREHENSIVE INCOME

For the periods 31 March 2019, 5 April 2020, 4 April 2021

	Notes	2019 £	2020 £	2021 £
Revenue	5	22,008,969	28,052,760	34,168,688
Cost of sales		(7,908,655)	(9,625,414)	(11,655,878)
Gross profit		14,100,314	18,427,346	22,512,810
Distribution costs		(2,092,355)	(3,360,025)	(5,023,244)
Administrative expenses		(11,066,699)	(12,906,087)	(14,504,459)
Other operating income	10	—	10,122	315,647
Adjusted operating profit¹	10	941,260	2,171,356	3,300,754
Exceptional items	9	507,793	(454,639)	(3,111,546)
Operating profit	10	1,449,053	1,716,717	189,208
Finance costs	8	(826,907)	(390,273)	(1,661,538)
Profit/(loss) before taxation		622,146	1,326,444	(1,472,330)
Taxation	11	(303,661)	(483,656)	(474,021)
Profit/(loss) for the period		318,485	842,788	(1,946,351)
Other comprehensive income:				
<i>Items that will or may be reclassified to profit or loss</i>				
Exchange gains arising on translation of foreign operations		40,600	9,894	12,036
Total comprehensive income/(loss)		359,085	852,682	(1,934,315)
Loss per share	12			
Basic LPS		—	—	£(1.98)
Diluted LPS		—	—	£(1.98)

1 Adjusted Operating Profit is before exceptional items.

All activities relate to continuing operations. All the profit/loss for the period is attributable to the equity holders of the Parent.

The accompanying notes are an integral part of the historical financial information.

COMBINED AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019, 5 April 2020, 4 April 2021

	Notes	2019 £	2020 £	2021 £
ASSETS				
Non-current assets				
Goodwill	13	5,693,822	5,693,822	13,769,598
Other intangible assets	13	11,435,247	10,640,094	41,390,058
Right of use assets	15	6,767,590	4,806,778	3,519,916
Other tangible assets	14	460,370	302,732	223,504
Total non-current assets		24,357,029	21,443,426	58,903,076
Current assets				
Inventories	17	4,368,003	6,014,727	7,510,108
Trade and other receivables	18	1,492,945	926,570	1,189,441
Cash and cash equivalents		3,281,589	5,248,043	3,168,542
Total current assets		9,142,537	12,189,340	11,868,091
Total assets		33,499,566	33,632,766	70,771,167
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	19	(2,163,012)	(4,290,994)	(7,149,914)
Lease liabilities	20	(1,183,668)	(716,183)	(915,912)
Loans and borrowings	21	–	(1,600,000)	(2,619,049)
Total current liabilities		(3,346,680)	(6,607,177)	(10,684,875)
Non-current liabilities				
Provisions	23	(61,115)	(82,701)	(102,708)
Lease liabilities	20	(6,927,889)	(6,211,706)	(5,129,503)
Loans and borrowings	21	(6,246,493)	(3,100,000)	(10,075,000)
Deferred tax liabilities	24	(1,955,393)	(1,816,504)	(7,847,115)
Investor loan notes	21	–	–	(42,018,808)
Total non-current liabilities		(15,190,890)	(11,210,911)	(65,173,134)
Total liabilities		(18,537,570)	(17,818,088)	(75,858,009)
Net assets/(liabilities)		14,961,996	15,814,678	(5,086,842)
Equity				
Share capital	26	–	–	97,500
Share premium	26	–	–	877,500
Retained earnings	27	–	–	(6,061,842)
Invested capital	27	14,961,996	15,814,678	–
Total equity		14,961,996	15,814,678	(5,086,842)

COMBINED AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Share Capital</i>	<i>Share Premium</i>	<i>Retained Earnings</i>	<i>Invested Capital</i>	<i>Total</i>
	£	£	£	£	£
Balance at 1 April 2018	–	–	–	14,602,911	14,602,911
Profit for the financial period for the group.....	–	–	–	318,485	318,485
Exchange differences on retranslation of subsidiary undertakings	–	–	–	40,600	40,600
Total comprehensive income for the year	–	–	–	359,085	359,085
Balance at 31 March 2019	–	–	–	14,961,996	14,961,996
Profit for the financial period for the group	–	–	–	842,788	842,788
Exchange differences on retranslation of subsidiary undertakings	–	–	–	9,894	9,894
Total comprehensive income for the year	–	–	–	852,682	852,682
Balance at 5 April 2020	–	–	–	15,814,678	15,814,678
Profit for the period to 28 December 20 for Stork Topco Limited	–	–	–	4,127,527	4,127,527
Loss for the period to 4 April 21 for Kensington Topco Limited	–	–	(6,073,878)	–	(6,073,878)
Exchange differences on retranslation of subsidiary undertakings	–	–	12,036	–	12,036
Total comprehensive loss for the year	–	–	(6,061,842)	(15,814,678)	(21,876,520)
Arising on acquisition of Stork Topco Limited	–	–	–	(19,942,205)	(19,942,205)
Shares issued.....	97,500	877,500	–	–	975,000
Balance at 4 April 2021	97,500	877,500	(6,061,842)	–	(5,086,842)

COMBINED AND CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2019 £	2020 £	2021 £
Cash flows from Operating Activities				
Profit/(loss) for the period		318,485	842,788	(1,946,351)
Adjustments for:				
Depreciation and amortisation of fixed assets		2,794,245	2,770,396	3,423,507
Loss on disposal of fixed assets		2,855	—	—
Impairment of right-of-use assets		694,722	915,880	188,537
Corporation tax		303,661	483,656	474,021
Interest payable		826,907	390,273	1,573,185
Decrease in trade and other receivables		134,545	566,375	103,087
Increase in inventories		(389,418)	(1,646,724)	(1,495,381)
(Decrease)/increase in trade and other payables		(758,484)	2,177,659	1,496,552
Tax paid		(291,526)	(650,000)	(770,778)
Net cash generated from operating activities		3,635,992	5,850,303	3,046,379
Cash flows from investing activities				
Purchase of intangible fixed assets		(247,982)	(742,967)	(397,634)
Purchase of property, plant and equipment		(191,568)	(28,274)	(58,377)
Proceeds from disposal of fixed assets		37,281	—	—
Acquisition of subsidiary		—	—	(53,123,873)
Net cash used in investing activities		(402,269)	(771,241)	(53,579,884)
Cash flows from financing activities				
Repayment of loans and borrowings		—	(5,550,000)	(4,700,000)
Loans drawn down		—	5,000,000	12,694,049
Interest paid on loans and borrowings		(3,370)	(1,155,852)	(111,324)
Fees paid on loans and borrowings		—	—	(381,000)
Net loan notes issued		—	—	40,889,901
Share issue		—	—	970,000
Payment of lease liabilities		(1,062,730)	(1,183,668)	(716,183)
Interest on lease liabilities		(258,551)	(230,914)	(205,088)
Net cash (used in)/generated from financing activities		(1,324,651)	(3,120,434)	48,440,355
Net increase/(decrease) in cash and cash equivalents		1,909,072	1,958,628	(2,093,150)
Cash and cash equivalents at beginning of year		1,327,501	3,281,589	5,248,043
Exchange gains arising on translation of foreign bank accounts		45,016	7,826	13,649
Cash and cash equivalents at end of year..		3,281,589	5,248,043	3,168,542

Kensington Topco Limited
NOTES TO THE FINANCIAL STATEMENTS

1. Background Information

Kensington Topco Limited is a private company limited by shares domiciled and incorporated in Guernsey. The address of the Company's registered office and principal place of business is Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD. The Group's principal activities are the wholesale and retail sale of women's maternity wear through Seraphine's own digital platform, digital partnerships and stores. The list of subsidiaries within the Group structure is provided in note 8.

2. Basis of Preparation

2.1 Basis of Preparation

The combined and consolidated Historical Financial Information for the years from 2 April 2018 to 4 April 2021, 5 April 2020 and 31 March 2019, have been prepared specifically for the purposes of this document and in accordance with the Prospectus Regulation Rules, the Listing Rules and in accordance with this basis of preparation.

The Historical Financial Information is presented in pounds sterling.

The basis of preparation describes how the financial information has been prepared in accordance with International Accounting Standards as adopted by the United Kingdom ("**IFRS**"), except as described below. The Historical Financial Information does not constitute statutory accounts within the meaning of section 434(3) of the Companies Act 2006.

IFRS does not provide for the preparation of combined financial information and accordingly, in preparing the Historical Financial Information, certain accounting conventions commonly used for the preparation of historical financial information for inclusion in investment circulars as described in the Annexure to SIR 2000 (Standards for Investment Reporting applicable to public reporting engagements on historical financial information) issued by the Financial Reporting Council in the United Kingdom have been applied.

The Company was incorporated on 21 December 2020 and is ultimately controlled by Mayfair Equity Partners LLP, a private equity house. On 29 December 2020 the Company acquired the entire share capital of Stork Topco Limited for a total consideration of £54,331,673 (excluding expenses of acquisition). This transaction represented the exit of the previous private equity house and resulted in a change of control, with the new ultimate controlling party being a fund advised by Mayfair Equity Partners LLP. The acquisition method of accounting was used to account for this transaction.

This transaction changed the ultimate parent entity of the Group from Stork Topco Limited to the Company and the following new intermediate holdings companies were introduced:

Kensington Midco Limited
Kensington Bidco Limited

The Historical Financial Information has therefore been prepared on combined basis for the periods until 28 December 2020 and on a consolidated basis for the periods from 29 December 2020 to 4 April 2021.

The combined Historical Financial Information has been prepared on a basis that combines the results and assets and liabilities of each of the entities that constitutes the Group, derived from the accounting records of those entities, by applying the principles underlying the consolidation procedures of IFRS 10.

Loss per share, as required by IAS 33 "Earnings per share" has only been disclosed for the period from 21 December 2020 to 4 April 2021, given that the Historical Financial Information has not been prepared on a consolidated basis throughout the periods presented.

The Historical Financial Information has therefore been prepared as follows:

Years ended 31 March 2019 and 5 April 2020

The Company did not exist during this accounting period. However, in order to present the most meaningful figures for this period, the amounts recognised are those of Stork Topco Limited, albeit that the entity was not under the control of the Company during this time. Accordingly, no share capital and individual reserves have been shown and the aggregate equity attributable to Stork Topco Limited has been disclosed as Invested Capital.

Year ended 4 April 2021

The Historical Financial Information for this year has been prepared by:

- Recognising the results of the previous group headed by Stork Topco Limited from 6 April 2020 to 28 December 2020 on the basis described above;
- Removing the Invested Capital when recognising goodwill, fair value and other adjustments arising on the acquisition of Stork Topco Limited; and
- Including the results of the Stork Topco Limited sub-group from 29 December 2020 and the results of Kensington Topco Limited from incorporation.

2.2 New standards adopted in the period

The Group has adopted all relevant amendments to existing standards and interpretations issued by the IASB that are effective from 1 April 2018 with no material impact on its combined and consolidated results or financial position (except as described below with regards to IFRS 16).

IFRS 16 – Leases

IFRS 16 “Leases” has a material impact on the combined and consolidated historical financial information. The Group has adopted IFRS 16 with effect from 1 April 2018 and uses the full retrospective approach to transition utilising certain practical expedients outlined in the standard, notably the exclusion of low value and short-term leases (less than 12 months). Data has been collated on all the Group’s leases for which IFRS 16 is applicable. The leases consist of stores and head office properties. See note 3.10 below for more detail.

2.3 New standards, interpretations and amendments not yet effective

The Company has assessed the impact of the following accounting standards and amendments which are not yet effective and they are not expected to have a material impact on the Group’s Historical Financial Information:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in the current Accounting Estimates and Errors (Amendment – Definition of Material);
- IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or future reporting year. Non-Current);
- IFRS 3 Business Combinations (Amendment – Definition of Business);
- Conceptual Framework for Financial Reporting (Amendments to IFRS 3);
- Revised Conceptual Framework for Financial Reporting;
- IBOR Reform and its Effects on Financial Reporting – Phase 1 & 2;
- Annual Improvements to IFRS: 2018-2020 Cycle;
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract);
- IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use); and
- IFRS 17 Insurance Contracts.

3. Accounting Policies

3.1 Going Concern

The going concern assessment considers whether it is appropriate to prepare the historical information on a going concern basis. The going concern basis is dependent on the Group maintaining adequate levels of resources to continue to operate during the Forecast Period.

The Directors have considered Kensington Topco Limited and its subsidiary undertakings' (together "the **Group**") cash flows for period to June 2022 along with the current trading and forecast liquidity. The Directors have also considered the net liability position of £5,086,842 and the loss for the period to 4 April 2021 of £1,946,351. The Directors have prepared their detailed forecasts and plans taking into account their experience of trading in the period to 4 April 2021, including the impact of COVID-19 on profitability and cash flows.

The Group has, at the date of approval of this Historical Financial Information, sufficient existing financing available for its estimated requirements for at least the next 12 months. There is also third party/external debt of £12,200,000 with HSBC as well as the IFRS 16 liability.

Sensitivities have been run on the 3 sales channels: own digital platform, digital partnerships and stores, including stress testing the forecasts. In all sensitivities, the Group continues to have satisfactory liquidity throughout the forecast period.

The above, together with the ability to generate cash from trading activities provides the Directors with the confidence that the Group is well placed to manage its business risks successfully in the context of current financial conditions and the general outlook in the global economy. The Directors believe, after careful consideration of forecasted cash flows and expected trading performance that the Group will have sufficient cash to meet its liabilities as they fall due. The Directors have therefore concluded that it is appropriate to adopt the going concern basis for the preparation of these historical financial information.

3.2 Foreign Currency

The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and presentational currency.

The Group includes foreign entities whose functional currencies are not Sterling. On consolidation, the assets and liabilities of those entities are translated at the exchange rates at the Balance Sheet date and income and expenses are translated at the weighted average rates during the period. Translation differences are recognised in Other Comprehensive Income.

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end exchange rates. Exchange differences on monetary items are recognised in the Statement of Total Comprehensive Income.

When gains or losses are recognised on non-monetary items recognised in other comprehensive income, the related translation gain or loss is also recognised in other comprehensive income.

3.3 Revenue

The Group obtains revenue from contracts with customers relating to sales of goods through its own digital platform, digital partnerships and stores. Revenue represents the fair value of amounts receivable for the sale of maternity clothing, and is stated net of discounts, value added taxes and returns.

For all revenue streams, the primary performance obligation is the transfer of goods to the customer. For own digital platform revenue, control is considered to transfer when the goods are delivered to the customer. For digital partnerships revenue, control is considered to transfer when the goods are delivered to the wholesaler. For store revenue, control is considered to transfer when the customer takes possession of the goods in store and pays for the goods.

Accruals for sales returns are estimated on the basis of historical returns and are recorded so as to allocate them to the same period in which the original revenue is recorded. These accruals are reviewed regularly and updated to reflect management's latest best estimates.

3.4 Finance Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

3.5 Employee and Retirement Benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The costs of the defined contribution pension schemes are charged to profit or loss in the year they are payable. Differences between contributions payable in the year and contributions paid are shown as either accruals or prepayments.

3.6 Goodwill

Goodwill arises on the acquisition of subsidiaries and is the excess of the cost of the acquisition together with the value of any non-controlling interest, over the fair value of the identifiable net assets acquired. Goodwill on acquisition is recorded as an intangible asset, recognised at cost. Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

No impairment of goodwill has been recognised in the period (2020:£nil, 2019: £nil). Refer to note 3.9 for detail on the impairment assessment.

3.7 Other Intangible Assets

The cost of acquiring other intangible assets, such as brand names, is capitalised at purchase price and amortised by equal annual instalments over the period in which benefits are expected to accrue, typically ten years.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.8 Property, Plant and Equipment

Tangible fixed assets are stated at cost less accumulated depreciation and impairment.

Depreciation is calculated to write off the cost or deemed cost, less residual value, of the assets in equal annual instalments over their estimated useful lives at the following rates:

Long life leasehold improvements	Over the unexpired term of the lease
Short life leasehold improvement	10 years
Office fixtures and fittings	5 years

Profits and losses on the disposal represent the difference between the net proceeds and net book value at the date of sale. Disposals are accounted for then the relevant transaction becomes unconditional.

3.9 Impairment of Fixed Assets

All fixed assets are reviewed at each year end for indicators of impairment. Assets that have an indefinite useful life are not subject to amortisation and are reviewed annually for impairment. If any impairment arises, an impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. It has been determined that there is one operating segment and cash generating unit in the Group.

3.10 Leases

The Group adopted IFRS 16 Leases, for the period commencing 2nd April 2018. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It replaces IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. The Group leases a number of properties in the UK, U.S. and France.

A contract, or a portion of a contract, is accounted as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset. In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRS rather than IFRS 16.

Under the full retrospective approach, lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

The Group has also taken advantage of the practical expedient available under the amendment to IFRS 16. As such the Group assessed if rent concessions that occurred as a direct consequence of the COVID-19 pandemic meet the following conditions:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- There is no substantive change to other terms and conditions of the lease.

Where these conditions were met the change in the lease payments were not accounted for as a lease modification. The amount of qualifying rent concessions recorded in the income statement amounted to £503,999.

The incremental borrowing rates used in the calculation of the lease liabilities are between 2.3 per cent. and 3.9 per cent.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease.

Right-of-use assets are included in the review for impairment of property, plant and equipment and intangible assets with finite economic lives, if there is an indication that the carrying amount of the cash generating unit may not be recoverable.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.11 Provisions

Provisions are recognised when either a legal or constructive obligation as a result of a past event exists at the Balance Sheet date, it is probable that an outflow of economic resources will be required to settle the obligation, and a reasonable estimate can be made of the amount of the obligation.

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease, as the amount is not a contractually agreed amount and relates to general wear and tear and restoring the fit out to its former condition if required.

3.12 Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises of all costs of purchase, cost of conversion, design costs and other costs incurred in bringing the inventories to their present location and condition. At each reporting date, the Group assesses whether stocks are impaired or if an impairment loss recognised in prior periods has reversed. Any excess of the carrying amount of stock over its estimated selling price less costs to complete and sell, is recognised as an impairment loss in profit or loss.

The cost of inventories is determined using a first-in-first-out (FIFO) method, taking account of the fashion seasons for which the inventory was offered.

3.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax charge. Taxation is charged or credited to the Income Statement unless it relates to items recognised in other comprehensive income or directly in equity. Deferred tax is accounted for using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entities or different taxable entities where there is an intention to settle the balances on a net basis.

3.14 Financial Instruments

Recognition, initial measurement and derecognition

A financial instrument is any contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

Financial instruments are initially recognised at fair value plus directly attributable transaction costs on the Balance Sheet when the entity becomes a party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flow expire or substantially all risks and rewards of the asset are transferred. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

The Group recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All income and expenses relating to financial assets that are recognised in the Consolidated Statement of Comprehensive Income are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other administrative expenses.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables, accruals and contract liabilities, loans and borrowings and derivative financial instruments.

Subsequent to initial recognition, all financial liabilities are stated at amortised cost using the effective interest rate method.

The fair value of the Group's financial assets and liabilities held at amortised cost mostly approximate their carrying amount due to the short maturity of these instruments. Where the fair value of any financial asset or liability held at amortised cost is materially different to the book value, the fair value is disclosed.

3.15 Business Combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Contingent payments are remeasured at fair value through the Income Statement. All transaction costs are expensed to the Income Statement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Non-controlling interests in subsidiaries are identified separately from the Group's equity, and are initially

measured either at fair value or at a value equal to the non-controlling interests' share of the identifiable net assets acquired. The choice of the basis of measurement is an accounting policy choice for each individual business combination. The excess of the cost of acquisition together with the value of any non-controlling interest over the fair value of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement.

3.16 **Exceptional Items**

Exceptional items are significant items of income or expense in revenue, profit from operations, net finance costs, taxation which individually or, if of a similar type, in aggregate, are relevant to an understanding of the Group's underlying financial performance because of their size, nature or incidence. In identifying and quantifying exceptional items, the Group consistently applies a policy that defines criteria that are required to be met for an item to be classified as adjusting. These items are separately disclosed in the segmental analyses or in the notes to the accounts as appropriate.

The Group believes that these items are useful to users of the Group Historical Financial Information in helping them to understand the underlying business performance and are used to derive the Group's principal non-GAAP measures of underlying EBITDA, which is before the impact of exceptional items and which are reconciled from profit from operations.

4. **Critical Accounting Estimates and Judgements**

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

IFRS 16 – Leases

Incremental borrowing rates

In applying IFRS 16 and calculating the lease liability and right-of-use assets, estimates were made over the incremental borrowing rates used for each store.

Refer to note 3.10 for detail on the incremental borrowing rates used.

Lease terms

In calculating the lease liability, the lease term used corresponds to the duration of the contracts signed.

It is the Groups policy to use the full lease term (as opposed to the first exercisable break date) for all leases unless there is a specific intention to exit the property early.

Impairment of goodwill

Projected Cashflows

The estimated future cash flows used to assess the impairment of goodwill are based on management's assumptions. The five-year forecasts performed at each year-end represent the latest detailed forecasts by management at each reporting date, 2020, 2021 and 2022 year-end forecast has also been based on the COVID-19 containment measures in the markets the Group operate in. These forecasts including management assumptions and estimates for future performance. Details of the assumptions used in the impairment review of goodwill and other assets are explained in this note and note 3.

The carrying amounts of the goodwill can be seen in note 13. Sensitivity analysis on the key assumption of the value in use valuations have been undertaken. If the Group's forecast cashflows and terminal cashflows were to reduce by 88.1 per cent. in each reporting period, the Group's goodwill would not be impaired.

Discount Rates

The estimated future cash flows used to assess the impairment of goodwill are based on management's assumptions. A weighted average cost of capital of 8.0 per cent. has been assumed in assessing the value in use for the single cash generating unit. The discount rate would have to increase by 12,740 bps to result in an impairment of goodwill at 4 April 2021.

Impairment of right-of-use assets

The estimated future cash flows used to assess the impairment of right-of-use assets are based on management's assumptions. The five-year forecasts performed at each year-end represent the latest detailed forecasts by management at each reporting date, the 2020, 2021 and 2022 year-end forecast has also been based on the COVID-19 containment measures in the markets the Group operate in. These forecasts including management assumptions and estimates for future performance.

The carrying amounts of the right-of-use assets can be seen in note 15. Sensitivity analysis on the key assumption of the value in use valuations have been undertaken.

Business combinations – valuation and asset lives of separately identifiable intangible assets

In determining the fair value of intangible assets arising in a business combination, management is required to make judgements regarding the timing and amount of future cash flows applicable to the intangible assets being acquired, discounted using an appropriate discount rate. Such judgements are based on current budgets and forecasts, extrapolated for an appropriate period taking into account growth rates and expected changes to selling prices and operating costs. The Directors estimate the appropriate discount rate using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the businesses being acquired. Further details regarding these assets are provided in note 28.

The useful life of the brand value, recognised at fair value on the date of acquisition of 29 December 2020, is deemed to be 10 years.

Returns Provisions

The provision for sales returns is estimated based on recent historical returns and management's best estimates and is allocated to the period in which the revenue is recorded. Actual returns could differ from these estimates. The historic difference between the provision estimates and the actual results, known at a later stage, has never been, nor is expected to be, material.

5. Revenue

The Directors have considered the requirement of IFRS 15 with regards to disaggregation of revenue by operating segment. IFRS 8 requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker (CODM). The CODM has been determined to be the Board as it is primarily responsible for the allocation of resources to segments and the assessment of performance of the segments. It has been determined that there is one operating segment in the Group.

The Group's Revenue, all of which is derived from its principal activity, can be split in the sales channels below:

	2019 £	2020 £	2021 £
Own digital platform	14,735,194	21,316,705	30,533,885
Digital partnerships	3,320,298	2,874,133	2,388,664
Stores	3,953,477	3,861,922	1,246,139
	<u>22,008,969</u>	<u>28,052,760</u>	<u>34,168,688</u>

The Group's Revenue, all of which is derived from its principal activity, is achieved in the geographical markets below:

	2019 £	2020 £	2021 £
UK	7,359,597	7,527,487	8,919,248
Europe	6,876,628	9,969,271	13,722,824
North America	6,352,308	9,349,996	9,801,959
Rest of World	1,420,436	1,206,006	1,724,657
	<u>22,008,969</u>	<u>28,052,760</u>	<u>34,168,688</u>

6. Employee Benefit Expenses

	2019 £	2020 £	2021 £
Wages and salaries	2,854,598	2,983,324	2,687,896
Social security costs	308,451	326,754	298,244
Pension costs	99,652	122,174	118,110
	<u>3,262,701</u>	<u>3,432,252</u>	<u>3,104,250</u>

The amount recognised in the Consolidated Statement of Comprehensive Income as an expense in relation to the Group's defined contribution schemes is £118,110 (2020: £122,174; 2019: £99,652).

7. Director and Key Management Personnel Compensation

During the period the average number of Directors employed by the Kensington Topco Group was 3 (2020: 3, 2019: 3). At the beginning of the financial year three Directors were employed by Stork Topco Limited and one Director was appointed on 17 September 2020. On 30 December 2020 two Directors resigned from Stork Topco Limited and two Directors were re-employed by the parent company Kensington Bidco Limited. One new Director was appointed on 30 December 2020 to Kensington Bidco Limited.

The aggregate remuneration paid to the Directors during the period was £523,102 (2020: £357,006, 2019: £405,621). The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2020: 2, 2019: 2).

Directors' emoluments disclosed above include the following amounts paid to the highest paid director:

	2019 £	2020 £	2021 £
Remuneration for qualifying services	178,179	157,342	163,858
Pension costs	35,167	10,000	10,000
	<u>213,346</u>	<u>167,342</u>	<u>173,858</u>

The Directors and certain senior employees who have responsibility for planning, directing and controlling the activities of the Group are key management personnel. Total remuneration including social security costs in respect of these individuals is £834,431 (2020: £839,204, 2019: £841,841).

8. Finance Income and Expense

	2019 £	2020 £	2021 £
Finance Income			
Bank interest	4,138	—	—
Total Finance Income	<u>4,138</u>	<u>—</u>	<u>—</u>

Finance Expense

Interest expense on loans and borrowings	572,494	159,359	1,368,096
Interest expense on lease liabilities	258,551	230,914	205,088
Release of arrangement fee for loan notes	–	–	88,354
Total Finance Expense	<u>831,045</u>	<u>390,273</u>	<u>1,661,538</u>

The value of interest on loans and borrowings which was paid in the period was £111,324 (FY20: £1,155,852, 2019: £3,370).

9. Exceptional Items

	2019 £	2020 £	2021 £
Design infringement legal expenses (net of income received).....	541,199	(68,439)	(2,816)
Relocation of warehouse	–	(166,767)	–
Transaction costs	(33,406)	(219,433)	(605,341)
Company registration of Kensington Topco Limited	–	–	(9,415)
Transaction related costs in Kensington Topco Limited	–	–	(56,850)
Costs directly attributable to the acquisition of Stork Topco Limited	–	–	(2,437,124)
	<u>507,793</u>	<u>(454,639)</u>	<u>(3,111,546)</u>

During the year the Group incurred net legal costs of £2,816 (2020: £68,439, 2019: Income net of expenses £541,199) with respect to a potential third party design infringements, costs are stated net of income received from these claims.

During 2020 the Group relocated its warehouse with its exiting third-party logistics provider to a new facility in Belgium to mitigate against the United Kingdom leaving the European Union. The costs associated with this move were £166,767 (2019: £Nil). No such costs were incurred in 2021.

On 8 April 2019 the Group refinanced its £5,250,000 10 per cent. unsecured redeemable loan notes by obtaining from HSBC UK Bank PLC (“**HSBC**”) a 5-year £4,000,000 Base Currency sterling loan facility, together with a £1,000,000 multicurrency revolving credit facility. The costs associated with this transaction were £207,609. Both facilities incurred interest at 2.5 per cent. + LIBOR.

During 2020 the Group incurred costs of £11,824 regarding a potential business acquisition.

On 5 June 2019 the entire share capital of Seraphine Limited was sold to Stork Acquisition Limited, a wholly owned subsidiary of Stork Topco Limited, the Group incurred costs of £Nil (2020: £Nil, 2019: £33,406) associated with this transaction. During 2021, the Group incurred costs related to the acquisition of Stork Topco Limited by Kensington Bidco Limited of £2,437,124.

10. Operating Profit

	2019 £	2020 £	2021 £
The operating profit is stated after charging:			
Depreciation of tangible fixed assets	198,906	187,176	135,205
Loss on disposal of tangible fixed assets	2,855	–	–
Amortisation of website and business systems	159,088	206,874	272,698
Amortisation of brand value	1,331,415	1,331,415	2,083,569
Impairment of stock	29,663	9,589	16,238
Statutory auditor’s remuneration	30,000	34,000	106,000
Fees payable to the Group’s statutory auditors for other services	18,345	41,912	92,360
Government grants in respect of Job Retention Scheme and Lockdown support.....	(10,122)	(315,737)	
Foreign exchange loss/(gain).....	44,791	50,979	(31,982)
Right-of-use asset depreciation	1,104,836	1,044,931	932,035
Right-of-use asset impairment.....	694,722	915,880	188,537
Cost of stocks recognised as an expense in cost of sales	7,622,740	9,438,616	11,656,740

11. Taxation

	2019 £	2020 £	2021 £
Current Tax Expense			
Current tax on UK profits for the year	495,364	598,335	821,920
Adjustment for (over)/under provision in prior periods..	22,377	(5,495)	7,277
	<u>517,741</u>	<u>592,840</u>	<u>829,197</u>
Overseas tax	5,983	29,705	-
Total Current Tax	<u>523,724</u>	<u>622,545</u>	<u>829,197</u>
Deferred Tax Expense			
Origination and reversal of timing differences	(224,516)	(134,585)	(347,506)
Adjustments in respect of prior periods	4,453	(4,304)	(7,670)
Group Deferred tax	<u>(220,063)</u>	<u>(138,889)</u>	<u>(355,176)</u>
Total Current Tax	523,724	622,545	829,197
Total Deferred Tax	(220,063)	(138,889)	(355,176)
Total Tax Expense	<u>303,661</u>	<u>483,656</u>	<u>474,021</u>
	£	£	£
Profit/(loss) on ordinary activities before tax	<u>622,146</u>	<u>1,326,444</u>	<u>(1,472,330)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19%....	118,208	252,024	(279,742)
Expenses not deductible for tax purposes.....	3,638	2,296	5,612
Expenses not deductible for tax purposes in respect of the acquisition of Stork Topco Limited	-	-	63,053
Non-qualifying depreciation	10,327	6,542	1,389
Non-qualifying amortisation	116,216	116,211	178,938
Interest not deductible for tax purposes	65,492	1,469	134,493
Interest not deductible for tax purposes in respect of acquisition of Stork Topco Limited	-	-	16,787
Higher taxes on overseas earnings	10,007	31,442	8,967
Deferred taxation rate	26,630	26,629	19,971
Tax (over)/under provided in prior years	16,431	(12,494)	-
Other permanent differences	(63,288)	(59,537)	(75,447)
Total tax expense	<u>303,661</u>	<u>483,656</u>	<u>(474,021)</u>

For further information on deferred tax balances see note 24.

The March 2020 Budget announced that a rate of 19 per cent. would continue to apply with effect from 1 April 2020 and this was substantively enacted on 17 March 2020.

As the deferred tax assets and liabilities should be recognised based on the corporation tax rate at which they are anticipated to unwind, the assets and liabilities on UK operations have been largely recognised at a rate of 19 per cent. (2020:19 per cent., 2019:19 per cent.). Assets and liabilities arising on foreign operations have been recognised at the applicable overseas tax rates.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25 per cent. from April 2023. This rate has not been substantively enacted at the balance sheet date, as result UK deferred tax balances as at 30 January 2021 continue to be measured at 19 per cent. If all of the UK deferred tax was to reverse at the amended rate the impact to the closing deferred tax position would be to increase the deferred tax asset/liability by £2.5m.

12. Loss per Share

	2019	2020	2021
Loss per share	–	–	£(1.98)
	2019	2020	2021
	£	£	£
Loss for the period	–	–	(1,934,315)
Weighted number of shares in issue	–	–	975,010

There were no potentially dilutive shares, options or warrants in issue, hence fully diluted earnings per share are identical to basic earnings per share.

13. Intangible Fixed Assets

	Goodwill £	Brand Value £	Trademarks £	Website and Business Systems £	Total £
COST					
As at 2 April 2018	5,693,822	13,314,135	43,905	580,922	19,632,784
Additions	–	–	18,039	229,943	247,982
Disposals	–	–	–	(119,792)	(119,792)
Exchange differences	–	–	–	(258)	(258)
As at 1 April 2019	5,693,822	13,314,135	61,944	690,815	19,760,716
Additions	–	–	22,676	720,291	742,967
Disposals	–	–	–	(34,877)	(34,877)
Exchange differences	–	–	–	155	155
As at 5 April 2020	5,693,822	13,314,135	84,620	1,376,384	20,468,961
Additions	–	–	9,980	387,654	397,634
Disposals	–	–	–	–	–
Exchange differences	–	–	–	(1,354)	(1,354)
Extinguished on acquisition	(5,693,822)	–	–	–	(5,693,822)
Cost on acquisition	13,769,598	–	–	–	13,769,598
Fair value adjustment on acquisition	–	27,938,765	–	–	27,938,765
As at 4th April 2021	13,769,598	41,252,900	94,600	1,762,684	56,879,782
AMORTISATION AND IMPAIRMENT					
As at 2 April 2018	–	1,109,510	–	111,306	1,220,816
Amortisation for the period	–	1,331,415	–	159,088	1,490,503
Disposals	–	–	–	(79,656)	(79,656)
Exchange differences	–	–	–	(16)	(16)
As at 1 April 2019	–	2,440,925	–	190,722	2,631,647
Amortisation for the period	–	1,331,415	–	206,874	1,538,289
Disposals	–	–	–	(34,877)	(34,877)
Exchange differences	–	–	–	(14)	(14)
As at 5 April 2020	–	3,772,340	–	362,705	4,135,045
Amortisation for the period to 28 December 2020	–	998,561	–	272,698	1,271,259
Exchange differences	–	–	–	–	–
Disposals	–	–	–	(285)	(285)
Fair value adjustment on acquisition	–	(4,770,901)	–	–	(4,770,901)
Amortisation for the period from 29 December 2020	–	1,085,008	–	–	1,085,008
As at 4th April 2021	–	1,085,008	–	635,118	1,720,126

	<i>Goodwill</i> £	<i>Brand Value</i> £	<i>Trademarks</i> £	<i>Website and Business Systems</i> £	<i>Total</i> £
NET BOOK VALUE					
As at 4th April 2021	13,769,598	40,167,892	94,600	1,127,566	55,159,656
As at 5 April 2020	5,693,822	9,541,795	84,620	1,013,679	16,333,916
As at 31 March 2019	5,693,822	10,873,210	61,944	500,093	17,129,069

The amortisation charge for Brand Value and trademarks for the period are recognised within administrative expenses.

As at 4 April 2021, the Brand Value intangible asset, which relates to Seraphine, has a remaining amortisation period of 9 years 9 months. Goodwill of £13,769,598 relates to the acquisition of Stork Topco Limited.

The following is the intangibles that are fully depreciated and still in use at year end 2021: £351,503 (2020: £45,576; 2019: £34,877).

The average remaining amortisation period of the Website and Business systems is 4 years.

Impairment testing for cash-generating units containing goodwill

As goodwill is not amortised, the Group tests goodwill for impairment on an annual basis, or more frequently if there are indicators of impairment. The Group tests for impairment of goodwill and brand value at Group level as there is a single operating segment and a single CGU. The impairment assessment is performed by considering the recoverable amount of the cash-generating unit against carrying value.

The impairment testing of goodwill involved aggregating the carrying value of goodwill and brand value and comparing this to value in use calculations derived from the latest, Board approved Group cash flow projections.

The recoverable amount has been determined on a value in use basis. The key assumptions are those regarding the projected operating cashflows, the long-term growth rate and the discount rates applied.

Estimated future cash flows are determined by reference to the budget for the year following the reporting date and forecasts for the following 4 years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board of Directors has been prepared after considering the current economic environment in each of the Group's markets. These projections represent the Director's best estimate of the future performance of these businesses.

The pre-tax discount rate used in the value in use calculations represent the Group's assessment of the current market and other risks specific to the Group.

Long term growth rates are applied after the forecast period. These are based on external reports on long-term GDP growth rates for the market in which the Group operates.

The Group has undertaken a sensitivity analysis based on changes to key assumptions considered to be reasonably possible by management. These sensitivities of revenue growth rate and operating profit growth rate have been considered as to whether they are reasonably possible to either erode headroom or give risk of material adjustment to carrying values. Results for both goodwill and intangibles testing showed that there was no risk of impairment when applying these reasonably possible sensitivity scenarios.

The recoverable amount of the single cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five-year period, and a pre-tax discount rate of 8.0 per cent. per annum (2020: 8.0 per cent, 2019: 8.0 per cent.).

In each reportable period, the value in use model assumes an annual sales growth rate over the five-year forecast period of 5 per cent. and a cashflow growth of 2 per cent. In each reportable period, reducing cashflow growth to zero per cent. would not result in any impairment.

The Directors estimate that a change in the discount rate of 12,740 bps to a revised discount rate of 84.8 per cent. would reduce the headroom in the cash-generating unit at each reporting date, however, would not result in an impairment charge.

A terminal growth rate of 2 per cent. has been used to derive the terminal value in the value in use model.

Impairment assessment for other non-current assets

Trademarks

The carrying amount of trademarks is reviewed at each reporting date to determine whether there is any indication that they have suffered an impairment loss. No such indicators have been identified for the reporting period and therefore no impairment testing has been performed.

Brand value

The carrying amount of brand value are reviewed at each reporting date to determine whether there is any indication that they have suffered an impairment loss. No such indicators have been identified for the reporting period and therefore no impairment testing has been performed.

PPE

The carrying amount of PPE are reviewed at each reporting date to determine whether there is any indication that they have suffered an impairment loss. No such indicators have been identified for the reporting period and therefore no impairment testing has been performed.

14. Property, Plant and Equipment

	<i>Leasehold Improvements</i>	<i>Fixtures and fittings</i>	<i>Total</i>
	£	£	£
COST			
As at 2 April 2018.....	246,469	363,628	610,097
Additions	45,666	145,902	191,568
Disposals	—	(69,906)	(69,906)
Exchange differences.....	(2,395)	2,370	(25)
As at 1 April 2019	289,740	441,994	731,734
Additions	—	28,274	28,274
Disposals	—	(11,524)	(11,524)
Exchange differences.....	180	3,000	3,180
As at 5 April 2020	289,920	461,744	751,664
Additions	—	58,377	58,377
Disposals	—	—	—
Exchange differences.....	(1,501)	(15,677)	(17,178)
As at 4th April 2021	288,419	504,444	792,863

	<i>Leasehold Improvements</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
DEPRECIATION			
As at 2 April 2018	35,285	102,607	137,892
Depreciation for the period	69,930	128,976	198,906
Disposals	—	(69,906)	(69,906)
Exchange differences	(110)	4,582	4,472
As at 1 April 2019	105,105	166,259	271,364
Depreciation for the period	65,740	121,436	187,176
Disposals	—	(11,524)	(11,524)
Exchange differences	(41)	1,957	1,916
As at 5 April 2020	170,804	278,128	448,932
Depreciation for the period	53,585	81,620	135,205
Disposals	—	—	—
Exchange differences	(2,275)	(12,503)	(14,778)
As at 4th April 2021	222,114	347,245	569,359
NET BOOK VALUE			
As at 4 April 2021	66,305	157,199	223,504
As at 5 April 2020	119,116	183,616	302,732
As at 1 April 2019	184,635	275,735	460,370

The following is the cost of property, plant and equipment that are fully depreciated and still in use at year end 2021: £584,840 (2020: £311,165; 2019: £122,953).

15. Right-of-Use Assets

Right-of-Use Assets

	<i>Leasehold Property</i> £
At 2 April 2018	8,567,147
Lease modifications	—
Impairment	(694,722)
Depreciation	(1,104,836)
At 1 April 2019	6,767,590
At 2 April 2019	6,767,590
Lease modifications	—
Impairment	(915,880)
Depreciation	(1,044,931)
At 5 April 2020	4,806,778
At 6 April 2020	4,806,778
Lease modifications	(166,291)
Impairment	(188,537)
Depreciation	(932,035)
At 4 April 2021	3,519,916

The impairment testing of right-of-use assets consisted of comparing the carrying value of the asset to the recoverable amount derived from the latest, Board approved Group cash flow projections. This has been performed on a lease-by-lease basis.

The recoverable amount has been determined on a value in use basis. The key assumptions are those regarding the projected operating cashflows, the long-term growth rate and the discount rates applied. A long term growth rate of 2 per cent. has been applied for all leases.

Estimated future cash flows are determined by reference to the budget for the year following the reporting date and forecasts for the following 4 years, after which a long-term perpetuity growth rate is applied. The most recent financial budget approved by the Board of Directors has been prepared after considering the current economic environment in each of the Group's markets. These projections represent the Director's best estimate of the future performance of these businesses.

The pre-tax discount rate used in the value in use calculations represent the Group's assessment of the current market and other risks specific to the Group and is equal to the incremental borrowing rate for each store. A discount rate equal to the incremental borrowing rate, ranging between 2.3 per cent. and 3.9 per cent. for the portfolio of leases, has been used.

Long term growth rates are applied after the forecast period. These are based on external reports on long-term GDP growth rates for the market in which the Group operates.

The Group has undertaken a sensitivity analysis based on changes to key assumptions considered to be reasonably possible by management. These sensitivities of revenue growth rate and operating profit growth rate have been considered as to whether they are reasonably possible to either erode headroom or give risk of material adjustment to carrying values.

The above impairment assessment has resulted in an impairment being recognised in 2021 of £188,537 (2020: £915,880, 2019: £694,722).

16. Fixed Asset Investments

A list of significant investment in subsidiaries, all of which have been included in the historical financial information, are as follows:

<i>Subsidiary</i>	<i>Class of shares</i>	<i>Country of incorporation</i>	<i>Nature of business</i>	<i>% Holding at 1 April 2019</i>	<i>% Holding at 5 April 2020</i>	<i>% Holding at 4 April 2021</i>
Kensington Midco Limited	Ordinary	UK	Holding Company	–	–	100%
Kensington Bidco Limited	Ordinary	UK	Holding Company	–	–	100%
Stork Topco Limited	Ordinary	UK	Holding Company	–	–	100%
Stork Midco Limited	Ordinary	UK	Holding Company	–	–	100%
Stork Acquisition Limited	Ordinary	UK	Holding Company	–	–	100%
Seraphine Limited	Ordinary	UK	Retail, E-Commerce and wholesale sales of maternity wear	–	–	100%
Seraphine Holdings Corp	Ordinary	USA	Holding Company	–	–	100%
Seraphine USA, Inc.	Ordinary	USA	E-Commerce and wholesale sales of maternity wear	–	–	100%
Seraphine Maternity LLC	Common stock	USA	Retail Sales of maternity wear	–	–	100%
Seraphine Concessions LLC	Common stock	USA	Retail Sales of maternity wear	–	–	100%
Seraphine (Europe) Limited	Ordinary	UK	Holding Company	–	–	100%
Seraphine France SARL	Ordinary	France	Retail Sales of maternity wear	–	–	100%
Shoetherapy Limited	Ordinary	UK	Dormant Company	–	–	100%
CR Fashion Limited	Ordinary	UK	Dormant Company	–	–	100%

Kensington Midco Limited is the only directly held subsidiary.

17. Inventories

	<i>2019</i>	<i>2020</i>	<i>2021</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Finished goods and goods held for resale.....	<u>4,368,003</u>	<u>6,014,727</u>	<u>7,510,108</u>

18. Trade and Other Receivables

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Trade receivables	613,770	484,456	479,164
Provision for impairment of trade receivables	(9,364)	(3,287)	(3,309)
Trade receivables – Net	604,406	481,169	475,855
Other taxation and social security	303,626	–	–
Other receivables	237,767	194,364	539,312
Prepayments	347,146	251,037	174,274
Total Trade and Other Receivables	<u>1,492,945</u>	<u>926,570</u>	<u>1,189,441</u>

Included within Other Receivables are rent deposits of £135,779 (2020: £136,079, 2019: £134,417) which will be repaid in greater than one year.

Impairment of Financial Assets

The Group applies the IFRS 9 Simplified Approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Group's historical credit losses experienced over the 12 months prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers.

The Group has taken out an insurance policy in order to cover the year end trade receivables balance and to reduce credit risk. The policy covers customers on an individual basis with a credit limit applied based on the payment history of each customer. The policy is reviewed on a regular basis to ensure that material customers are covered and that the credit risk is sufficiently mitigated.

Movements in the impairment allowance for trade receivables were as follows:

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Opening provision for the impairment of trade receivables	9,263	9,364	3,287
Movement in impairment in the year	101	(6,077)	22
Carried Forward	<u>9,364</u>	<u>3,287</u>	<u>3,309</u>

The carrying amount of trade and other receivables approximates to their fair value.

19. Trade and Other Payables

	Note	1 April 2019 £	5 April 2020 £	4 April 2021 £
Trade payables	1	1,067,702	2,418,781	3,075,969
Other taxation and social security		247,295	443,453	688,394
Other creditors		22,750	6,944	3,318
Accruals and deferred income		628,143	1,252,784	3,155,056
Corporation tax		197,122	169,032	227,177
		<u>2,163,012</u>	<u>4,290,994</u>	<u>7,149,914</u>

The table below shows the trade and other payables which are classified as financial liabilities and are measured at amortised cost which approximates fair value.

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Trade payables	1,067,702	2,418,781	3,075,969
Other creditors	22,750	6,944	3,318
Accruals and deferred income	247,295	443,453	688,394
Total	<u>1,337,747</u>	<u>2,869,179</u>	<u>3,767,681</u>

20. Lease Liabilities

Lease Liabilities	Leasehold Property £
At 2 April 2018	9,174,287
Lease modifications	
Interest Expense	258,551
Lease Capital Payment	(1,062,730)
Lease Interest Payment	(258,551)
At 1 April 2019	<u>8,111,557</u>
At 2 April 2019	8,111,557
Lease modifications	
Interest Expense	230,914
Lease Capital Payment	(1,183,668)
Lease Interest Payment	(230,914)
At 5 April 2020	<u>6,927,889</u>
At 6 April 2020	6,927,889
Lease modifications	(166,291)
Interest Expense	205,088
Lease Capital Payment	(716,183)
Lease Interest Payment	(205,088)
At 4 April 2021	<u>6,045,415</u>

Rent Concessions

Due to COVID-19 and resulting government policies, stores were closed in the UK, U.S. and France for various periods during 2020 and 2021.

The Group has received rent concessions from lessors due to the Group being unable to open for significant periods of time. These concessions were in the form of rent reductions for various lengths of time.

As discussed in the Significant Accounting Policies (see 3.10), the Group has elected to apply the practical expedient introduced by the amendments to IFRS 16 to all rent concessions that satisfy the criteria.

All rent concessions, other than those extending further than June 2022, satisfy the criteria to apply the practical expedient.

Maturity Analysis of lease liabilities

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Less than one year	1,183,668	716,183	915,912
Between one and five years	3,847,356	4,197,001	3,777,138
Over five years.....	3,080,533	2,014,705	1,352,366
	<u>8,111,557</u>	<u>6,927,889</u>	<u>6,045,415</u>

21. Loan and Borrowings

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Bank Loans	—	4,700,000	12,694,049
10% unredeemable loan notes	6,246,493	—	—
A Loan Notes	—	—	40,647,811
B Loan Notes	—	—	1,370,997
Loan Notes Total	<u>—</u>	<u>—</u>	<u>42,018,808</u>
Total Loans and borrowings.....	<u>6,246,493</u>	<u>4,700,000</u>	<u>54,712,857</u>

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Within one year	—	1,600,000	2,619,049
Between one and five years	6,246,493	3,100,000	52,093,808
	<u>6,246,493</u>	<u>4,700,000</u>	<u>54,712,857</u>

1 April 2019 and 5 April 2020

The £5,250,000 10 per cent. unsecured redeemable loan notes (“**Loan Notes**”) were repaid on 8 April 2019 together with accrued interest of £1,009,150. Interest is compounded at a fixed rate of 10 per cent. and interest of £Nil (2020: £12,657; 2019: £564,986) was charged in the year.

The facilities provided by the Group’s bankers HSBC is a 5-year £4,000,000 Base Currency sterling loan facility, together with a £1,000,000 multicurrency revolving credit facility. Interest is charged on both facilities at 2.5 per cent. + LIBOR. The facilities are secured by way of a composite cross guarantee given by all Kensington Topco Limited group companies. The loan was settled on 29 December 2020.

4 April 2021

The £41,586,171 fixed rate A Loan Notes 2026 was entered into on 30 December 2020 and is due for repayment on 30 December 2026. Interest is compounded each year at a fixed rate of 10 per cent. and interest of £1,093,773 was compounded during the period. There are capitalised arrangement fees in relation to these loan notes of £2,120,486 which are released over the period of the notes.

The £1,335,862 Fixed Rate B Loan Notes 2026 was entered into on 30 December 2020 and is due for repayment on 30 December 2026. Interest is compounded each year at a fixed rate of 10 per cent. and interest of £35,135 was compounded during the period.

The bank loans consist of two £500,000 drawdowns under a revolving credit facility, an import loan facility of £494,049 and a bank loan of £11,200,000. The two £500,000 drawdowns under a revolving credit facility are due for repayment on 24 May 2021 and 30 June 2021 and carry a fixed rate of interest at 4.06013 per cent. and 4.031 per cent. respectively. These facilities are secured on the assets of the Company.

The £11,200,000 balance relates to a bank loan repayable in instalments commencing 30 September 2021 as follows and carries a fixed rate of interest at 4.0 per cent. plus LIBOR:

	£
Due within one year	1,125,000
Due 1-2 years	1,625,000
Due 2 – 5 years	8,450,000
.....	<u>11,200,000</u>

At the 4 April 2021 the rate for the period 29 December 2020 to 30 June 2021 is fixed at 4.031 per cent. The loans are secured on a fixed and floating charge over the assets of the Group.

At the 4 April 2021 the Company has £494,049 of import loans outstanding repayable between 10 April 2021 and 28 May 2021. This import loan facility is a short-term cash advance that enables the Group to meet the payment requirements under a sight or usance letter of credit.

22. Financial Instruments

The Group is exposed through its operations to the following financial risks:

- Credit risk
- Liquidity risk
- Foreign currency risk, and
- Capital management.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings

The Group's financial instruments may be analysed as follows:

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Trade and other receivables	841,552	675,533	1,015,167
Cash and cash equivalents	3,281,589	5,248,043	3,168,542
Financial Assets measured at amortised cost	4,123,141	5,923,576	4,183,709
Trade and other payables	(1,337,747)	(2,869,179)	(3,767,681)
Loans and borrowings	(6,246,493)	(4,700,000)	(54,712,857)
Financial Liabilities measured at amortised cost	(7,584,240)	(7,569,147)	(58,480,538)

Financial assets measured at amortised cost comprise trade receivables, other receivables and cash and cash equivalents.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and loans and borrowings.

The Group is exposed to a variety of financial risks through its use of financial instruments which result from its operating activities. The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed are described below:

Credit Risk

The Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the reporting date, as summarised below:

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Financial Assets measured at amortised cost	4,123,141	5,923,576	4,183,709

The Group's exposure to credit risk arises from cash and cash equivalents, as well as outstanding receivables (note 18).

The Group's cash and cash equivalents are all held on deposit with leading international banks and hence the Directors consider the credit risk associated with such balances to be low.

The Group provides credit to customers in the normal course of business. The amounts presented in the Statement of Financial Position in relation to the Group's trade receivables are presented net of loss allowances. The Group measures loss allowances at an amount equal to the lifetime expected credit losses (ECL's) using both qualitative and quantitative information and analysis based on the Group's historical experience and forward-looking information.

Liquidity Risk

Liquidity risk arises from the Group's management of working capital and the amount of funding required for growth. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group manages its cash and borrowing requirements through preparation of annual cash flow forecasts reflecting known commitments and anticipated projects in order to maximise interest income and minimise interest expense, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of the Group. Borrowing facilities are arranged as necessary to finance requirements.

The follow table shows the maturities of gross undiscounted cash flows of financial liabilities:

Contractual maturities of financial liabilities as at 1 April 2019 are as follows:

	Carrying amount £	Contractual Cashflows £	< 1 Year £	1 - 5 Years £	5 Years and over £
Trade and other payables	(1,337,747)	(1,337,747)	(1,337,747)	—	—
Loans and borrowings	(6,246,493)	(6,246,493)	—	—	(6,246,493)
Total	(7,584,240)	(7,584,240)	(1,337,747)	—	(6,246,493)

Contractual maturities of financial liabilities as at 5 April 2020 are as follows:

	Carrying amount £	Contractual Cashflows £	< 1 Year £	1 - 5 Years £	5 Years and over £
Trade and other payables	(2,869,178)	(2,869,178)	(2,869,178)	—	—
Loans and borrowings	(4,700,000)	(4,700,000)	(1,600,000)	(3,100,000)	—
Total	(7,569,147)	(7,569,147)	(4,469,178)	(3,100,000)	—

Contractual maturities of financial liabilities as at 4 April 2021 are as follows:

	Carrying amount £	Contractual Cashflows £	< 1 Year £	1 - 5 Years £	5 Years and over £
Trade and other payables	(3,767,681)	(3,767,681)	(3,767,681)	—	—
Loans and borrowings	(54,712,857)	(54,712,857)	(2,619,049)	(52,093,808)	—
Total	(58,480,538)	(58,480,538)	(6,386,730)	(52,093,808)	—

Foreign Currency Risk

Foreign exchange risk is the risk that movements in exchange rates affect the profitability of the business. A proportion of the Group's purchases and sales are denominated in U.S. Dollars and Euros. The group's policy is to hedge a portion of foreign exchange risk associated with forecast overseas transactions, and transactions and monetary items denominated in foreign currencies. The Group monitors exchange rate movements closely and ensure adequate funds are maintained in appropriate currencies to meet known liabilities.

A proportion of the Group's purchases which are settled in U.S. Dollars are completed using Letter of Credit facilities from the Company's bank. In the period \$2,486,115 (2020: \$2,851,991; 2019: \$1,763,125) were utilised. At the balance sheet date, the Company had \$580,547 commitments in respect of these contractual facilities (2020: \$188,677; 2019: \$179,148).

The Group exposure to foreign currency risk at the end of the respective reporting period was as follows:

	1 April 2019 £	5 April 2020 £	4 April 2021 £
USD	629,647	373,056	860,816
EUR	584,698	608,375	(623,589)
AUD	—	68,971	138,394
JPY	979	937	937
Total	1,215,324	1,051,339	376,558

Liabilities include the monetary assets and liabilities of subsidiaries denominated in foreign currency.

The Group is exposed to foreign currency risk on the relationship between the functional currencies of group companies and the other currencies in which the Group's material assets and liabilities are denominated. The table below summaries the effect on reserves had the functional currencies of the Group weakened or strengthened against these other currencies, with all other variables held constant.

	1 April 2019 £	5 April 2020 £	4 April 2021 £
10% strengthening of functional currency			
USD	572,407	339,142	782,560
EUR	531,544	553,069	(566,899)
AUD	—	62,701	125,813
JPY	890	851	851
Total	1,104,840	955,763	342,325

	1 April 2019	5 April 2020	4 April 2021
	£	£	£
10% weakening of functional currency			
USD	699,608	414,506	956,462
EUR	649,665	675,973	(692,877)
AUD	–	76,635	153,771
JPY	1,088	1,041	1,041
Total	<u>1,350,360</u>	<u>1,168,154</u>	<u>418,397</u>

The impact of a change of 10 per cent. has been selected as this has been considered reasonable given the current level of exchange rates and the volatility observed both on a historical basis and market expectations for future movements.

Fair value of financial instruments

The fair values of all financial assets and liabilities approximates their carrying value.

Capital Management

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

23. Provisions for Liabilities

	<i>Leasehold dilapidations</i> £
As at 2 April 2018.....	42,676
Charge to the profit and loss account	18,439
As at 1 April 2019.....	61,115
Charged to the profit and loss account	21,586
As at 5 April 2020.....	82,701
Charged to the profit and loss account	20,007
As at 4th April 2021	102,708

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease as a result of general 'wear and tear'. The cost is recognised as an expense in the Consolidated Statement of Comprehensive Income and is recognised as it is incurred. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

24. Deferred Tax

	<i>Fixed Asset Differences</i>	<i>Arising on Business Combination</i>	<i>Total</i>
	£	£	£
Analysis of deferred tax:			
Balance at 1 April 2018	100,681	2,074,775	2,175,456
Adjustment in respect of prior years	(253)	–	(253)
Utilised through profit or loss	6,529	(226,339)	(219,810)
Balance at 1 April 2019	106,957	1,848,436	1,955,393
Adjustment in respect of prior years	(4,304)	–	(4,304)
Utilised through profit or loss	91,759	(226,344)	(134,585)
Balance at 5 April 2020	194,412	1,622,092	1,816,504
Adjustment in respect of prior years	(7,670)	–	(7,670)
Extinguished on business acquisition		(1,452,334)	(1,452,334)
Acquisition of subsidiaries		7,838,051	7,838,051
Utilised through profit or loss	28,472	(375,978)	(347,506)
Balance at 4 April 2021	215,215	7,631,831	7,847,045
	<i>1 April 2019</i>	<i>5 April 2020</i>	<i>4 April 2021</i>
	£	£	£
Amounts falling due within one year	273,342	274,410	850,452
Amounts falling due after more than one year	1,682,051	1,542,094	6,996,593
Total	1,955,393	1,816,504	7,847,045

25. Notes supporting the statement of cashflows

	<i>2 April 2018</i>	<i>Cashflows</i>	<i>Non-cash movement</i>	<i>1 April 2019</i>
Lease liabilities	9,174,287	(1,321,281)	258,551	8,111,557
Long-term borrowings	5,681,507	(3,370)	568,356	6,246,493
Short-term borrowings	–	–	–	–
Total liabilities from financing activities	14,855,794	(1,324,651)	826,907	14,358,050
	<i>1 April 2019</i>	<i>Cashflows</i>	<i>Non-cash movement</i>	<i>5 April 2020</i>
Lease liabilities	8,111,557	(1,414,582)	230,914	6,927,889
Long-term borrowings	6,246,493	(3,305,852)	159,359	3,100,000
Short-term borrowings	–	1,600,000	–	1,600,000
Total liabilities from financing activities	14,358,050	(3,120,434)	390,273	11,627,889
	<i>5 April 2020</i>	<i>Cashflows</i>	<i>Non-cash movement</i>	<i>4 April 2021</i>
Lease liabilities	6,927,889	(921,271)	38,798	6,045,416
Long-term borrowings	3,100,000	6,482,676	492,324	10,075,000
Short-term borrowings	1,600,000	1,019,049	–	2,619,049
Loan notes	–	40,889,901	1,128,907	42,018,808
Total liabilities from financing activities	11,627,889	47,470,355	1,660,029	60,758,273

26. Share Capital

	1 April 2019 £	5 April 2020 £	4 April 2021 £
Allotted, called up and fully paid 823,546 A ordinary share capital of 10p each	—	—	82,355
Allotted, called up and fully paid 26,454 B ordinary share capital of 10p each	—	—	2,645
Allotted, called up and fully paid 125,000 C ordinary share capital of 10p each	—	—	12,500
Total Share Capital.....	<u>—</u>	<u>—</u>	<u>97,500</u>

As described in note 2, the historical financial information for 2019 and 2020 is that of Stork Topco Limited and therefore it is not meaningful to present share capital and reserves for this period. Consequently, for this period the aggregate equity attributable to equity holders of Stork Topco Limited has been disclosed as “Invested Capital” in the balance sheet.

During the year ended 4 April 2021, the following new ordinary shares were issued:

	Share Capital £	Share Premium £	Total Consideration £
Allotted, called up and fully paid 823,546 A ordinary share capital of 10p each	82,355	741,191	823,546
Allotted, called up and fully paid 26,454 B ordinary share capital of 10p each	2,645	23,809	26,454
Allotted, called up and fully paid 125,000 C ordinary share capital of 10p each	12,500	112,500	125,000
Total	<u>97,500</u>	<u>877,500</u>	<u>975,000</u>

On 21 December 2020, one A ordinary share of £1 was issued, allotted and fully paid for a consideration of £10. On 30 December 2020 this share was subdivided into ten 10p A ordinary shares and a further 823,536 A ordinary shares of 10p each were issued, allotted and fully paid for a consideration of £823,536.

On 30 December 2020, 26,454 B ordinary shares of 10p each were issued, allotted and fully paid for a consideration of £26,454.

On 30 December 2020, 120,000 C ordinary shares of 10p each were issued, allotted and fully paid for a consideration of £120,000. On 16 March 2021, a further 5,000 C ordinary shares of 10p each were issued and allotted for a consideration of £5,000 and remain unpaid as at 4 April 2021.

The A, B and C ordinary shares have attached to them full voting and dividend rights.

27. Reserves

(a) Share capital account

Share Capital represents the nominal value of share capital subscribed for.

(b) Share premium account

The Share premium account records the amount above the nominal value received for shares issued, less transaction costs.

(c) Profit and loss account

This reserve represents the total of all current and prior retained earnings net of distributions to owners.

(d) *Invested capital*

This reserve represents the aggregate equity attributable to Stork Topco Limited during the years ended 31 March 2019 and 5 April 2020.

28. Business Combinations

On 30 December 2020 the Group purchased 100 per cent. of the share capital of Stork Topco Limited a retailer and wholesaler of women's maternity wear and accessories for a consideration of £54,331,673. The financial results of Stork Topco Limited have been included in the Group's consolidated results from 30 December 2020.

	<i>At Book Value</i>	<i>Fair Value Adjustments</i>	<i>At Fair Value</i>
	£	£	£
Consideration			54,331,673
Assets			
Trademarks	90,904	—	90,904
Brand value	8,543,234	32,709,666	41,252,900
Tangible fixed assets	1,357,349	—	1,357,349
Cash and cash equivalents	6,299,414	—	6,299,414
Trade and other receivables	704,363	—	704,363
Inventories	5,332,566	—	5,332,566
Liabilities			
Trade and other payables	(6,212,756)	—	(6,212,756)
Corporation tax.....	(424,614)	—	(424,614)
Deferred tax liabilities.....	(1,452,334)	(6,385,717)	(7,838,051)
Net identifiable assets acquired	14,238,126	26,323,949	40,562,075
Goodwill			13,769,598
Total			54,331,673

The adjustments arising on acquisition were in respect of the following:

- (a) The uplift in Brand value was to a third-party valuation.
- (b) Deferred tax adjustment arising as a result of the acquisition adjustments, including derecognition of the previously recognised deferred tax liability.

<i>Consideration</i>	<i>2021</i>
	£
Cash	53,123,873
Contingent consideration	1,207,800
Total purchase consideration	<u>54,331,673</u>

Of the cash consideration of £53,123,873, £23,129,260 was paid to the management of the business. Contingent consideration is payable based on the EBITDA of the Stork Topco Group for the year ended 4 April 2021. The amount payable is capped at £3,000,000. The amount recognised in the business combination is based on the consolidated accounts of Stork Topco Group for the year ended 4 April 2021.

The goodwill on acquisition of the business represents the value derived from future incremental profitability over and above that which existed at the time of the acquisition, including synergies and cost savings through economies of scale. None of the goodwill recognised is deductible for income tax purposes.

From the date of acquisition to 04 April 2021, the Kensington Topco group contributed £8,689,006 of revenue and loss before tax of £360,378 to the Group.

Costs directly attributable to the acquisition of Stork Topco Limited of £2,437,124 were expensed in the period to 4 April 2021 as non-recurring exceptional items.

29. Guarantees and Other Commitments

The Group's parent company, Kensington Bidco Limited, has bank facilities with HSBC Bank plc where the Group has pledged a fixed and floating charge over its assets in respect of these facilities.

The Group has the following facilities with HSBC Bank plc:

- Documentary Letters of Credit \$2.25m (this is in the process of being increased to \$3m), with the options of sight terms, usance terms and an import loan option
- Bank guarantees facility of €185,000
- Forward foreign exchange contracts facility of \$250,000

At the 4 April 2021 the following facilities were drawn:

- Standby Letter of Credit dated 17 October 2014 in favour of GW Properties LLC for \$159,000 (2020: \$159,000, 2019: \$159,000)
- Standby Letter of Credit dated 13 May 2015 in favour of 1321 Madison Avenue Corp for \$148,568 (2020: \$148,568, 2019: \$148,568)
- Bank guarantee dated 4 August 2017 in favour of Mr Laurent et Didier Hirsh for €35,412 (2020: €135,000, 2019: €135,000)
- Bank guarantee dated 11 January 2021 in favour of Financien Fiscaliteit KMO for €22,000 (2020: €nil, 2019: €nil)
- Usance Letter of Credit commitments of \$580,547 for balances included in trade creditors at 4 April 2021 (2020: \$188,677, 2019: \$179,148).

30. Pension Costs

The group operates a defined contribution pension scheme and an auto-enrolment pension scheme for employees. The pension charge for the period represents contributions payable by the Group to the schemes and amounted to £107,698 (2020: £122,175, 2019: £99,652). £Nil (2020: £Nil, 2019: £6,147) of contributions were outstanding to the auto-enrolment scheme and £Nil (2020: £40,367, 2019: £Nil) were outstanding to personal pension plans at the 5 April 2021.

31. Related Party Transactions

Kensington Topco holds equity interest directly in Kensington Midco Limited. Equity interest in other subsidiary undertakings are indirectly held by Kensington Topco Limited. The registered office of Kensington Midco Limited is 95 Wigmore Street, London, W1U 1FB.

Stork Acquisition Limited is a direct subsidiary of Stork Midco Limited and has a direct interest in Seraphine Limited. Seraphine Limited has a direct interest in the equity of Seraphine Holdings Corp, Seraphine (Europe) Limited, Shoetherapy Limited and CR Fashion Limited. The registered offices of Kensington Acquisition Limited, Seraphine Limited, Seraphine (Europe) Limited, Shoetherapy Limited and CR Fashion Limited are 332 Ladbroke Grove, London W10 5AD and Seraphine Holdings Corp is 464 West Broadway, Soho, New York, 10012.

Seraphine USA, Inc. and Seraphine Maternity LLC are subsidiary companies of Seraphine Holdings Corp. The registered office for Seraphine USA, Inc and Seraphine Maternity LLC are 464 West Broadway, Soho, New York, 10012.

Seraphine France SARL is a subsidiary company of Seraphine (Europe) Limited. The registered office of Seraphine France SARL is 4, Place Saint Sulpice, 75006 Paris.

Balances between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

During the period, the Group paid management and consultancy Fees to Bridgepoint Advisers II Limited of £48,564 (2020: £50,000; 2019: £50,000). Bridgepoint Advisers II Limited were the Ultimate Controlling Party prior to 29 December 2020.

During the period the Group accrued £nil interest (2020: £12,657) on the £5,250,000 10 per cent. unsecured Loan Notes to Bridgepoint Growth Nominees Limited, Cécile Reinaud, Stella Donoghue bringing total interest of £1,008,550. The £5,250,000 10 per cent. unsecured Loan Notes together with the accrued interest of £1,008,550 was repaid on 8 April 2019. Bridgepoint Growth Nominees Limited was a subsidiary of Bridgepoint Group Limited, the Ultimate Controlling Party of Stork Topco prior to 29 December 2020. Cécile Reinaud and Stella Donoghue were directors of Stork Topco prior to 29 December 2020.

The company purchased, on an arm's length basis, e-commerce PPC consultancy services from E. Reinaud, a relation to Cécile Reinaud, Director, totaling £63,000 (2020: £84,000; 2019: £84,000). Cécile Reinaud, resigned as a director of the Company on 30 December 2020, the Company has retained the consultancy services from E. Reinaud since that date.

During the period the Group paid monitoring fee to Mayfair Equity Partners LLP of £25,000.

During the period the Company accrued £1,093,773 interest on the £41,586,171.09 Fixed Rate A Loan Notes 2026 to Mayfair Equity Partners LLP and £35,135 interest on the £1,335,862.00 Fixed Rate B Loan Notes 2026 to the Directors, David Williams, John Bailey and Chelsey Oliver.

All related party transactions were performed at an arm's length basis.

32. Ultimate Controlling Party

Mayfair Equity Partners Nominees Limited incorporated in England and Wales, wholly owned by Mayfair Equity Partners LLP, is a direct shareholder in the Group, as nominee for the benefit of Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP and Mayfair Equity Partners II F&F LP (together with Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP, the "**Mayfair Funds**"). The Mayfair Funds, each incorporated in Scotland, are partnerships managed by Mayfair Equity Partners LLP. The ultimate controlling party is Mayfair Equity Partners LLP.

33. Post Balance Sheet Events

There continues to be uncertainty regarding the impact of the coronavirus pandemic on businesses throughout the country. The adverse consequences of the pandemic such as global market uncertainty, closure of businesses and macroeconomic factors reducing discretionary expenditure may have an impact on the financial condition and results of the Group. The Group has been directly affected by the closure of its stores due to Government guidelines, however, the Group's online presence has limited the impact of the coronavirus pandemic on the Group.

34. Transition to IFRS

From 2 April 2018 the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of its financial statements, other than as noted under 'Basis of Preparation' in note 2. The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below:

Adoption of IFRS 16

With effect from 2 April 2018, the Group adopted IFRS 16 Leases via the full retrospective method. In accordance with IFRS 16, the distinction between operating leases and finance leases has been removed.

The weighted average lessee's incremental borrowing rate applied to the lease liabilities at 2 April 2018 ranged from 2.3 per cent. and 3.9 per cent..

Cashflow

As a result of the transition to IFRS the following changes have resulted in the cashflow statement.

Under UK GAAP payments to acquire property, plant and equipment were classified as part of 'Capital expenditure and financial investment' whilst under IFRS such payments have been reclassified as part of 'Investing activities'.

There are no other material differences between the cashflow statement presented under IFRS and that presented under UK GAAP other than the presentational convention.

Period ended 31 March 2019

Reconciliation of equity as at 31 March 2019:

	FRS 102	Reversal of goodwill amortisation	Recognition of Right-of-use asset and Lease liability	Unwind of lease liability	Reversal of prepayment/accrual	Right-of-use asset depreciation	Right-of-use asset impairment	Reverse Onerous Lease provision	IFRS
Share Capital	15,979,925	—	—	—	—	—	—	—	15,979,925
Share Premium	90,000	—	—	—	—	—	—	—	90,000
Own Share Reserves ..	—	—	—	—	—	—	—	—	—
Retained Earnings.....	(833,879)	630,973	(607,140)	1,062,730	(15,781)	(1,104,836)	(694,722)	454,725	(1,107,929)
Total Equity	15,236,046	630,973	(607,140)	1,062,730	(15,781)	(1,104,836)	(694,722)	454,725	14,961,996

Reconciliation of total comprehensive income for the period ended 31 March 2019:

	FRS 102	Reversal of goodwill amortisation	Reversal of rental charges	Right-of-use asset depreciation	Impairment of right-of-use assets	Interest charges on lease liability	Reverse Onerous Lease provision	IFRS
Admin Expenses	(11,203,614)	630,973	1,305,500	(1,104,836)	(694,722)	—	—	(11,066,699)
Finance Charges	(568,356)	—	—	—	—	(258,551)	—	(826,907)
Exceptional items	53,068	—	—	—	—	—	454,725	507,793
Total Comprehensive Income	25,996	630,973	1,305,500	(1,104,836)	(694,722)	(258,551)	454,725	359,085

Reconciliation of cashflows for the period ended 31 March 2019:

	FRS 102	IFRS Adjustments	IFRS
Profit/(loss) for the period.....	(14,604)	333,089	318,485
Depreciation and amortisation of fixed assets	2,320,382	473,863	2,794,245
Impairment of fixed assets	—	694,722	694,722
Interest payable	568,356	258,551	826,907
Decrease/(Increase) in trade and other receivables	118,764	15,781	134,545
Increase in trade and other payables	(303,759)	(454,725)	(758,484)
Net cash generated from operating activities	2,314,711	1,321,281	3,635,992
Payment of lease liabilities.....	—	(1,062,730)	(1,062,730)
Interest on lease liabilities	—	(258,551)	(258,551)
Net cash generated/(used) in financing activities ..	(3,370)	(1,321,281)	(1,324,651)
Net Increase in cash and cash equivalents	1,909,072	—	1,909,072

Period ended 5 April 2020

Reconciliation of equity as at 5 April 2020:

	FRS 102	Reversal of goodwill amortisation	Recognition of Right-of-use asset and Lease liability	Unwind of lease liability	Reversal of prepayment/accrual	Right-of-use asset depreciation	Right-of-use asset impairment	Reverse Onerous Lease provision	IFRS
Share Capital	15,979,925	–	–	–	–	–	–	–	15,979,925
Share Premium	90,000	–	–	–	–	–	–	–	90,000
Own Share Reserves ..	–	–	–	–	–	–	–	–	–
Retained Earnings.....	332,150	1,252,288	(607,140)	2,246,398	(110,800)	(2,149,767)	(1,610,602)	392,225	(255,247)
Total Equity	16,402,075	1,252,288	(607,140)	2,246,398	(110,800)	(2,149,767)	(1,610,602)	392,225	15,814,678

Reconciliation of total comprehensive income for the period ended 5 April 2020:

	FRS 102	Reversal of goodwill amortisation	Reversal of rental charges	Right-of-use asset depreciation	Impairment of right-of-use assets	Interest charges on lease liability	Reverse Onerous Lease provision	IFRS
Admin Expenses	(12,823,654)	621,315	1,319,564	(1,044,931)	(915,880)	–	(62,500)	(12,906,087)
Finance Charges	(159,359)	–	–	–	–	(230,914)	–	(390,273)
Exceptional items	(454,639)	–	–	–	–	–	–	(454,639)
Total Comprehensive Income	1,166,029	621,315	1,319,564	(1,044,931)	(915,880)	(230,914)	(62,500)	852,682

Reconciliation of cashflows for the period ended 5 April 2020:

	FRS 102	IFRS Adjustments	IFRS
Profit/(loss) for the period.....	1,156,135	(313,347)	842,788
Depreciation and amortisation of fixed assets	2,346,780	423,616	2,770,396
Impairment of fixed assets	–	915,880	915,880
Interest payable	159,359	230,914	390,273
Decrease/(Increase) in trade and other receivables	471,356	95,019	566,375
Increase in trade and other payables	2,115,159	62,500	2,177,659
Net cash generated from operating activities	4,435,721	1,414,582	5,850,303
Payment of lease liabilities.....	–	(1,183,668)	(1,183,668)
Interest on lease liabilities	–	(230,914)	(230,914)
Net cash generated/(used) in financing activities ..	(1,705,852)	(1,414,582)	(3,120,434)
Net Increase in cash and cash equivalents	1,958,628	–	1,958,628

Period ended 4 April 2021

Reconciliation of equity as at 4 April 2021:

	FRS 102	Reversal of goodwill amortisation	Recognition of Right-of-use asset and Lease liability	Unwind of lease liability	Reversal of prepayment/accrual	Right-of-use asset depreciation	Right-of-use asset impairment	Reverse Onerous Lease provision	Business acquisition adjustment	IFRS
Share Capital.....	97,500	–	–	–	–	–	–	–	–	97,500
Share Premium	877,500	–	–	–	–	–	–	–	–	877,500
Own Share Reserves ..	–	–	–	–	–	–	–	–	–	–
Retained Earnings..	(3,406,052)	2,193,061	(607,140)	2,962,581	(197,848)	(3,081,802)	(1,799,139)	339,975	(2,525,478)	(6,061,842)
Total Equity	(2,431,052)	2,193,061	(607,140)	2,962,581	(197,848)	(3,081,802)	(1,799,139)	339,975	(2,525,478)	(5,086,842)

Reconciliation of total comprehensive income for the period ended 4 April 2021:

		Reversal of goodwill amortisation	Reversal of rental charges	Right-of-use asset depreciation	Impairment of right-of-use assets	Interest charges on lease liability	Reverse Onerous Lease provision	Reverse Onerous Lease provision	IFRS
Admin Expenses	(15,106,633)	940,773	834,223	(932,035)	(188,537)	—	(52,250)	—	(14,504,459)
Finance Charges	(1,368,096)	—	—	—	—	(205,088)	—	(88,354)	(1,661,538)
Exceptional items	(674,422)	—	—	—	—	—	—	(2,437,124)	(3,111,546)
Total Comprehensive Income	194,077	940,773	834,223	(932,035)	(188,537)	(205,088)	(52,250)	(2,525,478)	(1,934,315)

Reconciliation of cashflows for the period ended 4 April 2021:

	FRS 102	IFRS Adjustments	Business Acquisition Adjustments	IFRS
Profit/(loss) for the period	2,388,153	397,086	(4,731,590)	(1,946,351)
Depreciation and amortisation of fixed assets	2,360,636	(8,738)	1,071,610	3,423,507
Impairment of fixed assets	—	188,537	—	188,537
Interest payable	97,623	205,088	1,270,474	1,573,185
Decrease/(Increase) in trade and other receivables	25,279	87,048	—	103,087
Increase in inventories	(1,495,381)	—	—	(1,495,381)
Increase in trade and other payables	1,453,940	52,250	(9,638)	1,496,552
Tax paid	(770,778)	—	—	(770,778)
Corporation Tax	623,661	—	(149,640)	474,021
Net cash generated from operating activities	4,683,133	921,271	(2,548,784)	3,046,379
Purchase of intangible fixed assets	(397,634)	—	—	(397,634)
Purchase of property, plant and equipment	(58,377)	—	—	(58,377)
Acquisition of subsidiary	—	—	(53,123,873)	(53,123,873)
Net cash generated from investing activities	(456,011)	—	(53,123,873)	(53,579,884)
Repayment of loans and borrowings	(4,700,000)	—	—	(4,700,000)
Loans drawn down	1,494,049	—	11,200,000	12,694,049
Dividend payments	(3,258,969)	—	3,258,969	—
Interest paid on loans and borrowings	(97,623)	—	(13,701)	(111,324)
Fees paid on loans and borrowing	—	—	(381,000)	(381,000)
Net loan notes issued	—	—	40,889,901	40,889,901
Share issue	—	—	970,000	970,000
Payment of lease liabilities	—	(716,183)	—	(716,183)
Interest on lease liabilities	—	(205,088)	—	(205,088)
Net cash generated/(used) in financing activities	(6,562,543)	(921,271)	55,924,169	48,440,355
Net Increase in cash and cash equivalents	(2,335,421)	—	251,511	(2,093,150)
Cash and cash equivalents at end of year	2,926,271	—	251,511	3,168,542

PART 13

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Part A: Accountant's Report on the Unaudited Pro Forma Financial Information



BDO LLP
55 Baker Street
London
W1U 7EU

The Directors
Seraphine Group plc
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Grand Union Studios
332 Ladbroke Grove
London
W10 5AD

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

13 July 2021

Dear Sir or Madam

Seraphine Group plc (the "Company") Pro Forma Financial Information

We report on the unaudited pro forma statement of net assets (the "Pro Forma Financial Information") set out in Part 13 of the prospectus dated 13 July 2021 (the "Prospectus").

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

Responsibilities

It is the responsibility of the Directors of the Company (the "Directors") 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 at the date 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 the 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 1 of the PR Regulation, consenting to its inclusion in the Prospectus.

Basis of preparation

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the Offer might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing its audited financial statements for the year ending 5 April 2022.

This report is required by item 18.4.1 of Annex 1 of the PR Regulation and section 3 of Annex 20 of the PR Regulation and is given for the purpose of complying with that item and for no other purpose.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council of the United Kingdom. We are independent in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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 the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom 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 this report makes no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex 1 of the PR Regulation.

Yours faithfully



BDO LLP
Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Part B: Unaudited Pro Forma Statement of Net Assets of the Group

The following unaudited pro forma statement of net assets of the Group (the “pro forma statement of net assets”) has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Offer had taken place on 4 April 2021.

The unaudited pro forma statement of net assets has been prepared for illustrative purposes only and illustrates the impact of the Offer as if it had been undertaken at an earlier date. As a result, the hypothetical financial position or results included in the unaudited pro forma financial information may differ from the Group’s actual financial position or results.

The unaudited pro forma statement of net assets is based on the consolidated net assets of the Group as at 4 April 2021, set out in the financial information on the Group for the year ended 4 April 2021 set out in Section B of Part 12 of this document.

The unaudited pro forma statement of net assets has been prepared in a manner consistent with the accounting policies to be adopted by the Company in preparing its financial statements for the year ending 5 April 2022, in accordance with Annex 20 of the PR Regulation and on the basis set out in the notes below.

	<i>Adjustments</i>		
	<i>The Group as at 4 April 2021 (note 1) £</i>	<i>Net placing proceeds (note 2) £</i>	<i>Pro forma net assets of the Group £</i>
Assets			
Non-current assets			
Goodwill	13,769,598	—	13,769,598
Other intangible assets	41,390,058	—	41,390,058
Right of use assets	3,519,916	—	3,519,916
Other tangible assets	223,504	—	223,504
	58,903,076	—	58,903,076
Current assets			
Inventories	7,510,108		7,510,108
Trade and other receivables	1,189,441		1,189,441
Cash and cash equivalents	3,168,542	(500,000)	2,668,542
	11,868,091	(500,000)	11,368,091
Total assets	70,771,167	(500,000)	70,271,167
Liabilities			
Non-current liabilities			
Provisions	(102,708)	—	(102,708)
Lease liabilities	(5,129,503)	—	(5,129,503)
Loans and borrowings	(10,075,000)	10,075,000	—
Deferred tax liabilities	(7,847,115)	—	(7,847,115)
Investor loan notes	(42,018,808)	42,018,808	—
	(65,173,134)	52,093,808	(13,079,326)
Current liabilities			
Trade and other payables	(7,149,914)	—	(7,149,914)
Lease liabilities	(915,912)	—	(915,912)
Loans and borrowings	(2,619,049)	1,125,000	(1,494,049)
	(10,684,075)	1,125,000	(9,559,875)
Total liabilities	(75,858,009)	53,218,808	(22,639,201)
Net (liabilities) assets	(5,086,842)	52,718,808	47,631,966

Notes:

1. The net assets of the Group at 4 April 2021 have been extracted without adjustment from the audited financial information on the Group for the year ended 4 April 2021 set out in Section B of Part 12 of this document. The net assets of Seraphine Group plc have not been included in the above table on the grounds that Seraphine Group plc was only recently incorporated and its net assets are not material.

Adjustments:

2. The issue of New Shares is estimated to raise net proceeds of £56.1 million (£61.0 million gross proceeds less estimated expenses of £4.9 million). The net proceeds will be used as follows:
 - £10.7 million to repay the £11.2 million term loan. The remaining £0.5 million will be funded from the Company's existing cash resources.
 - £45.4 million to repay the Loan Notes and accrued interest held by Mayfair and certain Directors, which is the actual balance owed at the date of repayment. The repayment of Loan Notes shown in the table above is based on the balance owed at 4 April 2021, being £42.0 million.
3. No account has been taken in the table above of the repayment subsequent to 4 April 2021, of the remaining £1.5 million of loans and borrowings included within the current liabilities.
4. No account has been taken of the financial performance of the Group since 4 April 2021 nor of any other event save as disclosed above.

PART 14

DETAILS OF THE OFFER

1. SUMMARY OF THE OFFER

This Part 14 should be read in conjunction with Part 5 (*Expected Timetable of Principal Events and Offer Statistics*), Part 6 (*Offer Statistics*) and Part 15 (*Terms and Conditions of the Offer*).

The Offer comprises an Offer to certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S. The Offer Price per Offer Share is 295 pence and the Offer comprises an offer of 25,608,289 Offer Shares, of which 4,931,278 are Sale Shares from Selling Shareholders and 20,677,011 are New Shares.

All Ordinary Shares sold or issued pursuant to the Offer will be sold or issued, payable in full, at the Offer Price.

Through the issue of 20,677,011 New Shares pursuant to the Offer, the Company expects to raise net proceeds of £56.1 million (including £45.4 million which will be used to repay the Loan Notes and accrued interest). The Company will not receive any proceeds from the sale of the Sale Shares. The estimated fees and expenses for which the Company is liable is £4.9 million. The sale of the Sale Shares will raise net proceeds for the Selling Shareholders of approximately £14.1 million. The Offer Shares will represent approximately 50.3 per cent. of the Ordinary Share capital of the Company immediately following Admission.

The Offer is subject to satisfaction of the conditions set out in the Underwriting and Sponsor Agreement, including Admission occurring and becoming effective by no later than 8.00 a.m. on the Closing Date or such later time and/or date as the Company and Numis may agree, being not later than 8.00 a.m. on 30 July 2021, and the Underwriting and Sponsor Agreement not having been terminated in accordance with its terms.

Immediately following Admission, it is expected that in excess of 31.1 per cent. of the Ordinary Shares will be held in public hands (within the meaning of paragraphs 6.14.1 to 6.14.3 of the Listing Rules).

Certain selling and transfer restrictions that apply to the distribution of this Prospectus and the Ordinary Shares being sold under the Offer in jurisdictions outside the United Kingdom are described in paragraph 4 of Part 15 (*Terms and Conditions of the Offer*).

Following Admission, the Ordinary Shares will be registered with ISIN of GB00BNXGTY25 and SEDOL of BNXGTY2, and will trade under the symbol "BUMP". Admission is expected to take place and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 16 July 2021.

The Offer Shares will, on Admission, rank *pari passu* in all respects with the existing Ordinary Shares and will rank in full for all dividends and other distributions after that date that are declared, made or paid on the Ordinary Share capital of the Company. The Ordinary Shares will, immediately on and from Admission, be freely transferable, subject to the applicable law, the Articles and any contractual obligations of a Shareholder.

The Company expressly reserves the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any money received in respect of the Offer will be returned to investors without interest.

The Company further reserves the right to extend or shorten the timetable, or any aspect of the timetable, for the Offer.

The following table sets out the number of Ordinary Shares the Selling Shareholders are selling in the Offer and the interests of the Selling Shareholders following:

	<i>Number of Ordinary Shares owned immediately prior to Admission⁽¹⁾</i>		<i>Number of Ordinary Shares to be sold under the Offer</i>		<i>Number of Ordinary Shares owned immediately following Admission⁽¹⁾</i>	
	No.	%	No.	%	No.	%
Selling Shareholders						
Mayfair Equity Partners Nominees Limited ⁽¹⁾	25,427,936	84.13%	3,685,251	12.19%	21,742,685	42.71%
David N. Williams	2,347,537	7.77%	623,014	2.06%	1,724,523	3.39%
John Bailey	1,059,952	3.51%	255,042	0.84%	804,910	1.68%
Chelsey Christine Oliver	1,287,585	4.26%	397,971	1.22%	919,614	1.81%
	<u>30,123,010</u>	<u>99.66%</u>	<u>4,961,278</u>	<u>16.32%</u>	<u>25,191,732</u>	<u>49.49%</u>

(1) Assuming that the Share Capital Reorganisation steps described in paragraph 4.6 of Part 17 (*Additional Information*) have been completed in full.

(2) Mayfair Equity Partners Nominees Limited, as nominee for the benefit of Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP and Mayfair Equity Partners II F&F LP. The address for these funds is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.

2. REASONS FOR THE OFFER AND USE OF PROCEEDS

The Company intends to use the net proceeds of £56.1 million from the issue of the New Shares to repay the Group's Loan Notes and accrued interest, held by Mayfair and certain Directors, and reduce the Group's existing indebtedness by repaying the term loan, leaving the Group in a net cash position and therefore providing the Group with greater financial flexibility going forwards, as set out in the table below. The Company will not retain any proceeds from the sale of the Sale Shares.

<i>Use</i>	<i>Amount (£)</i>
Repayment of the £11.2 million term loan	£10.7 million ¹
Repayment of the Loan Notes and accrued interest	£45.4 million
Total:	£56.1 million

1 The remaining £0.5 million required to repay the term loan will be funded from the Company's existing cash resources

The Directors believe that the Offer and Admission will:

- support the Group's growth plans by increasing the Group's public profile and brand awareness, particularly in international markets;
- further improve the ability of the Group to attract and retain high quality talent;
- provide the Company access to a wider range of capital-raising options which may be of use in the future; and
- create a liquid market in the Ordinary Shares for existing and future Shareholders.

The sale of Sale Shares will provide the Selling Shareholders with an opportunity for a partial realisation of their investment in the Company.

3. THE OFFER

Under the Offer, Offer Shares will be offered to certain institutional and professional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S. Certain restrictions that apply to the distribution of this Document and the Offer and sale of the Ordinary Shares are described in Part 15 (*Terms and Conditions of the Offer*).

The latest time and date for indications of interest in acquiring Ordinary Shares under the Offer are set out on page 40 of this Document but are indicative and subject to change.

Participants in the Offer will be advised verbally or by electronic mail of their allocation as soon as practicable following allocation. The results of the Offer will be announced on the date of Admission.

Investors in the Offer will be contractually committed to acquire the number of Ordinary Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment.

4. DEALINGS AND ADMISSION

The Offer is subject to the satisfaction of certain conditions contained in the Underwriting Agreement, which are typical for agreements of this nature. Certain conditions are related to events which are outside the control of the Company, the Directors and Numis. Further details of the Underwriting and Sponsor Agreement are described in paragraph 13.1 of Part 17 (*Additional Information*) of this Document.

Application will be made to the FCA for the Ordinary Shares to be admitted to the Official List (by way of a premium listing under Chapter 6 of the Listing Rules) and to the London Stock Exchange for the Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. on 16 July 2021. Settlement of dealings from that date will be on a two-day rolling basis.

Each investor in the Offer will be required to undertake to pay the Offer Price for the Offer Shares sold or issued to such investor in such manner as shall be directed by Numis. It is expected that Ordinary Shares allocated to investors in the Offer will be delivered in uncertificated form and settlement will take place through CREST on Admission. No temporary documents of title will be issued. Dealings in advance of crediting of the relevant CREST stock account shall be at the sole risk of the persons concerned. All dealings in Ordinary Shares prior to the commencement of unconditional dealings will be on a "when issued" basis and of no effect if Admission does not take place and will be at the sole risk of the parties concerned.

PART 15

TERMS AND CONDITIONS OF THE OFFER

1. TERMS AND CONDITIONS OF THE OFFER

1.1 Introduction

These terms and conditions apply to persons agreeing to purchase and/or subscribe for Offer Shares under the Offer.

Each person to whom these terms and conditions apply, as described above, who confirms its agreement to Numis to purchase and/or subscribe for Offer Shares (which may include Numis or its nominee(s) and designated investment managers acting on behalf of certain funds) (an “Investor”) hereby agrees with Numis, the Company, the Selling Shareholders and the Registrar to be bound by these terms and conditions as being the terms and conditions upon which Offer Shares will be purchased or subscribed for under the Offer. An Investor shall, without limitation, become so bound if Numis confirms to the Investor (orally or in writing) (i) the Offer Price and (ii) its allocation of Offer Shares and Numis so notifies the Registrar on behalf of the Company and the Selling Shareholders.

The provisions of these terms and conditions may be waived or modified as regards specific Investors or on a general basis by Numis (in its absolute discretion).

1.2 Offer Price and size of the Offer

This section should be read in conjunction with Part 5 (*Expected Timetable of Principal Events*), Part 6 (*Offer Statistics*) and Part 14 (*Details of the Offer*).

All Offer Shares issued or sold pursuant to the Offer will be issued at the Offer Price and no commissions or expenses will be charged to investors by the Company or Numis.

The Company, the Selling Shareholders and Numis are not bound to proceed with the Offer. Completion of the Offer will be subject, *inter alia* to each of the Company's, each Selling Shareholder's and Numis' decisions to proceed with the Offer. It will also be conditional on: (i) Admission occurring and becoming effective by no later than 8.00 a.m. on 16 July 2021 (or such other time as Numis may notify to the Company and the Selling Shareholders but, in any event, no later than 8.30 a.m. on 30 July 2021); and (ii) the Underwriting and Sponsor Agreement becoming otherwise unconditional in all respects and not having been terminated in accordance with its terms. Completion of the Offer will be announced via a regulatory news, service on Admission, which is expected to take place at 8.00 a.m. on 16 July 2021.

If (i) any of the conditions in the Underwriting and Sponsor Agreement are not satisfied (or, where relevant, waived) or (ii) the Underwriting and Sponsor Agreement is terminated or (iii) the Underwriting and Sponsor Agreement does not otherwise become unconditional in all respects, the Offer will not proceed and all funds delivered by the Investor to Numis will be returned to the Investor at its own risk without interest, and each Investor's rights and obligations hereunder shall cease and determine at such time and no claim shall be made by the Investor in respect thereof.

Conditional dealings on the London Stock Exchange before Admission will only be settled if Admission takes place. All dealings in Ordinary Shares prior to commencement of unconditional dealings will be at the sole risk of the parties concerned. Admission is expected to take place and unconditional dealings in the Ordinary Shares are expected to commence on the London Stock Exchange on 16 July 2021. The Offer cannot be terminated once unconditional dealings in the Ordinary Shares have commenced.

1.3 Payment for Offer Shares

Each Investor undertakes to pay the Offer Price for the Offer Shares issued and/or sold to such Investor as set out in these terms and conditions or otherwise in the manner and by the time directed by Numis.

Each Investor is deemed to agree that, if it fails to pay the Offer Price for the Offer Shares issued and/or sold (as applicable) to such Investor, Numis may sell (in one or more transactions) any or all of the Offer Shares allocated to that Investor and which have not been paid for on such Investor's behalf and retain from the proceeds, for Numis' account and benefit (as agent for the Selling Shareholders in the case of Sale Shares), an amount equal to the aggregate amount owed by the Investor plus any interest due. Any excess proceeds will be paid to the relevant Investor at its risk. The relevant Investor will, however, remain liable and shall indemnify Numis and the Selling Shareholders on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or SDRT or securities transfer tax (together with any interest or penalties) which may arise upon the sale or issuance of such Offer Shares on such Investor's behalf. A sale of or subscription for all or any of such Offer Shares shall not release the relevant Investor from the obligation to make such payment for Offer Shares to the extent that Numis or its nominee has failed to sell such or procure subscribers for such Offer Shares at a consideration which after deduction of the expenses of such sale or issuance and payment of stamp duty and/or stamp duty reserve tax exceeds the Offer Price per Offer Share. By agreeing to acquire or subscribe for Offer Shares, each Investor confers on Numis all such authorities and powers necessary to carry out any such sale or subscription and agrees to ratify and confirm all actions which Numis lawfully takes in pursuance of such sale or subscription.

If Admission does not occur, monies will be returned without interest at the risk of the applicant.

1.4 Representations and warranties

By agreeing to subscribe for and/or to purchase Offer Shares under the Offer, each Investor which enters into a commitment to subscribe for and/or purchase Offer Shares will (for itself and any person(s) procured by it to subscribe for and/or purchase Offer Shares and any nominee(s) for any such person(s)) be deemed to irrevocably agree, undertake, represent and warrant to each of the Company, the Selling Shareholders, the Registrar and Numis that:

- 1.4.1 in agreeing to subscribe for or purchase Offer Shares under the Offer, it has read this Prospectus and it is relying solely on this Prospectus (and any supplementary prospectus published by the Company subsequent to the date of this Prospectus) and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Group or the Offer and that, to the fullest extent permitted by law, none of the Company, the Selling Shareholders, Numis or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information, representation or statement and irrevocably and unconditionally waives any rights it may have in respect of any other information, representation or statement. This paragraph 1.4.1 shall not exclude any liability for fraudulent misrepresentation;
- 1.4.2 it will pay to Numis (or as Numis may direct) any amounts due from it in accordance with this Prospectus at the time and date set out herein;
- 1.4.3 the contents of this Prospectus (and any supplementary prospectus published by the Company subsequent to the date of this Prospectus) are exclusively the responsibility of the Company and its Directors and apart from the responsibilities and liabilities, if any, which may be imposed on the Selling Shareholders or Numis or their respective affiliates by FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Numis, the Selling Shareholders nor any person acting on their behalf nor any of their affiliates accept any responsibility whatsoever for and makes no representation or warranty, express or implied, as to the contents of this Prospectus (or any supplementary prospectus published by the Company subsequent to the date of this Prospectus) or for any other information, representation or statement made or purported to be made by it, or on its behalf, in connection with the Company, the Group, the Offer Shares or the Offer and nothing in this Prospectus (and any supplementary prospectus published by the Company subsequent to the date of this Prospectus) will be relied upon as a promise or representation in this respect, whether or not to the past or future. Numis and the Selling Shareholders accordingly disclaim, to the fullest extent permitted by law, all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in

respect of this Prospectus (or any supplementary prospectus published by the Company subsequent to the date of this Prospectus) or any such information, representation or statement;

- 1.4.4 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for and/or purchase Offer Shares under the Offer, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its offer commitment in any territory and that it is entitled to subscribe for and/or purchase the Offer Shares in its allocation under the laws of any territory or jurisdiction which apply to such Investor and that it has not taken any action or omitted to take any action which will result in the Company, the Selling Shareholders, Numis, the Registrar or any of their respective officers, agents, affiliates or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer;
- 1.4.5 it does not have a registered address in and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Offer Shares and is a person to whom it is lawful for the Offer of the Offer Shares to be made under the terms of the jurisdiction in which that Investor is located it is not acting on a nondiscretionary basis for any such person;
- 1.4.6 it agrees that, having had the opportunity to read this Prospectus, it shall be deemed to have had notice of all information, representations and statements contained in this Prospectus, that it is acquiring Offer Shares solely on the basis of this Prospectus (and any supplementary prospectus published by the Company subsequent to the date of this Prospectus) and no other information, representations or statements and that in accepting a participation in the Offer it has had access to all information it believes necessary or appropriate in connection with its decision to purchase Offer Shares;
- 1.4.7 it has sufficient knowledge and experience in financial and business matters and expertise in assessing credit, market and other relevant risks and is capable of evaluating, and has evaluated, the merits, risks and sustainability of subscribing for or purchasing Offer Shares, and in making the investment decision with respect to Offer Shares, it has:
- 1.4.8 had access to such financial and other information concerning the Company, the Group, the Offer Shares and the Offer as it deems necessary in connection with its decision to subscribe for or purchase Offer Shares; and
- 1.4.9 investigated the potential tax consequences affecting it in connection with its acquisition of Offer Shares, including potential tax consequences in connection with the acquisition, holding or any subsequent disposal of Offer Shares;
- 1.4.10 it acknowledges that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by Numis, the Company or the Selling Shareholders;
- 1.4.11 It is not applying as, nor is it 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 67, 70, 93 or 96 (depository receipts and clearance services) of the Finance Act 1986 and no instrument under which it subscribes for Offer Shares (whether as principal, agent or nominee) would be subject to stamp duty or SDRT at the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of Offer Shares, are not participating in the Offer as nominee or agent for any person or persons to whom the allocation, transfer or delivery of Offer Shares would give rise to such a liability;

- 1.4.12 it, or the person specified by it for registration as a holder of the Offer Shares, will be liable for any stamp duty or SDRT liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services), registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the Offer Shares and acknowledge and agree that, save for the Selling Shareholders who have agreed to pay any stamp duty or SDRT under section 87 of the Finance Act 1986, none of Numis, the Selling Shareholders nor the Company nor any of their respective affiliates nor any person acting on behalf of them will be responsible for any other liability to stamp duty or SDRT resulting from a failure to observe this requirement;
- 1.4.13 it accepts that none of the Offer Shares have been or will be registered under the laws of any jurisdictions other than the UK where such registration may be restricted by the laws of those jurisdictions (where applicable, a “**Restricted Jurisdiction**”). Accordingly, the Offer Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 1.4.14 (save with the express consent of the Company) the Investor is not a national or resident of the United States, Australia, Canada, Japan or the Republic of South Africa or a corporation, partnership or other entity organised under the laws of United States, Australia, Canada, Japan or the Republic of South Africa and that the Investor will not offer, sell, renounce, transfer or deliver directly or indirectly any of the Offer Shares into United States, Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation or to or for the benefit of any person resident in United States, Australia, Canada, Japan or the Republic of South Africa or any other jurisdiction where to do so would be in breach of any applicable law and/or regulation;
- 1.4.15 if it is receiving the Offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, that it is a person to whom the Offer Shares may be lawfully offered under that other jurisdiction’s laws and regulations;
- 1.4.16 if it is a resident in the United Kingdom, it is a “qualified investor” within the meaning of Article 2(1)(e) of the UK Prospectus Regulation (“**UK Qualified Investor**”) and is also either (A) (i) a person who is an investment professional falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”); (ii) a high net worth company, unincorporated association or other body falling within Article 49(2)(a) to (d) of the Order; or (iii) a person to whom the Offer Shares may otherwise lawfully be offered under the Order; (B) a “qualified investor” for the purposes of the UK Prospectus Regulation; or (C) otherwise a person to whom it may otherwise be lawful to communicate information about the Offer;
- 1.4.17 if it is a resident in the EEA, it is a “qualified investor” within the meaning of Article 2(1)(e) of the EU Prospectus Regulation (“**EEA Qualified Investor**”);
- 1.4.18 that if the Investor is receiving the Offer in Australia, that it (i) falls within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act, and (ii) is a “wholesale client” as defined in section 761G(7) of the Corporations Act (“**Exempt Investors**”), and the issue of the Ordinary Shares to it under the Offer does not require a prospectus or other form of disclosure document under the Corporations Act, and undertakes to the Company, the Selling Shareholders and Numis that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with Australian Securities and Investments Commission (“**ASIC**”);

- 1.4.19 if it is outside the United Kingdom, neither this Prospectus nor any other offering, marketing or other material in connection with the Offer constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to purchase Offer Shares pursuant to the Offer unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Offer Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- 1.4.20 it acknowledges that none of Numis or any of its respective affiliates nor any person acting on its behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Offer or providing any advice in relation to the Offer and that the Investor nor, as the case may be, its clients, expect Numis to have any duties or responsibilities to the Investor similar or comparable to the duties of “best execution” and “suitability” imposed by COBS and that participation in the Offer is on the basis that it is not and will not be a client of Numis or any of its affiliates, that Numis is acting for the Company and no-one else and that none of Numis or any of its affiliates have any duties or responsibilities to it for providing protections afforded to its or their respective clients or for providing advice in relation to the Offer nor in respect of any representations, warranties, undertakings or indemnities contained in these terms and conditions or the Underwriting and Sponsor Agreement, nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 1.4.21 that neither the Investor nor, as the case may be, its clients, expect Numis to have any duties or responsibilities to the Investor similar or comparable to the duties of “best execution” and “suitability” imposed by COBS, and that Numis is not acting for the Investor or their clients, and that no Joint Bookrunner will be responsible to the Investor or their clients for providing the protections afforded to its customers or for providing advice in relation to the Offer nor in respect of any representations, warranties, undertakings or indemnities contained in the Underwriting and Sponsor Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- 1.4.22 where it is subscribing for or purchasing Offer Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account: (i) to purchase the Offer Shares for each such account; (ii) to make on each such account's behalf the representations, warranties and agreements set out in this Prospectus, where relevant; and (iii) to receive on behalf of each such account any documentation relating to the Offer in the form provided by the Company and/or Numis. The Investor agrees that the provision of this paragraph shall survive any resale of the Offer Shares by or on behalf of any such account;
- 1.4.23 (i) it has been advised that the Offer Shares have not been and will not be registered under the US Securities Act, or with any securities regulatory authority of any state or jurisdiction of the United States and, save with the express consent of the Company, may not be offered or sold, directly or indirectly, into or within the United States; (ii) it and the person(s), if any, for whose account or benefit it is acquiring Offer Shares are located outside the United States, and will be outside the United States at the time the Offer Shares are acquired by it, and are acquiring Offer Shares only in an “offshore transaction” within the meaning of, and in accordance with, Regulation S; (iii) it is not acquiring Offer Shares as a result of any “directed selling efforts” as defined in Regulation S; (iv) it is acquiring Offer Shares for investment purposes and not with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any Offer Shares into the United States; (v) if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, it will do so only pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act; and (vi) it has not and will not distribute this Prospectus or any other offering, marketing or other material in connection with the Offer, directly or indirectly, in or into the United States or to any persons located in the United States;

- 1.4.24 if it is in the United Kingdom, it is acting as principal only in respect of the Offer, or, if it is acting for any other person (i) it is and will remain liable to the Company and/or Numis and/or the Selling Shareholders for the performance of all its obligations as an investor in respect of the Offer (regardless of the fact that it is acting for another person) (ii) it is both an “authorised person” for the purposes of FSMA and a UK Qualified Investor acting as agent for such person and (iii) such person is either (1) a FSMA “qualified investor” or (2) its “client” (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Offer or any other offers of transferable securities on his behalf without reference to him;
- 1.4.25 it confirms that any of its clients, whether or not identified to Numis or any of its affiliates or agents, will remain its sole responsibility and will not become clients of Numis or any of their affiliates or agents for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- 1.4.26 where it or any person acting on its behalf is dealing with Numis, any money held in an account with Numis on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Numis to segregate such money as that money will be held by Numis under a banking relationship and not as trustee;
- 1.4.27 it has not and will not offer or sell any Offer Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 102B of FSMA;
- 1.4.28 that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Offer Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
- 1.4.29 that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving, the United Kingdom;
- 1.4.30 it is an “eligible counterparty” or a “professional investor” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is subscribing for or purchasing the Offer Shares for investment only and not for resale or distribution;
- 1.4.31 it irrevocably appoints any Director and any director of Numis to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription or purchase for all or any of the Offer Shares for which it has given a commitment under the Offer, in the event of its own failure to do so;
- 1.4.32 it accepts that if the Offer does not proceed or the conditions to Numis’ obligations in respect of such Offer under the Underwriting and Sponsor Agreement are not satisfied or the Underwriting and Sponsor Agreement is terminated prior to the Admission of the Offer Shares for which valid applications are received and accepted to listing on the Official List and to trading on the Main Market for any reason whatsoever or such Offer Shares are not admitted to the Official List and/or to trading on the Main Market for any reason whatsoever, then none of Numis, the Company or the Selling Shareholders or any of their respective affiliates, nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- 1.4.33 it has not taken any action or omitted to take any action which will or may result in Numis, the Company, the Selling Shareholders or any of their respective directors, officers, agents, affiliates, employees or advisers being in breach of the legal or regulatory

requirements of any territory in connection with the Offer or its purchase of Offer Shares pursuant to the Offer;

- 1.4.34 in connection with its participation in the Offer it has observed all relevant legislation and regulations, and
- 1.4.35 if in the United Kingdom it has complied in particular (but without limitation) those relating to money laundering and countering terrorist financing including under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2006, the Terrorism Act 2006, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("**Money Laundering Directive**") and the Money Laundering Sourcebook of the FCA and that its offer commitment is only made on the basis that it accepts full responsibility for any requirement to identify and verify the identity of its clients and other persons in respect of whom it has applied; and
- 1.4.36 if outside the United Kingdom, it is (i) subject to the Money Laundering Directive (EU) 2015/849 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing ("**Money Laundering Directive**") or (ii) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- 1.4.37 due to anti-money laundering and the countering of terrorist financing requirements, Numis, the Company and/or the Selling Shareholders may in their absolute discretion require proof of identity of the Investor and related parties and verification of the source of the payment before the Offer commitment can be processed and that, in the event of delay or failure by the Investor to produce any information required for verification purposes, Numis, the Company and/or the Selling Shareholders may at their absolute discretion refuse to accept the Offer commitment and the subscription moneys relating thereto. The Investor agrees to hold harmless and will indemnify, to the fullest extent permitted by law, Numis, the Company and/or the Selling Shareholders against any liability, loss or cost ensuing due to the failure to process the Offer commitment, if such information as has been required has not been provided by it or has not been provided timeously;
- 1.4.38 it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, section 118 of FSMA and the Proceeds of Crime Act 2002 and confirms that it has complied and will continue to comply with those obligations;
- 1.4.39 it and each person or body (including, without limitation, any local authority or the managers of any pension fund) on whose behalf it accepts Offer Shares pursuant to the Offer or to whom it allocates such Offer Shares have the capacity and authority to enter into and to perform their obligations as an Investor of the Offer Shares and will honour those obligations;
- 1.4.40 Numis, the Selling Shareholders (who shall include for the purposes of this paragraph any Directors selling Offer Shares pursuant to the Offer) and the Company (and any agent on their behalf) are entitled to exercise any of their rights under the Underwriting and Sponsor Agreement or any other right in their absolute discretion, including the right of Numis to terminate the Underwriting and Sponsor Agreement, without any liability whatsoever to Investors and Numis, the Selling Shareholders and the Company shall not have any obligation to consult or notify Investors in relation to any right or discretion given to them or which they are entitled to exercise. Each Investor agrees that it has no rights against Numis, the Selling Shareholders, the Company or any of their respective affiliates, directors, officers, employees or agents under the Underwriting and Sponsor Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
- 1.4.41 the Numis, the Company and the Selling Shareholders expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Offer. If such right is exercised, the Offer (and the arrangements associated with it) will lapse and any monies received in respect of the Offer will be returned to Investors without interest;

- 1.4.42 the representations, undertakings and warranties given by an Investor as contained in this Prospectus are irrevocable. The Investor acknowledges that Numis, the Selling Shareholders and the Company and their respective affiliates will rely upon the truth and accuracy of such representations, undertakings and warranties and it agrees that if any of the representations, undertakings, warranties or acknowledgments made or deemed to have been made by its application for Offer Shares are no longer accurate or have not been complied with, it shall promptly notify Numis and the Company;
- 1.4.43 it confirms that it is not and at Admission will not be, an affiliate of the Company or a person acting on behalf of such affiliate and it is not acquiring Offer Shares for the account or benefit of an affiliate of the Company or of a person acting on behalf of such an affiliate;
- 1.4.44 it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Ordinary Shares in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules issued by the FCA and made under Part VI of the FSMA as they apply to the Company;
- 1.4.45 it accepts that the allocation of Offer Shares shall be determined by the Company following consultation with Numis and that the Company has complete discretion as to whether to accept any offer to subscribe for or purchase Offer Shares and may scale down any commitments to acquire Offer Shares for this purpose on such basis as they may determine;
- 1.4.46 time shall be of the essence as regards its obligations to settle payment for the Offer Shares and to comply with its other obligations under the Offer;
- 1.4.47 in the case of a person who agrees on behalf of an Investor to acquire Offer Shares pursuant to the Offer and/or who authorises Numis to notify the Investor's name to the Registrar as mentioned above, that person represents and warrants that he/she has authority to do so on behalf of the Investor;
- 1.4.48 neither the Company nor Numis owes any fiduciary or other duties to any Investor in respect of any acknowledgements, confirmations, undertakings, representations, warranties or indemnities in the Underwriting and Sponsor Agreement; and
- 1.4.49 its commitment to take up Offer Shares on these terms and conditions will continue notwithstanding any amendment that may or in the future be made to these terms and conditions and that Investors will have no right to be consulted or require that their consent be obtained with respect to the Company or Numis' conduct of the Offer.

1.5 Indemnity

Each Investor irrevocably agrees, on its own behalf and on behalf of any person on whose behalf it is acting, to indemnify and hold the Company, Numis and the Selling Shareholders and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach by it any person on whose behalf it is acting of the representations, warranties, undertakings, agreements and acknowledgements in these terms and conditions and further agrees that the provisions of these terms and conditions shall survive after completion of the Offer.

1.6 Supply and disclosure of information

If Numis, the Selling Shareholders, the Registrar or the Company or any of their agents request any information in connection with an Investor's agreement to subscribe for and/or purchase Offer Shares under the Offer or to comply with any relevant legislation, such Investor must promptly disclose it to them.

2. MISCELLANEOUS

- 2.1 The rights and remedies of the Company, the Selling Shareholders, Numis and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 2.2 On the acceptance of their offer commitment, if an Investor is a discretionary fund manager, that Investor may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Offer will be sent at the Investor's risk. They may be returned by post to such Investor at the address notified by such Investor.
- 2.3 Each Investor agrees to be bound by the Articles (as amended from time to time) once the Offer Shares, which the Investor has agreed to purchase or subscribe for pursuant to the Offer, have been acquired by or issued to the Investor. The contract to purchase and subscribe for Offer Shares under the Offer and the appointments and authorities mentioned in this Prospectus will be governed by and construed in accordance with, the laws of England. For the exclusive benefit of the Company, the Selling Shareholders, Numis and the Registrar, each Investor irrevocably submits to the jurisdiction of the courts of England and Wales and waives 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. This does not prevent an action being taken against an Investor in any other jurisdiction.
- 2.4 In the case of a joint agreement to purchase or subscribe for Offer Shares under the Offer, references to a "Investor" in these terms and conditions are to each of the Investors who are a party to that joint agreement and their liability is joint and several.
- 2.5 Numis, the Selling Shareholders and the Company expressly reserve the right to modify the Offer (including, without limitation, its timetable and settlement) at any time before allocations are determined including the right of Numis to notify to the Company and the Selling Shareholders the extension for the dates and times for satisfaction of any or all of the conditions in the Underwriting and Sponsor Agreement (provided that such conditions are not extended beyond 8.30 a.m. on 30 July 2021).
- 2.6 The Offer is subject to the satisfaction of the conditions contained in the Underwriting and Sponsor Agreement and the Underwriting and Sponsor Agreement not having been terminated. For further details of the terms of the Underwriting and Sponsor Agreement please refer to paragraph 13.1 of Part 17 (*Additional Information*).
- 2.7 Numis may, and its affiliates acting as an investor for its or their own account(s) may, purchase or subscribe for Offer Shares and, in that capacity may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Offer Shares, any other securities of the Company or other related investments in connection with the Offer or otherwise. Accordingly, references in these terms and conditions to the Offer Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by, Numis and/or any of their respective affiliates acting as an investor for its or their own account(s). Neither Numis nor the Company intend to disclose the extent of any such investment or transaction otherwise than in accordance with any legal or regulatory obligation to do so.
- 2.8 The Selling Shareholders have agreed to pay any stamp duty chargeable on a transfer on sale of Sale Shares and/or SDRT chargeable on an agreement to transfer Sale Shares arising in the United Kingdom (currently at a rate of 0.5 per cent.) on the initial sale of Sale Shares under the Offer. Each Investor which acquires Sale Shares will be deemed to undertake: (i) that it shall not submit any reclaim to HMRC in respect of any stamp duty or SDRT so paid or accounted for by the Selling Shareholders in respect of the Offer or the Sale Shares and (ii) that it agrees that it is liable for any capital duty, stamp duty, stamp duty reserve tax and all other stamp, issue, securities, transfer registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the United Kingdom by such investor or any other person on the acquisition by such Investor of any Sale Shares or the agreement by such Investor to acquire any Sale Shares.

3. WITHDRAWALS

- 3.1 In the event that the Company is required to publish a supplementary prospectus, applicants who have applied to subscribe for Offer Shares in the Offer will have at least two Business Days commencing on the first Business Day after the date of publication of the supplementary prospectus within which to withdraw their Offer to acquire Offer Shares in the Offer.
- 3.2 The right to withdraw an application to subscribe for or purchase Offer Shares in the circumstances set out above will be available to all investors. If the application is not withdrawn within the period stipulated in any supplementary prospectus or announcement (as described above), any Offer to subscribe for or purchase Offer Shares in the Offer will remain valid and binding.
- 3.3 Any supplementary prospectus will be published in accordance with the Prospectus Regulation Rules (and notification thereof will be made to a Regulatory Information Service) but will not be distributed to investors individually. Any such supplementary prospectus will be published online at www.seraphinegroupplc.com and be available in printed form free of charge at the registered office of the Company at Suite 3.01 Grand Union Studios, 332 Ladbroke Grove, London, W10 5AD United Kingdom until 14 days after Admission.
- 3.4 Details of how to withdraw an application will be made available if a supplementary prospectus or relevant announcement (as described above) is published.

4. SELLING RESTRICTIONS

The distribution of this Prospectus and the Offer of Ordinary Shares in certain jurisdictions may be restricted by law and therefore persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions, including those set out in the paragraphs that follow. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No action has been or will be taken in any jurisdiction by the Company, the Selling Shareholders or Numis that would permit a public offering of the Ordinary Shares, or possession or distribution of this Prospectus or any other offering material in any country or jurisdiction where action for that purpose is required, other than the United Kingdom. Accordingly, the Ordinary Shares may not be offered or sold, directly or indirectly and neither this Prospectus nor any other offering material or advertisement in connection with the Ordinary Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any and all applicable rules and regulations of any such country or jurisdiction. Persons into whose possession this Prospectus comes should inform themselves about and observe any restrictions on the distribution of this Prospectus and the Offer of the Ordinary Shares contained in this Prospectus. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This Prospectus does not constitute an offer to subscribe for or purchase any of the Ordinary Shares offered hereby to any person in any jurisdiction to whom it is unlawful to make such offer of solicitation in such jurisdiction.

4.1 United Kingdom

In relation to the United Kingdom, an offer to the public of any Ordinary Shares may not be made in the United Kingdom, except that an offer to the public in the United Kingdom may be made at any time under the following exemptions under the UK Prospectus Regulation:

- 4.1.1 to any legal entity which is a UK Qualified Investor;
- 4.1.2 to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation), subject to obtaining the prior consent of Numis for any such offer; or
- 4.1.3 in any other circumstances falling within Section 86 of the FSMA, provided that no such offer of the Ordinary Shares shall require the Company or Numis to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Numis and the Company that it is a UK Qualified Investor.

For the purposes of this provision, the expression an “offer to the public” in relation to any Ordinary Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the Offer and any Ordinary Shares so as to enable an investor to decide to purchase any Ordinary Shares.

In the case of any Ordinary Shares being offered to a “financial intermediary” as that term is used in Article 5(1) of the UK Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Ordinary Shares to the public other than their offer or resale in United Kingdom to qualified investors as so defined or in circumstances in which the prior consent of the Company and Numis has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, Numis and their respective affiliates, representatives and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified Numis of such fact in writing may, with the consent of Numis, be permitted to purchase Ordinary Shares in the Offer.

4.2 **EEA**

In relation to each Member State, an offer to the public of any Ordinary Shares may not be made in that Member State, except that an offer to the public in that Member State of any Ordinary Shares may be made at any time under the following exemptions under the EU Prospectus Regulation:

4.2.1 to any legal entity which is an EEA Qualified Investor;

4.2.2 to fewer than 150 natural or legal persons (other than qualified Investors as defined in the EU Prospectus Regulation) per Member State, subject to obtaining the prior consent of Numis for any such offer; or

4.2.3 in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation, provided that no such offer of Ordinary Shares shall require the Company or Numis to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

Each person who initially acquires any Ordinary Shares or to whom any offer is made will be deemed to have represented, warranted and agreed to and with Numis and the Company that it is an EEA Qualified Investor.

For the purposes of this provision, the expression an “offer to the public” in relation to any Ordinary Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the Offer and any Ordinary Shares so as to enable an investor to decide to purchase any Ordinary Shares.

In the case of any Ordinary Shares being offered to a “financial intermediary” as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Ordinary Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their Offer or resale to, persons in circumstances which may give rise to an Offer of any Ordinary Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Company and Numis has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholders, Numis and their respective affiliates, representatives and others will rely upon the truth and accuracy of the foregoing representation, warranty, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified

investor and who has notified Numis of such fact in writing may, with the consent of Numis, be permitted to purchase Ordinary Shares in the Offer.

4.3 United States of America

The Ordinary Shares have not been and will not be registered under the US Securities Act or under the securities laws or regulations of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no offer of the Ordinary Shares in the United States.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Ordinary Shares within the United States by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

4.4 Australia

This Prospectus (a) does not constitute a prospectus or a product disclosure statement under the Corporations Act; (b) does not purport to include the information required of a prospectus under Part 6D.2 of the Corporations Act or a product disclosure statement under Part 7.9 of the Corporations Act; has not been, nor will it be, lodged as a disclosure document with the ASIC, the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (c) may not be provided in Australia other than to select investors who are able to demonstrate that they are Exempt Investors. By submitting an application for the Offer Shares, each purchaser or subscriber of Offer Shares represents and warrants to the Company, the Selling Shareholders, Numis and their affiliates that such purchaser or subscriber is an Exempt Investor.

The Offer Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Offer Shares may be issued, and neither this Prospectus (whether in preliminary or definitive form) nor any other offering material relating to any Offer Shares may be distributed, received or published in Australia, except where disclosure to investors is not required under Chapters 6D and 7 of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations.

As any offer of Offer Shares under this Prospectus, any supplement or the accompanying prospectus or other document will be made without disclosure in Australia under Parts 6D.2 and 7.9 of the Corporations Act, the Offer of those Offer Shares for resale in Australia within 12 months may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. Each purchaser or subscriber of Offer Shares will be deemed to have acknowledged the above and, by applying for the Offer Shares, gives an undertaking that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Offer Shares, offer, transfer, assign or otherwise alienate those Offer Shares to investors in Australia except in circumstances where disclosure to investors is not required under the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

4.5 Canada

The relevant clearances have not been and will not be, obtained from the Securities Commission of any province or territory of Canada. Accordingly, subject to certain exceptions the Ordinary Shares may not, directly or indirectly, be offered or sold within Canada, or offered or sold to a resident of Canada.

4.6 Republic of South Africa

The relevant clearances have not been and will not be, obtained from the South African Reserve Bank nor any other applicable body in the Republic of South Africa. Accordingly, the Offer Shares will not, directly or indirectly, be offered or sold within the Republic of South Africa.

4.7 Japan

The Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan and may not be offered or sold directly or indirectly in Japan except under circumstances that result in compliance of all applicable laws, regulations and guidelines promulgated by the relevant governmental and regulatory authorised in effect at the relevant time.

5. ALLOCATION

5.1 Allocations under the Offer will be agreed between the Company and Numis.

5.2 All New Shares issued pursuant to the Offer will be issued, payable in full, at the Offer Price. All Ordinary Shares sold pursuant to the Offer will be sold, payable in full, at the Offer Price.

5.3 Participants in the Offer will be advised verbally or by electronic mail or otherwise by Numis and the Company of their allocation as soon as practicable following allocation.

5.4 Upon notification of any allocation, Investors will be contractually committed to acquire the number of Offer Shares allocated to them at the Offer Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate, or otherwise withdraw from, such commitment. Dealing with the Offer Shares may not begin before notification is made.

5.5 The rights attaching to the Ordinary Shares are uniform in all respects and they form a single class for all purposes.

5.6 Each Ordinary Share ranks equally in all respects with each other Ordinary Share and has the same rights (including voting and dividend rights and rights to a return of capital) and restrictions as each other Ordinary Share, as set out in the Articles.

5.7 Subject to the provisions of the Companies 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 Companies Act and the Listing Rules allow for the disapplication of pre-emption rights which may be waived by special resolution of the Shareholders, either generally or specifically, for a maximum period not exceeding five years.

5.8 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 profit of the Company.

5.9 The Ordinary Shares are not redeemable. However, the Company may purchase or contract to purchase any of the Ordinary Shares, subject to the Companies Act and the requirements of the Listing Rules.

5.10 Further details of the rights attached to the Ordinary Shares are set out in paragraph 5 of Part 17 (*Additional Information*).

6. DEALING ARRANGEMENTS

6.1 The Offer is subject to the satisfaction of certain conditions contained in the Underwriting and Sponsor Agreement, which are typical for an agreement of this nature, including Admission occurring and becoming effective by 8.00 a.m. on 16 July 2021 or such later date as may be determined in accordance with such agreement and the Underwriting and Sponsor Agreement not having been terminated in accordance with its terms. Certain conditions are related to events which are outside the control of the Company, the Directors, the Selling Shareholders and Numis. Further details of the Underwriting and Sponsor Agreement are described in paragraph 13.1 of Part 17 (*Additional Information*).

- 6.2 Application will be made to the FCA for all of the Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the Ordinary Shares to be admitted to trading on the Main Market. Listing of the Ordinary Shares is not being sought on any stock exchange other than the London Stock Exchange.
- 6.3 It is expected that Admission will take place and unconditional dealings in the Ordinary Shares will commence on the London Stock Exchange at 8.00 a.m. (London time) on 13 July 2021. Settlement of dealings from that date will be on a two day rolling basis.
- 6.4 Each Investor will be required to undertake to pay the Offer Price for the Ordinary Shares sold or issued to such Investor in such manner as shall be directed by Numis.
- 6.5 The Ordinary Shares are in registered form and can be held in certificated or uncertificated form from Admission. Title to certificated Ordinary Shares (if any) will be evidenced in the Register of the Company and title to uncertificated Ordinary Shares will be evidenced by entry into the operator register maintained by the Registrar (which will form part of the Register of the Company).
- 6.6 It is intended that allocations of Offer Shares to investors who wish to hold Offer Shares in uncertificated form will take place through CREST on Admission. It is intended that, where applicable, definitive share certificates in respect of the Offer Shares will be posted by first class post within 10 Business Days of Admission. Dealings in advance of the crediting of the relevant CREST stock account shall be at the risk of the person concerned. Prior to the despatch of definitive share certificates in respect of any Offer Shares which are not settled in CREST, transfers of those Offer Shares will be certified against the Register of the Company. No temporary documents of title will be issued.

7. CREST

With effect from Admission, the Articles will permit the holding of Ordinary Shares under the CREST system. CREST is a paperless settlement system allowing securities to be transferred from one person's CREST account to another's without the need to use share certificates or written instruments of transfer. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

8. UNDERWRITING ARRANGEMENTS

- 8.1 The Company, the Directors, the Selling Shareholders and Numis have entered into the Underwriting and Sponsor Agreement, pursuant to which Numis has agreed, subject to certain conditions, to use its reasonable endeavours to procure purchasers and subscribers for, or, failing which, to itself subscribe or purchase the Offer Shares made available pursuant to the Offer.
- 8.2 The Underwriting and Sponsor Agreement contains provisions entitling Numis to terminate the Offer (and the arrangements associated with it) at any time prior to Admission in certain circumstances. If this right is exercised, the Offer and these arrangements will lapse and any monies received in respect of the Offer will be returned to applicants without interest. The Underwriting and Sponsor Agreement provides for Numis to be paid a commission in respect of the Offer Shares sold. Any commission received by Numis may be retained and any Offer Shares acquired by them may be retained or dealt in, by it, for its own benefit.
- 8.3 Numis is entitled to terminate the Underwriting and Sponsor Agreement if any of the conditions contained therein (details of which may be found in paragraph 13.1 of Part 17 (*Additional Information*)) are not satisfied (or, if capable of waiver, waived) on or before the relevant time and date. If the Underwriting and Sponsor Agreement is terminated, the Offer will be terminated.

9. LOCK-IN ARRANGEMENTS

- 9.1 Pursuant to the terms of the Lock-in Agreements, each of the Company, the Selling Shareholders and the Directors has agreed to certain lock-in arrangements with Numis.
- 9.2 For a six month lock-in period from the date of Admission, the Controlling Shareholder has agreed that, subject to certain customary exceptions, it will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof) that it may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the six month period thereafter, the Controlling Shareholder has agreed not to dispose of any Ordinary Shares (or any interest therein or in respect thereof) that it may hold other than through Numis (for so long as Numis is engaged as the Company's broker) with a view to maintaining an orderly market in the Company's securities.
- 9.3 For a 12 month lock-in period from the date of Admission, each of the Directors has agreed that, subject to certain customary exceptions, they will not offer, sell or contract to sell, or otherwise dispose of, any Ordinary Shares (or any interest therein or in respect thereof) that they may hold, or enter into any transaction with the same economic effect as any of the foregoing. For the 12 month period thereafter, they have each agreed not to dispose of any Ordinary Shares (or any interest therein or in respect thereof) that they may hold other than through Numis (for so long as Numis is engaged as the Company's broker) with a view to maintaining an orderly market in the Company's securities.
- 9.4 Further details of the Lock-in Agreements are set out in paragraph 13.6 of Part 17 (*Additional Information*).

PART 16

TAXATION

TAXATION

The following statements are by way of a general guide to potential investors and Shareholders only, are not exhaustive and do not constitute tax advice. Potential investors and Shareholders are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling or redeeming Ordinary Shares under the laws of their country of incorporation, establishment, citizenship, residence and/or domicile or any other form of presence for tax purposes.

Potential investors and Shareholders should note that the following statements on taxation are based on advice received by the Directors regarding the law and practice in force in the United Kingdom at the date of this Document. As is the case with any investment, there can be no guarantee that the tax position or proposed tax position prevailing at the time an investment is made in the Company will endure.

If you are in any doubt about your tax position, or if you may be subject to tax in a jurisdiction other than the United Kingdom, you should consult your professional adviser. Shareholders should note that the statements below are based on the Company's understanding of current legislation, regulations and practice, all of which are subject to change.

UK taxation

The following statements are intended as a general guide and relate only to certain limited aspects of UK tax consequences for potential investors and Shareholders who are or may become resident and, in the case of individuals, resident and domiciled in the UK (except where expressly stated otherwise) and who are beneficial owners of the Ordinary Shares and the dividends on those Ordinary Shares and who hold the Ordinary Shares as capital assets. They are based on existing law and on what is understood to be current HM Revenue & Customs practice, both of which are subject to change, possibly with retrospective effect.

The statements may not apply to certain classes of Shareholders including (but not limited to) (a) dealers in securities, (b) persons who control or hold, either alone or together with one or more associated or connected persons, directly or indirectly, (i) 10 per cent. or more of the Ordinary Shares or (ii) any other interests in the Company, or (c) persons who acquire Ordinary Shares other than for bona fide commercial reasons or who have a tax avoidance purpose or motive, who may be subject to a different tax treatment.

Individual Shareholders

A Shareholder who is an individual and resident and domiciled for tax purposes in the United Kingdom and who receives a cash dividend from the Company should pay no tax on the first £2,000 of dividend income received in a year (the “**dividend allowance**”). The rates of income tax on dividends received above the dividend allowance are: (a) 7.5 per cent. for dividends taxed in the basic rate band; (b) 32.5 per cent. for dividends taxed in the higher rate band; and (c) 38.1 per cent. for dividends taxed in the additional rate band.

Dividend income that is within the dividend allowance counts towards an individual's basic or higher rate limits, and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of this allowance. In calculating into which tax band any dividend income over the £2,000 allowance falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

The tax treatment of holding the Ordinary Shares is different where the Ordinary Shares are held within an ISA or a SIPP. For example, dividends received and capital gains realised within a SIPP or an ISA are not generally subject to income tax or capital gains tax. There are specific rules that apply to ISAs and SIPPs, including certain annual investment limits and, in the case of SIPPs, a lifetime limit, above

which favourable tax treatment is not available (and in certain situations additional tax charges can apply). Specific advice should be sought from your personal tax adviser in connection with investments made through an ISA or a SIPP.

Corporate Shareholders

Corporate Shareholders which are within the charge to United Kingdom corporation tax will be subject to corporation tax 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 unless other conditions are met. It is expected that most dividends paid on Ordinary Shares to UK resident corporate Shareholders would fall within one or more exempt class. However, it should be noted that the exemptions are not comprehensive and are subject to anti-avoidance rules.

Provided certain conditions are met, including an anti-avoidance condition, Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be liable to UK corporation tax on any dividend received from the Company.

Chargeable Gains

A subsequent disposal of the Ordinary Shares may result in a liability to United Kingdom taxation of chargeable gains, depending upon individual circumstances.

UK stamp duty and Stamp Duty Reserve Tax (“SDRT”) on transfers of the Ordinary Shares

Ordinary Shares held outside the CREST system

The conveyance or transfer on sale of the Ordinary Shares will usually be subject to stamp duty on the instrument of transfer, generally at the rate of 0.5 per cent. of the amount or value of the consideration. Stamp duty is charged in multiples of £5. An exemption from stamp duty is available on an instrument transferring shares where the amount or value of the consideration is £1,000 or less, and it is certified 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.

An obligation to account for SDRT at the rate of 0.5 per cent. of the amount or value of the consideration will also arise if an unconditional agreement to transfer the Ordinary Shares is not completed by a duly stamped instrument of transfer before the “accountable date” for SDRT purposes. The accountable date is the seventh day of the month following the month in which the agreement for the transfer is made. Payment of the stamp duty will cancel the liability to account for SDRT.

It is the purchaser who is in general liable to account for stamp duty or SDRT.

Ordinary Shares held within the CREST system

The transfer of the Ordinary Shares in uncertificated form in the CREST system will generally attract a liability to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration. The SDRT will generally be collected by CREST.

Clearance and depositary receipt systems

Stamp duty or SDRT may be charged at the higher rate of 1.5 per cent. on transfers of Ordinary Shares into a clearance system, depending on, in particular, whether the relevant clearance system has made an election under s.97A(1) of the Finance Act 1986 (a “s.97A Election”), or a depositary receipt system. Based on current published HM Revenue and Customs practice and recent case law, generally no SDRT should be payable, and no liability to stamp duty should arise, in respect of the issue or transfer of Ordinary Shares to a clearance system or depositary receipt system if it is integral to a capital raising by the Company.

A sale of Ordinary Shares within a clearance service which has not made and maintained a relevant s.97A Election will not give rise to an SDRT liability and should not in practice require the payment of UK stamp duty.

Selling Shareholders

The Selling Shareholders have agreed to pay any stamp duty or SDRT payable on the transfer of the Sale Shares save to the extent that stamp duty or SDRT is payable under any of s.67, 70, 93 or 96 of the Finance Act 1986 and exceeds the SDRT or stamp duty that would otherwise be payable.

If you are in any doubt as to your tax position you should consult your professional tax adviser.

PART 17

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

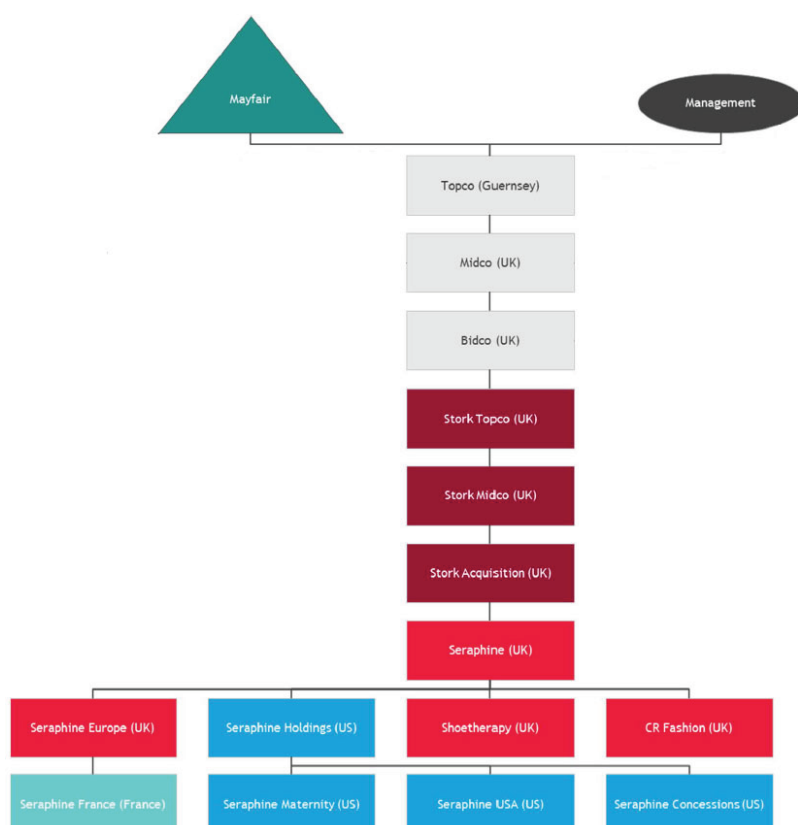
The Company and each of the Directors, whose names appear on page 34 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge of the Directors and the Company, the information contained in this Document is in accordance with the facts and this Document makes no omission likely to affect its import.

2. THE COMPANY

- 2.1 The Company was incorporated and registered in England and Wales on 14 June 2021 with registered number 13454003 as a public company limited by shares with the name Seraphine Group plc. The principal legislation under which the Company operates and under which the Ordinary Shares will be issued is the Companies Act. The registered office of the Company is Suite 3.01 Grand Union Studios, 332 Ladbroke Grove, London, W10 5AD.
- 2.2 The Registrars of the Company are Link Market Services Limited. The ISIN is GB00BNXGTY25, the SEDOL is BNXGTY2 and the Company's legal entity identifier is 254900CQ8TMKUDD0L296.
- 2.3 The telephone number of the Company is 020 3735 7723. The website of the Company is www.seraphine.com. The contents of the website are not incorporated into this Prospectus.
- 2.4 The Company's accounting reference date is 31 March. The Group's auditors are RSM UK Audit LLP, whose registered office is at Portland, 24 High Street, Crawley, West Sussex, RH10 1BG are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3. ORGANISATIONAL STRUCTURE

The following diagram is a simplified structure chart of the Group as at the date of this Prospectus, before completion of the Share Capital Reorganisation, which will take place prior to Admission, further details of which are set out in paragraph 4 of this Part 17 (*Additional Information*):



The following diagram is a simplified structure chart of the Group at Admission, following the completion of the Share Capital Reorganisation, further details of which are set out in paragraph 4 of this Part 17 (*Additional Information*):



4. SHARE CAPITAL OF THE COMPANY

- 4.1 The following is a summary of the changes in the issued share capital of the Company from 14 June 2021 (being the date of incorporation) to 12 July 2021, being the latest practicable date prior to publication of this Prospectus:

<i>Date of Issue</i>	<i>Number of Shares issued</i>	<i>Nominal value (£)</i>
14 June 2021	1 ordinary share of £0.01	£0.01
14 June 2021	4,999,999 redeemable preference shares of £0.01	£49,999.99

- 4.2 Since incorporation, the Company's share capital has been issued in conformity with the laws of England and Wales.
- 4.3 Immediately following Admission, the issued share capital of the Company is expected to be £509,020 comprising 50,902,011 Ordinary Shares (all of which shall be fully paid or credited as fully paid).
- 4.4 Awards of over 458,967 Ordinary Shares are expected to be granted immediately prior to or following Admission under the LTIP as described in paragraph 10.1 of this Part 17 (*Additional Information*), representing 0.9 per cent. of the issued share capital of the Company on Admission.

4.5 Authorisations

In advance of Admission, the Company has obtained shareholder approvals to effect the Share Capital Reorganisation described in paragraph 4.6 of this Part 17 (*Additional Information*). In addition, the Company has obtained shareholder approvals which are customary for a listed company and which will remain in place until the Company's first annual general meeting following Admission.

- 4.5.1 On 12 July 2021, in connection with the acquisition by the Company of Kensington Topco Limited (as described in paragraph 4.6 of this Part 17 (*Additional Information*)) the Company obtained shareholder approvals, including to:

- (a) adopt amended articles of association ("**New Articles**") in a form suitable for the Company as a company whose shares will be admitted to the Official List and to trading on the main market for listed securities of the London Stock Exchange; and

- (b) authorise the Directors generally and unconditionally for the purposes of section 551 of the Companies Act 2006 and article 9 of the New Articles to exercise all the powers of the Company to allot shares in the Company up to a maximum total nominal amount of £509,020 in connection with Admission, such authority to expire six months from the date on which this resolution is passed.

4.6 Share Capital Reorganisation

The Group will implement a corporate group reorganisation to take effect prior to Admission (the “**Share Capital Reorganisation**”) in order to ensure that the corporate structure is appropriate for the Group following Admission. The principal steps of the Share Capital Reorganisation are as follows:

- 4.6.1 the Company was incorporated on 14 June 2021 as a public limited company and registered in England and Wales with 1 ordinary share with a nominal value of £0.01 (“**Subscriber Share**”) and 4,999,999 redeemable preference shares with a nominal value of £0.01 (the “**Redeemable Shares**”). Mayfair Nominees has provided an undertaking to pay to the Company the sum of £50,000 representing the nominal value of the Subscriber Share and nominal value of the Redeemable Shares on a future date (the “**Undertaking**”).
- 4.6.2 in advance of Admission, in connection with the Share Capital Reorganisation, on 12 July 2021, Stork Midco Limited undertook a share capital reduction (including share premium) such that its share capital shall comprise £1 in aggregate following the reduction, with an increase in its distributable reserves;
- 4.6.3 in advance of Admission, in connection with the Share Capital Reorganisation, on 12 July 2021, Stork Topco Limited undertook a share capital reduction such that 15,969,925 issued priority shares of £1 each in the capital of Stork Topco Limited shall be cancelled and extinguished and that the share capital of Stork Topco Limited shall comprise £10,000 (comprising 850,000 A ordinary share of 1p each and 150,000 B ordinary shares of 1p each) following the reduction, with an increase in its distributable reserves;
- 4.6.4 pursuant to a share-for-share exchange deed (the “**Share Exchange Deed**”) to be signed immediately prior to Admission, the Company will become the holding company of Kensington Topco Limited, the current holding company of the Group, via a share-for-share exchange taking place shortly prior to and conditional upon Admission, whereby the shareholders in Kensington Topco Limited shall transfer the shares held by them in Kensington Topco Limited to the Company in exchange for the allotment and issue by the Company of ordinary shares of £0.01 each in the capital of the Company. Such new ordinary shares in the capital of the Company shall be issued to the shareholders of Kensington Topco Limited in proportion to the number of shares held by each shareholder in Kensington Topco Limited immediately prior to the Reorganisation, except that Mayfair Nominees shall be issued with 1 fewer ordinary share to reflect the Subscriber Share issued to Mayfair Nominees by the Company on incorporation. The Share Exchange Deed will note that the Subscriber Share already held by Mayfair Nominees will be deemed as fully paid and will partially release Mayfair Nominees from the obligation to pay under the Undertaking in respect of the nominal value of the Subscriber Share. As the Company will become the holding company of Kensington Topco Limited pursuant to the Share Exchange Deed, new articles of association will be adopted by Kensington Topco Limited following completion of the Share Exchange Deed, which will contain provisions appropriate to its position, following completion of the Share Exchange Deed, as a wholly-owned subsidiary of the Company. The Subscription and Shareholders’ Agreement shall also be terminated at this stage;
- 4.6.5 immediately prior to Admission, pursuant to resolutions of their respective boards of directors:
 - (a) Seraphine Limited will declare a dividend constituting substantially all of its distributable reserves at the time of declaration, to Stork Acquisition Limited; and
 - (b) Stork Acquisition Limited shall in turn declare a dividend constituting substantially all of its distributable reserves at the time of declaration, to Stork Midco Limited.

4.6.6 immediately prior to Admission, pursuant to a resolution of the board of directors of Stork Midco Limited, the shares held by Stork Midco Limited in Stork Acquisition Limited, comprising the entire issued share capital of Stork Acquisition Limited, shall be acquired by the Company for market value, resulting in:

- (a) a receivable equal to the market value of Stork Acquisition Limited in Stork Midco Limited, which shall be distributed up to the Company through the declaration of further dividends by each of the following Group Companies in turn, in each case, such dividend amount shall be equal to the distributable reserves of the relevant subsidiary Group Company, with the balance of the dividend amount remaining on intercompany account:
 - (i) Stork Midco Limited to Stork Topco Limited, pursuant to a resolution of the board of directors of Stork Midco Limited;
 - (ii) Stork Topco Limited to Kensington Bidco Limited, pursuant to a resolution of the board of directors of Stork Topco Limited;
 - (iii) Kensington Bidco Limited to Kensington Midco Limited, pursuant to a resolution of the board of directors of Kensington Bidco Limited;
 - (iv) Kensington Midco Limited to Kensington Topco Limited, pursuant to a resolution of the board of directors of Kensington Midco Limited; and
 - (v) Kensington Topco Limited to the Company, pursuant to a resolution of the board of directors of Kensington Topco Limited; and
- (b) a payable in the Company which shall be equivalent to the receivable balance following the distributions set out in 4.5.6(a) above (net of amounts left on intercompany account), such that the two amounts can be set off against each other and extinguished in the Company's accounts;

4.6.7 immediately following Admission:

- (a) the Redeemable Shares shall be redeemed in full by the Company, this results in a receivable due to the Company from Mayfair Nominees pursuant to the Undertaking and a corresponding payable due by the Company to Mayfair Nominees which will be set off against each other thereby releasing Mayfair from its obligations under the Undertaking; and
- (b) the Company shall enter into intercompany loan agreements with:
 - (i) Kensington Bidco Limited using a proportion of the funds raised through the primary raise, to put Kensington Bidco Limited in funds to repay the principal (and accrued interest) due under the Senior Facilities Agreement in full; and
 - (ii) Kensington Midco Limited using a proportion of the funds raised through the primary raise, to put Kensington Midco Limited in funds to repay the principal (and accrued interest) due under the A Loan Notes and B Loan Notes in full.

4.7 Shareholder Authorisations

In advance of Admission, the Company has obtained board approvals to effect the Share Capital Reorganisation described in paragraph 4.4 of this Part 17 (*Additional Information*). In addition, the Company obtained the following shareholder approvals on 12 July 2021 in connection with the Share Capital Reorganisation and Admission:

4.7.1 a special resolution approving the adoption of new articles of association of the Company in a form suitable for the Company as a company whose shares will be admitted to the Official List and to trading on the main market of the London Stock Exchange;

4.7.2 an ordinary resolution approving the allotment by the directors (pursuant to section 551 of the Companies Act) of:

- (a) up to 30,224,999 Ordinary Shares in connection with the Share Exchange Deed;

- (b) up to 20,677,011 Ordinary Shares made in connection with Admission; and
- (c) up to two-thirds of the Ordinary Shares in connection with a rights issue or similar pre-emptive offering and otherwise up to one-third of the Ordinary Shares,

such authority shall expire at the earlier of the date which is 15 months from the date of the passing of the resolution and the conclusion of the next annual general meeting of the Company except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired; and

- 4.7.3 a special resolution approving the disapplication of pre-emption rights in respect of the Ordinary Shares to be allotted in connection with the Share for Share Exchange, Admission and otherwise such authority to expire upon the earlier of the conclusion of the next Annual General Meeting of the Company and the date which is 15 months from the date of passing of the resolution, except that the Directors can during such period make offers or arrangements which could or might require the allotment of equity securities after the expiry of such period.

5. SUMMARY OF THE ARTICLES

The summary in this section relates to the articles of association which are intended to be adopted by the Company, immediately prior to Admission (the “**Articles**”). The Articles shall include provisions to the following effect:

Objects

The Articles contain no restriction on the objects of the Company. Accordingly, pursuant to section 31 of the 2006 Act, the Company’s objects are unrestricted.

Capital structure

The share capital of the Company is represented by an unlimited number of Shares having the rights described in the Articles.

Share rights

Subject to the provisions of the Acts and without prejudice to any rights attached to any existing Shares or class of Shares: (i) any share may be issued with such rights or restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine; and (ii) shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of such shares provided that it does so prior to the allotment of those shares.

Voting rights

Subject to any rights or restrictions attached to any shares, (i) on a show of hands every member who is present in person or by proxy or, in the case of a corporation, is present by a duly authorised representative, shall have one vote, and (ii) on a poll every member present in person or by duly appointed proxy or corporate representative has one vote for every share of which he or she is the holder or in respect of which his appointment as proxy or corporate representative has been made. If a member or his duly appointed representative or proxy present at a general meeting votes on a poll, he does not need to use all his votes or cast all the votes in the same way.

The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise if it were an individual shareholder.

No member shall be entitled to vote at any general meeting in respect of a share unless all moneys presently payable by him or her in respect of that share have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the 2006 Act and is in default for the prescribed period in supplying to the Company the information thereby required, or,

in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice to such member direct that, in respect of the shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

Dividends

Subject to the 2006 Act and as set out in the Articles, the Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board. No dividend may be paid otherwise than in accordance with the 2006 Act. The Board may at any time declare and pay such interim dividends as appears to be justified by the position of the Company. the Company may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Board.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid on the date of the resolution or decision to declare or pay it.

Subject to the provisions of the 2006 Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of the Company available for distribution.

If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

The Board may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Dividends may be declared or paid in any currency.

Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Board, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

The Board may, with the sanction of an ordinary resolution of the Company, offer any holder of shares the right to elect to receive shares, credited as fully paid, by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of such dividend or dividends as are specified by such resolution.

All dividends or other sums which are payable in respect of shares, and unclaimed after having been declared or become payable, may be retained or invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall be forfeited and cease to remain owing by the Company.

Except as provided by the rights and restrictions attached to any class of shares, the holders of the Company's shares will under general law be entitled to participate in any surplus assets in a winding up in proportion to their shareholdings. A liquidator may, with the sanction of a special resolution and any other sanction required by the 2006 Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members.

Except as otherwise provided by the rights attached to the shares, all dividends shall be declared and paid according to the amounts paid up on the nominal amount of the shares on which the dividend is paid but no amount paid on a share in advance of calls shall be treated as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal amount of the shares during any portion or portions of the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.

Any dividend or other moneys payable in respect of a share may be paid:

- in cash;

- by cheque or warrant sent by post to the address in the register of members of the Company (the “**Register**”) of the person entitled to the moneys or, if two or more persons are the holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the holder or otherwise by operation of law, to the address in the Register of that one of those persons who is first named in the Register in respect of the joint holding or to such person and to such address as the person or persons entitled to the moneys may in writing direct. Every such cheque or warrant shall be made payable to the person or persons entitled to the moneys or to such other person as the person or persons so entitled may in writing direct and shall be sent at the risk of the person or persons so entitled. Any such cheque or warrant may be crossed ‘account payee’ although the Company shall not be obliged to do so;
- by bank transfer to such account (of a type approved by the Board) as the person or persons entitled to the moneys may in writing direct; or
- by such other method of payment approved by the Board as the person or persons entitled to the moneys may agree in writing.

Redemption

Subject to the provisions of the 2006 Act and the Articles, the Company can issue shares which are required to be redeemed and shares which may be redeemed at the option of the Company or the relevant member.

Variation of class rights

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of the shares in issue may from time to time be varied or abrogated, whether or not the Company is being wound up, with the sanction of a special resolution passed at a separate meeting of holders of the issued shares of the class held in accordance with the Articles (but not otherwise).

The special rights conferred on the holders of any shares or class of shares shall, unless otherwise provided by the Articles or the terms of issue of the shares concerned, be deemed to be varied by a reduction of capital paid up on those shares but shall be deemed not to be varied by the creation or issue of further shares ranking *pari passu* with them or subsequent to them. The rights conferred on the holders of shares shall be deemed not to be varied by the creation or issue of any further shares ranking in priority to them nor shall any consent or sanction of the holders of shares be required to any variation or abrogation effected by a resolution on which only the holders of shares are entitled to vote.

Issue of shares

Subject to the provisions of the 2006 Act and without prejudice to any rights attaching to any existing shares, shares may be issued with such rights or restrictions as the Company may, by ordinary resolution, determine or in the absence of such determination, or as far as any such resolution does not make specific provision, as the Board may determine.

Form and transfer of shares

The Board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below.

A share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the Register as its holder.

Every member (other than a person who is not entitled to a certificate under the 2006 Act) is entitled, on becoming a holder of any shares in certificated form and without payment, to a certificate for all shares of each class held by him in certificated form. If a share certificate is worn out, defaced, lost, destroyed or stolen it may be renewed without fee but on such terms as to evidence and indemnity as the Board requires. In the case of loss, theft, or destruction, the person to whom the new certificate is issued may be required to pay any exceptional out of pocket expenses incidental to the investigation of

evidence of loss, theft or destruction and the preparation of an appropriate form of indemnity. Every share certificate is sent at the risk of the person entitled thereto.

The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer of any shares held in certificated form unless the instrument of transfer is:

- duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty, lodged at the transfer office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;
- in respect of only one class of shares; and
- in favour of not more than four transferees.

If the Board refuses to register a transfer of shares held in certificated form, it shall (except in the case of suspected fraud) as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the Register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but (except in the case of suspected fraud) any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

For all purposes of the Articles relating to the registration of transfers of shares, the renunciation of the allotment of any shares by the allottee in favour of some other person shall be deemed to be a transfer and the Board shall have the same powers of refusing to give effect to such a renunciation as if it were a transfer.

If a member dies the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing contained in the Articles shall release the estate of a deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him.

Calls

Subject to the terms of allotment, the Directors may from time to time make calls upon the members in respect of any moneys unpaid on their shares including any premium and each member shall (subject to being given at least 14 clear days' notice specifying where and when payment is to be made) pay to the Company the specified amount called on his shares. If any sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid. Interest shall be paid at a rate fixed by the terms of allotment of the share or in the notice of the call; or if no rate is fixed, at the appropriate rate per annum from the day appointed for the payment thereof to the time of the actual payment. Directors may at their discretion waive payment of any such interest in whole or in part.

Forfeiture

If a member fails to pay any call or instalment of a call on the day appointed for payment of such call or instalment, the Directors may serve a notice on him requiring payment of so much of the amount

unpaid together with any interest which may have accrued and any expenses which have been incurred by the Company due to the default. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

A forfeited share may be sold, allotted or otherwise disposed of on such terms and in such manner as the Board determine and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding such forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with all expenses and interest from the date of forfeiture or surrender until payment, but his liability shall cease if and when the Company receives payment in full of the unpaid amount.

A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that the particular share of the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the forfeited share.

Disclosure of interests

The Company may give notice to any member or any person whom the Company knows or has reasonable cause to believe (a) to be interested in the Company's shares or (b) to have been so interested at any time in the three years immediately preceding the date on which the notice is issued. The notice may require the person (a) to confirm that fact or (as the case may be) to state whether or not it is the case and (b) if he holds, or has during that time held, any such interest, to give such further information as may be required in accordance with section 793 of the 2006 Act (including particulars of the interest (present or past) and the identity of the persons interested in the shares in question).

If the Company has served a disclosure notice on a member or any other person appearing to be interested in shares referred to in the disclosure notice, and the Company has not received the information required in the disclosure notice within 14 days after service of the disclosure notice, the Directors may determine that the member holding the specified shares shall be subject to restrictions in respect of those shares (including restrictions as to voting, right to transfer the shares and right to receive dividends).

Directors

Unless otherwise determined by the Board, the number of directors of the Company shall be not less than two.

The directors may be paid all travelling, hotel and other expenses as they may incur in connection with their attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director, employee or former employee who has held but no longer holds any office or employment with the Company or with any body corporate which is or has been a subsidiary undertaking or a predecessor in business of the Company or of any subsidiary undertaking, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit. The power conferred by the 2006 Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director), in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any subsidiary, shall be exercised by the Board.

At each annual general meeting all of the Directors shall stand for re-election. Any director may be removed from office by ordinary resolution of the Company. The directors are not subject to a mandatory retirement age.

Directors' interests

A director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board.

A director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by his interest in shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of Directors or (ii) in circumstances where a director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

Any Director may act by himself or his firm in a professional capacity for the Company, other than as auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a director.

Disclosure of interests

Subject to the provisions of the 2006 Act, and provided that he has disclosed to the Board the nature and extent of any interest of his in accordance with the Articles, a director notwithstanding his office:

- may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
- may be a director or other officer of, or employed by or party to any transaction or arrangement with, or otherwise interested in any body corporate promoted by the Company or in which the Company is otherwise interested; and
- shall not be, by reason of his office, accountable to the Company for any benefits derived from any such office or employment or from any transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.

Authorisation of interests

The Directors may authorise, to the fullest extent permitted by law, any matter proposed to them which would otherwise result in a director infringing his duty under the 2006 Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest.

Authorisation of a matter is effective only if: (i) the matter has been proposed to the Directors at a meeting of the Directors or for the authorisation of the Directors by resolution in writing and in accordance with the Board's normal procedures or in such other manner as the Board may approve; (ii) any requirement as to quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested director; and (iii) the matter has been agreed to without the Director in question and any other interested Director voting or would have been agreed to if their votes had not been counted.

An interest of a person connected with a director shall be treated as an interest of the Director. Section 252 of the 2006 Act shall determine whether a person is connected with a director.

Borrowing powers

The Directors may exercise all the powers of the Company to borrow money and to give guarantees, hypothecate, mortgage, charge or pledge the assets, property and undertaking of the Company or any part thereof and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Annual General Meetings and General Meetings

An annual general meeting shall be held at such time and place as the Board may determine. The Board may call general meetings and, on the requisition of members pursuant to the provisions of the 2006 Act, shall forthwith convene a general meeting. If there are not sufficient directors capable of acting to call a general meeting, any director may call a general meeting. If there is no director able to act, any two members may call a general meeting for the purpose of appointing directors.

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. A quorum is two members present in person or by proxy and entitled to vote upon the business to be transacted at the meeting.

An annual general meeting shall be called by at least 21 days' clear notice in writing. A meeting of the Company other than an annual general meeting shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and the general nature of that business. A notice calling an annual general meeting shall specify the meeting as such and a notice for the passing of a special resolution shall specify the intention to propose the resolution as a special resolution and the terms of the resolution. Every member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

The accidental omission to give notice of a meeting, or to send an instrument of proxy or invitation to appoint a proxy as provided by the Articles, to any person entitled to receive notice, or the nonreceipt of notice of a meeting or instrument of proxy or invitation to appoint a proxy by such a person, shall not invalidate the proceedings at that meeting.

Every notice of meeting shall state with reasonable prominence that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, vote and speak instead of him and that a proxy need not be a member.

Annual Accounts and Financial Statements

Save as provided in the Articles, a copy of the annual accounts of the Company together with a copy of the auditors' report and the directors' report thereon and any other documents required to accompany or to be annexed to them shall, not less than 21 clear days before the date of the general meeting at which copies of those documents are to be laid, be sent to every member and to every debenture holder of the Company and to every other person who is entitled to receive notices from the Company of general meetings.

Copies of the documents referred to in the Articles need not be sent to: (a) a person who is not entitled to receive notices of general meetings or of whose address the Company is unaware; or (b) more than one of the joint holders of shares or debentures in respect of those shares or debentures, provided that any member or debenture holder to whom a copy of such documents has not been sent shall be entitled to receive a copy free of charge on application at the registered office.

The Company may send a summary financial statement to any of the persons otherwise entitled to be sent copies of the documents referred to in the Articles instead of or in addition to those documents and, where it does so, the statement shall be delivered or sent to such person not less than 21 clear days before the general meeting at which copies of those documents are to be laid.

Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the 2006 Act, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. The liquidator may, with the applicable sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he with the applicable sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

Untraceable shareholders

The Company shall be entitled to sell at the best price reasonably obtainable any member's shares or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if:

- for a period of twelve years, no cash dividend payable in respect of the shares has been claimed, no cheque or warrant sent by the Company through the post in a prepaid envelope addressed to the member or to the person entitled to the shares at his address on the Register or (if different) the last known address given by the member or the person so entitled to which cheques and warrants are to be sent has been paid, each attempt to make a payment in respect of the shares by means of bank transfer or other method for the payment of dividends or other moneys in respect of shares has failed and no communication has been received by the Company from the member or the person so entitled (in his capacity as member or person entitled);
- in such period of twelve years at least three dividends (whether interim or final) have become payable on the shares;
- the Company has at the expiration of the said period of twelve years by advertisement in both a national newspaper and in a newspaper circulating in the area in which the address referred to in the Articles is located given notice of its intention to sell such shares; and
- during the period of three months following the publication of the said advertisements the Company has received no communication in respect of such share from such member or person entitled.

If at any time during or after the said period of twelve years further shares have been issued in right of those held at the commencement of that period or of any issued in right during that period and, since the date of issue, the requirements of the Articles have been satisfied in respect of such further shares, the Company may also sell the further shares.

To give effect to such a sale the Board may authorise any person to execute an instrument of transfer or otherwise affect the transfer of the shares to be sold. If the shares concerned are in uncertificated form, in accordance with the CREST Regulations, the Company may issue a written notification to the operator requiring conversion of the shares into certificated form. The purchaser shall not be bound to see to the application of the purchase moneys and the title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings relating to the sale. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former member or other person previously entitled to the shares for an amount equal to the net proceeds, which shall be a debt of the Company, and shall enter the name of such former member or other person in the books of the Company as a creditor for such amount. No trust shall be created and no interest shall be payable in respect of the debt, and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments for the benefit of the Company as the Board may from time to time determine.

6. MAJOR SHAREHOLDERS

6.1 As at the date of this Prospectus, in so far as is known to the Directors, the following are, or immediately following Admission will be, directly or indirectly, interested in 3 per cent. or more of the voting rights of the Company:

	<i>Immediately prior to Admission⁽¹⁾</i>		<i>Immediately following Admission</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Mayfair Equity Partners				
Nominees Limited ⁽²⁾	25,427,936	84.1%	21,742,685	42.7%
Aberdeen Standard Life	—	—	5,090,000	10.0%
Jupiter	—	—	3,900,000	7.7%
Gresham House	—	—	3,300,000	6.5%
Canaccord Genuity Wealth	—	—	3,140,000	6.2%
Chelverton	—	—	2,800,000	5.5%
Royal London	—	—	2,100,000	4.1%
David N. Williams	2,347,537	7.8%	1,724,523	3.4%

Notes

- (1) The interests in Ordinary Shares as at the date of this Prospectus have been stated on the basis that the relevant Share Capital Reorganisation steps described in paragraph 4.6 of this Part 17 (Additional Information) have been completed in full.
 - (2) Mayfair Equity Partners Nominees Limited, wholly owned by Mayfair Equity Partners LLP, is a direct Shareholder in the Company, as nominee for the benefit of Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP and Mayfair Equity Partners II F&F LP (together with Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP, the "**Mayfair Funds**"). The address for the Mayfair Funds is 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ.
- 6.2 Save as disclosed above, in so far as is known to the Directors, there is no other person who is, as at the date of this Prospectus, directly or indirectly, interested in 3 per cent. or more of the voting rights of the Company, or of any other person who can, will or could, directly or indirectly, jointly or severally, exercise control over the Company.

7. MANDATORY BIDS AND COMPULSORY ACQUISITION RULES

7.1 Takeover bids

The City Code is issued and administered by the Takeover Panel. At the date of this Prospectus the Company, as a public limited company, is subject to the City Code and therefore its Shareholders will be entitled to the protections afforded by the City Code.

7.2 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 him 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 him, 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 him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

then, in either case, that person, together with the persons acting in concert with him, is normally required to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) 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 in the Company.

7.3 Concert party position and Rule 9 implications

Under paragraph (9) of the definition of "Acting in concert" in the City Code, it is presumed (unless the contrary can be established) that a concert party arises in relation to shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the City Code applies, or who, following the re-registration of that company as a public company in connection with an initial public offering or otherwise, become shareholders in a company to which the City Code applies.

In consultation with the Takeover Panel it has been agreed that the presumption in paragraph (9) of the definition of "Acting in concert" in the City Code may be rebutted as there are no reasons to presume that any of the existing shareholders in the Company as at the date of this Prospectus (based on the assumption that the Reorganisation has been completed) should be regarded as acting in concert with each other.

Immediately following Admission, Mayfair will be interested (directly or indirectly) in approximately 42.7 per cent. of the voting rights of the Company. Since Mayfair will hold an interest in Ordinary Shares carrying not less than 30 per cent. of the voting rights of the Company but will not hold Ordinary Shares carrying more than 50 per cent. of the voting rights of the Company, Mayfair will not be able to acquire any further interests in Ordinary Shares which

increases its percentage of Ordinary Shares carrying voting rights of the Company without incurring an obligation to make a general offer to Shareholders under Rule 9 of the City Code.

7.4 Squeeze-out rules

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, the offeror could acquire compulsorily the remaining 10 per cent. it would do so by sending a notice to outstanding Shareholders 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 outstanding Shareholders. 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.

7.5 Sell-out rules

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 takeover 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 takeover offer relates, any holder of Shares to which the takeover offer related who had not accepted the takeover 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.

8. INFORMATION ON THE DIRECTORS’ AND THEIR INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

8.1 Directorships and partnerships outside the Group

The details of those companies and partnerships outside the Group of which the Directors are currently directors, partners or members of any administrative, management or supervisory body, or have been directors, partners or members of any administrative, management or supervisory body at any time in the five years immediately preceding the date of this Prospectus are as follows:

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Sharon Flood	Connect Infrastructure Topco Limited Pets At Home Group Plc Herculaneum Management Limited Phaistos Management Ltd Getlink SA University of Cambridge (Trustee) Science Museum Group (Trustee and Chair of Finance)	Network Rail Limited Network Rail Infrastructure Limited British Amateur Gymnastics Association ST Dupont SA Crest Nicholson Holdings Plc
David N. Williams	Lexicon RTM Company Ltd	–
John Bailey	–	–
Chelsey Oliver	–	–

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
William (Bill) Ronald	Fevertree Drinks plc	Halfords Group plc Dialight plc The Challenge Network MN Fox Topco Limited TCFG Holdings Limited Helsinki Topco Limited Muscular Dystrophy Group of Great Britain and Northern Ireland
Sarah Highfield	–	Costa China Holdings Limited Coffeeheaven Holdings Limited Coffeeheaven International Limited Costa Limited Costa International Limited Costa Beijing Limited Costa Coffee (Shanghai) Co., Ltd Costa Trading (Shanghai) Co, Ltd Costa Catering Management (Shanghai) Co., Ltd Costa Express Holdings Limited Costa Express Limited Life Coffee Cafes Limited Cuppa-Cino Trading Limited Coffee Nation UK Limited Coffee Nation Employee Benefit Trustee Limited Costa Card ELMI Limited Costa Coffee Polska SA Costa Denmark ApS
Bertie Aykroyd	Mayfair Equity Partners II General Partner Limited Mayfair Equity Partners II Co-Investor General Partner LLP Mayfair Equity Partners II Co-Investor GP Limited Mayfair Equity Partners Penco Limited Mayfair Equity Partners I Co-Investor GP Limited Mayfair Equity Partners II GP LLP MEP II LP Mayfair Equity Partners Nominees Limited Mayfair Equity Partners I General Partner Limited Mayfair Equity Partners I General Partner (Guernsey) Limited Intelligent Growth Solutions Limited Harding Midco Limited Harding Bidco Limited Mayfair Equity Partners I Founder Partner (Guernsey) LP Mayfair Equity Partners I Co-Investment (Guernsey) LP Mayfair Equity Partners LLP	Intelligent Growth Solutions Limited Harding Midco Limited Harding Bidco Limited

<i>Name</i>	<i>Current directorships and partnerships</i>	<i>Previous directorships and partnerships</i>
Bertie Aykroyd (continued)	Tour Partner Group Holdco Limited (Guernsey) Harding Topco Limited (Guernsey) Pixo Holdings, Inc. (Delaware, USA) Andromeda Holdco SARL (Luxembourg) Andromeda Topco SARL (Luxembourg) Andromeda Midco SARL (Luxembourg) Andromeda Bidco SARL (Luxembourg)	

8.2 Directors' Interests

The interests (all of which are beneficial unless otherwise stated) of the Directors in the share capital of the Company as at the date of this Prospectus are as follows:

<i>Name</i>	<i>Immediately prior to Admission⁽¹⁾</i>		<i>Immediately following Admission⁽¹⁾</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Mayfair Equity Partners Nominees Limited	25,427,936	84.13%	21,742,685	42.71%
Sharon Flood ⁽²⁾	72,850	0.24%	157,765	0.31%
David N. Williams.	2,347,537	7.77%	1,724,523	3.39%
John Bailey	1,059,952	3.51%	804,910	1.58%
Chelsey Oliver	1,287,585	4.26%	919,614	1.81%
William (Bill) Ronald	29,140	0.10%	63,090	0.12%
Sarah Highfield	—	—	10,169	0.02%
Bertie Aykroyd ⁽³⁾	—	—	—	—
Total	30,225,000	100%	25,422,756	49.94%

Notes:

- (1) Assuming that the Share Capital Reorganisation steps described in paragraph 4.5 of this Part 17 (*Additional Information*) have been completed in full.
- (2) Represents Ordinary Shares held by Sharon Flood directly, together with Ordinary Shares held by her two children.
- (3) Bertie Aykroyd is not directly interested in any Ordinary Shares, but acts as a representative of the Controlling Shareholder on the Board, whose interests are set out in paragraph 6.1 of this Part 17 (*Additional Information*).

8.3 Conflicts of Interest

Bertie Aykroyd was appointed by and represents the Controlling Shareholder, on the Board of the Company. Amongst other things, the Controlling Shareholder or its associates may from time to time acquire and hold interests in businesses that competes directly or indirectly with the Group, or with which the Group conducts business. Each of the Directors has a duty under the Articles to avoid conflicts of interest 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 Companies 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 deem appropriate (including in respect of the receipt of information or restrictions on participation at certain Board meetings), in accordance with the Articles.

Save as set out above, there are no actual or potential conflicts of interest between the duties owed by the Directors, or members of any administrative, management or supervisory body of the Company to the Group, and the private interests and/or other duties that they may also have.

8.4 **Directors confirmations**

As at the date of this Prospectus, no Director has during the last five years:

- 8.4.1 any convictions in relation to fraudulent offences;
 - 8.4.2 been associated with any bankruptcy, receivership or liquidation, or any company being put into administration, while acting in the capacity of a member of the administrative, management or supervisory body or of senior manager of any company, save that, William (Bill) Ronald, was a Director and the Chair of Trustees for The Challenge Network, which appointed an administrator on 11 December 2019 and subsequently appointed a liquidator on 8 June 2020. William (Bill) Ronald resigned from his position on 6 April 2020;
 - 8.4.3 been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional bodies); or
 - 8.4.4 been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.
- 8.5 There are no family relationships between any of the Directors.
- 8.6 There are no outstanding loans or guarantees granted or provided by any member of the Group for the benefit of any of the Directors, or members of any administrative, management or supervisory body of the Company.

9. **DIRECTORS' REMUNERATION, SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT**

9.1 **REMUNERATION POLICY**

9.1.1 ***Group Policy***

In anticipation of Admission, the Company undertook a review of the Group's remuneration policy for senior employees, including the Executive Directors, to ensure that it is appropriate for the listed company environment. In undertaking this review, the Remuneration Committee sought independent, specialist advice.

The principal objectives of the policy, which shall apply from Admission, are to attract, retain and motivate the Executive Directors and senior employees, incorporating incentives that align with and support the Group's business strategy as it evolves, and which align executives to the creation of long-term shareholder value. To support the Company's growth ambitions, a significant proportion of potential total remuneration is, therefore, performance-related and will be delivered in awards over Ordinary Shares.

The Remuneration Committee will oversee the implementation of the Company's remuneration policy and, in particular, will seek to ensure that the Executive Directors are properly rewarded for the Group's performance and the delivery of the Group's strategy.

At the annual general meeting of the Company held in financial year 2022/23 Shareholder approval will be sought for a Directors' Remuneration Policy, the main features of which are described below (and which may be subject to amendment following Admission to the extent the Remuneration Committee considers appropriate).

9.1.2 ***Malus and clawback***

Consistent with best practice, malus and clawback provisions will be operated at the discretion of the Remuneration Committee in respect of both the ABP (including the awards made under the DBSP) and LTIP. A summary of the principal circumstances in which malus and clawback may be operated is set out in the aforementioned summaries of the DBSP and LTIP.

9.1.3 **Share ownership guidelines**

The Remuneration Committee has adopted formal shareholding guidelines that require the Executive Directors to build and maintain a shareholding in the Company. The Executive Directors will be subject to a shareholding requirement of 200 per cent. of base salary.

The individuals will be required to retain 50 per cent. of all vesting Ordinary Shares from the Company's Share Plans (net of sales for tax and national insurance) until the requirement is achieved. The equivalent net value after statutory deductions of unvested Ordinary Shares subject to any awards held by an Executive Director to which only time-based vesting or a holding period applies will count towards the shareholding requirement. The shareholding requirement will continue to apply for a period of two years after termination of employment, with the obligation being to retain the lower of the shareholding requirement or those Ordinary Shares held towards the shareholding requirement at the date of termination.

9.1.4 **Recruitment remuneration policy**

New Executive Director hires will be offered remuneration packages in line with the Company's remuneration policy in force at the time. In addition to the above elements of remuneration, the Remuneration Committee may, in exceptional circumstances, consider it appropriate to grant an award under a different structure in order to facilitate the buyout of outstanding awards held by an individual on recruitment. Any buyout award would be limited to what the Remuneration Committee considers to be a fair estimate of the value of awards forfeited when leaving the former employer and will be structured, to the extent possible, to take into account other key terms (such as vesting schedules and performance targets) of the awards which are being replaced. The Remuneration Committee may consider it appropriate to provide additional relocation support in certain circumstances.

9.1.5 **Termination policy**

The Remuneration Committee will consider treatment on termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Remuneration Committee may choose to apply under the discretions available to it under the terms of the ABP, DBSP and LTIP, which will take account of typical practice regarding, for example, the treatment of "good" and "bad" leavers. A summary of the leaver provisions under the DBSP and LTIP is set out in the aforementioned summaries of the DBSP and LTIP.

The Company has power to enter into settlement agreements with executives and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of termination of an Executive Director, the Company may pay a contribution towards the individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees would be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

9.1.6 **Statement of consideration of employment conditions elsewhere in the Group**

Pay and employment conditions generally in the Group will be taken into account when setting Executive Directors' remuneration.

The same reward principles guide reward decisions for all Group employees, including Executive Directors, although remuneration packages differ to take into account appropriate factors in different areas of the business.

9.1.7 **Statement of consideration of Shareholder views**

The annual general meeting held in financial year 2022/23 will be the first occasion on which the Company will seek the support of its Shareholders for matters relating to the remuneration of Executive Directors. The Remuneration Committee will ensure that it considers all of the feedback which it receives from its Shareholders during this Process.

9.2 Executive Directors

The Executive Directors will enter into revised service agreements, which will come into effect on Admission, with the following terms:

- 9.2.1 Each Executive Director's service agreement will be terminable by the Company or the respective Executive Director on 12 months' written notice.
- 9.2.2 David N. Williams will receive a salary of £250,000 per annum, John Bailey will receive a salary of £160,000 per annum and Chelsey Oliver will receive a salary of £160,000 per annum. Their salaries will be reviewed annually by the Remuneration Committee of the Board of the Company. There is no obligation to increase the relevant Executive Director's salary following a review.
- 9.2.3 An Executive Director's salary takes into account the individual's experience performance, level of responsibility, the scope and nature of the role. Historically, salaries paid by the Company have been set below market levels and the Remuneration Committee of the Board of the Company has decided to continue retain a conservative base salary positioning with the total package weighted towards greater variable, performance-related pay. The Remuneration Committee of the Board of the Company will keep base salary levels under review.
- 9.2.4 The Executive Directors will receive a pension contribution in line with the contribution rate available to the majority of the workforce, currently 3 per cent. of base salary. Pension may be payable either as a taxable cash allowance or as a contribution to the Group's personal pension plan. The Executive Directors may also receive other benefits (for example, the provision of life insurance and private medical insurance) and other market standard benefits.
- 9.2.5 Each Executive Director will be eligible to participate in the Company's annual performance related bonus plan (the "**ABP**"). The Company's policy will allow a maximum annual bonus level under the ABP of up to 125 per cent. of base salary per annum and this will apply in financial year ended 5 April 2022. Deferral of ABP bonus outcomes will apply for the Executive Directors so that 25 per cent. of any ABP bonus outcomes achieved for a financial year will be made in the form of awards over Ordinary Shares under the Company's Deferred Bonus Share Plan ("**DBSP**") which will vest after a three year period of deferral. A summary of the principal terms of the DBSP is set out in paragraph 10.2 of Part 17 (*Additional Information*). DBSP awards will normally be made each year within six weeks of the announcement of annual results. The first awards under the DBSP are presently timetabled for grant in the first quarter of 2022/23 following the announcement of the Company's annual results for 2021/22.
- 9.2.6 The Executive Directors will have the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the 2006 Act) and appropriate directors' and officers' liability insurance.
- 9.2.7 The Executive Directors are eligible to participate in the Company Long Term Incentive Plan ("**LTIP**"). Further details of which are set out in paragraph 10.1 of Part 17 (*Additional Information*). The Executive Directors will be entitled to participate in any all-employee share plans operated by the Company, on the same terms as other employees.
- 9.2.8 DBSP awards will normally be made each year within six weeks of the announcement of annual results. The first awards under the DBSP are presently timetabled for grant in the first quarter of 2022/23 following the announcement of the Company's annual results for 2021/22.
- 9.2.9 Whilst weightings and metrics will continue to be reviewed and may be varied for future years, the Company bonus for Executive Directors for 2021/22 will be based on EBITDA targets only. These targets were set at start of the financial year, before Admission, and will be applied for the full 2021/22 financial year. In future years, it is likely that other measures or objectives may be included alongside profit.

9.2.10 The Remuneration Committee will provide appropriate levels of disclosure on a retrospective basis of the measures and targets used in the ABP in the Directors' Remuneration Report. As required by the UK Corporate Governance Code, the Remuneration Committee will retain a power to moderate the levels of annual bonus plan outcomes for any year if this is appropriate in all of the circumstances, including consideration of Shareholder and broader stakeholder experience.

9.2.11 Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration Committee's opinion, make it appropriate to make adjustments to the performance conditions so that they maintain their commercial relevance.

9.3 Non-Executive Directors

The Non-Executive Directors will enter into revised letters of appointment, which will come into effect on Admission, for an initial period of three years and are subject to annual re-election, with the following terms:

- (a) Sharon Flood will enter into a letter of appointment to act as a Non-Executive Director and Chair for an annual fee of £100,000. This fee is inclusive of membership of any Board committees.
- (b) William (Bill) Ronald will enter into a letter of appointment to act as a Non-Executive Director for an annual fee of £45,000, plus an additional fee of £5,000 for his role as Senior Independent Director and an additional fee of £5,000 for Chair of the Remuneration Committee.
- (c) Sarah Highfield will enter into a letter of appointment to act as a Non-Executive Director for an annual fee of £45,000, plus an additional fee of £5,000 for her role as chair of the audit committee.
- (d) The Chair's and the other Non-Executive Directors' fees will be set at a level to reflect the amount of time and level of involvement required in order to carry out their duties as members of the Board and its committees, and to attract and retain Non-Executive Directors of the highest calibre with relevant commercial and other experience. The fees paid to the Chairman are determined by the Remuneration Committee of the Board of the Company (excluding the Chair), and the fees of the other Non-Executive Directors are determined by the Board. No Board member may participate in the approval of their own fees.
- (e) The Chair and Non-Executive Directors will not be eligible to participate in any of the Company's incentive arrangements and do not receive pension contributions. The Chair and Non-Executive Directors are entitled to reimbursement of reasonable and properly incurred expenses (including travel expenses).
- (f) The Chair and Non-Executive Directors will have the benefit of a qualifying third-party indemnity from the Company (the terms of which are in accordance with the 2006 Act) and appropriate directors' and officers' liability insurance.

9.4 Directors' Remuneration

In FY21, the aggregate remuneration paid (including any contingent or deferred compensation) and benefits in kind granted by the Company and its subsidiaries for services in all capacities to the Company and its subsidiaries to the Directors was £553,274, of which £440,750 comprised salaries/fees, £110,000 bonuses and £2,524 other benefits (including healthcare benefits).

Set out in the table below is the remuneration paid and benefits in kind granted to the Directors in the year ended 4 April 2021 is set out in the table below. The Directors are categorised in their positions as at the date of this Prospectus for these purposes.

<i>Name⁽¹⁾</i>	<i>Position</i>	<i>Annual Salary (£)</i>	<i>Bonus (£)</i>	<i>Other benefits (£)⁽²⁾</i>	<i>Date of joining the Group</i>
Sharon Flood	Chair	—	—	—	30 April 2021
David N. Williams	Chief Executive Officer	£190,500	£50,000	£633	4 September 2017
John Bailey	Finance Director	£132,500	£30,000	£1,358	3 March 2014
Chelsey Oliver	Creative & Brand Director	£117,750	£30,000	£533	24 October 2011
William (Bill) Ronald	Non Executive Director	—	—	—	30 April 2021
Sarah Highfield	Non Executive Director	—	—	—	30 June 2021
Bertie Aykroyd ⁽³⁾	Non Executive Director	—	—	—	30 December 2020

Notes

- (1) Each of Sharon Flood, William (Bill) Ronald and Sarah Highfield joined the Board of the Company following the year ended 4 April 2021.
- (2) Including pension contributions. In FY21, the aggregate amount set aside or accrued by the Company or its subsidiaries to provide for pension, retirement or similar benefits of the Directors was £23,532.
- (3) Bertie Aykroyd does not receive any remuneration in respect of his role on the Board of the Company.

10. EMPLOYEE INCENTIVE SCHEMES

Proposed policies

The Group intends to adopt the Share Plans set out below immediately prior to Admission.

Paragraphs 10.1 to 10.4 below describe the unique features of the proposed LTIP, DSBP and Sharesave (the “**Share Plans**”) and those which are common to the Share Plans.

10.1 Summary of the Long Term Incentive Plan (the “LTIP”)

Overview and proposed initial awards

The Executive Directors and other selected employees may participate in the Company Long Term Incentive Plan (“LTIP”) at the discretion of the Remuneration Committee.

The maximum value of a LTIP award for any Executive Director at grant in any financial year is an award over Ordinary Shares with a value (as at the date of award) of 150 per cent. of base salary. The Company’s intended policy is to make annual LTIP awards at this level to each Executive Director.

Awards granted under the LTIP to the Executive Directors will normally vest after three years from the award date and then be subject to a two year post vesting holding period in respect of vested shares (net of sales for tax and national insurance).

Vesting of LTIP awards granted to Executive Directors will be subject to the achievement of performance conditions determined by the Remuneration Committee of the Board of the Company.

The measurement period for the performance conditions for such LTIP awards will be a period of three years.

As required by the UK Corporate Governance Code, the Remuneration Committee will retain a power to moderate the vesting levels from awards if this is appropriate in all of the circumstances, including consideration of shareholder experience.

Awards granted without performance conditions (so called restricted share awards) may also be granted under the LTIP but not to Executive Directors. Restricted share awards may be subject to additional conditions however such as underpin measures (for example satisfactory personal performance and/or achievement of role related goals).

The first LTIP awards (planned for grant shortly prior to but conditional on Admission) to the Executive Directors and 12 other senior employees will be subject to performance conditions requiring the Company’s Adjusted EBITDA pre IFRS 16 (which will be re-expressed as adjusted EPS following IPO once the capital structure is settled) for the year ending April 2024 achieving £13 million to £16 million. 25 per cent. of such awards would vest at £13 million rising on a

straight-line basis to 100 per cent. vesting at £16 million. Such first awards to the Executive Directors will be granted at 150 per cent. of base salary grant levels (by reference to the Offer Price) and lower grant levels will apply to others.

It is intended that for the following financial years, LTIP awards will normally be made each year within six weeks of the announcement of annual results.

Operation and eligibility

The Remuneration Committee will supervise the operation of the LTIP. Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the LTIP at the discretion of the Remuneration Committee.

Structure of awards under the LTIP

The Remuneration Committee may grant awards to acquire Shares as conditional share awards or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

Timing of grants

The Remuneration Committee may grant awards within 90 days of Admission. Thereafter, the Remuneration Committee may grant awards within six weeks following the Company's announcement of its results for any period. The Remuneration Committee may also grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of awards (for example, in the case of recruitment).

Individual limit

An employee may not receive awards in any financial year in respect of Shares having a market value in excess of 150 per cent. of their annual base salary in that financial year.

Market value for such purposes shall be based on the market value of Shares on the dealing day immediately preceding the grant of an award (or by reference to a short averaging period) save in the case of the first awards under the LTIP (referenced above) in relation to which the Offer Price (as such term will be defined therein) may be taken as market value.

Extent of vesting

The extent of vesting of awards for Executive Directors will be subject to performance conditions set by the Remuneration Committee. Performance conditions may also apply in the case of awards to others but need not do so.

The Remuneration Committee may vary performance conditions applying to any award after it is granted if an event occurs which causes the Remuneration Committee to consider that it would be appropriate to amend the performance conditions, provided the Remuneration Committee acts fairly and reasonably in making the alteration and, in the case of awards to the Company's Executive Directors, the amended performance conditions are not materially more or less challenging than the original conditions would have been but for the event in question.

Vesting of awards

Awards shall ordinarily vest on such normal vesting date specified for the award or, if later, when the Remuneration Committee determines the extent to which any performance conditions and/or additional conditions have been satisfied.

The normal vesting date in respect of awards to Executive Directors shall not be earlier than the third anniversary of the grant of the award.

Where awards are granted in the form of options, once exercisable these will then remain exercisable up until the tenth anniversary of grant (or such shorter period specified by the Remuneration Committee at the time of grant) unless they lapse earlier. Shorter exercise periods

shall apply in the case of “good leavers” and/or vesting of awards in connection with corporate events.

Leaving employment

As a general rule, an award will lapse upon a participant’s termination of employment within the Group.

However, if a participant ceases to be an employee of the Group because of death, injury, ill-health, disability, redundancy, retirement with the agreement of the Remuneration Committee, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then their award will normally vest on the normal timetable. The extent to which an award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions/additional conditions (in each case, if any) have, in the opinion of the Remuneration Committee, been satisfied over the original performance measurement period, and (ii) ordinarily pro-rating of the award to reflect the period spent in service relative to the normal vesting period. The Remuneration Committee can decide to pro-rate an award to a lesser extent (including as to nil) if it regards it as appropriate to do so in the circumstances.

Alternatively, in such “good leaver” circumstances specified above (including in the case of a discretionary good leaver), the Remuneration Committee can decide that the participant’s award will vest when they leave, subject to: (i) the performance conditions/additional conditions measured at that time; and (ii) ordinarily pro-rating as described above (including the Remuneration Committee’s discretion as described above in respect of pro-rating).

Any holding periods applicable to awards will normally continue to apply to a good leaver’s awards, although the Remuneration Committee may choose to relax this requirement in compassionate cases.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation) all awards will vest early subject to: (i) the extent that the performance conditions/additional conditions (in each case, if any) have been satisfied at that time; and (ii) pro-rating of the awards to reflect the period elapsed into the award’s normal vesting period. The Remuneration Committee can decide to pro-rate an award to a lesser extent (including as to nil) if it regards it as appropriate to do so in the circumstances.

In the event of an internal corporate reorganisation awards will be replaced by equivalent new awards over shares in a new holding company.

In the event of a demerger, special dividend or other similar event which, in the opinion of the Remuneration Committee, would affect the market price of the Shares to a material extent, the Remuneration Committee may decide that awards shall vest early or be adjusted on such basis as considered appropriate. The Remuneration Committee will also retain the ability to require awards to be rolled-over into new equivalent awards granted by an acquiring company if that is considered appropriate,

Holding periods

The terms of the LTIP include that Executive Directors will ordinarily be required to retain their net of tax number of vested Shares (if any) delivered under the LTIP (or the full number of the vested Shares whilst held under an unexercised nil (or nominal) cost option award, where relevant) until the fifth anniversary of the grant of the award.

Override of formulaic outcomes

Notwithstanding any other provision of the LTIP, and irrespective of whether any performance conditions attached to an award has been satisfied, in line with the UK Corporate Governance Code, the Remuneration Committee retains discretion under the LTIP to adjust the level of vesting that would otherwise result (for example, that would otherwise result by reference to

formulaic outcomes alone). Such discretion would only be used in exceptional circumstances and for example may include regard to corporate and personal performance.

Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or Shares) on or shortly following the vesting/exercise of their awards of an amount equivalent to the dividends that would have been paid on those Shares between the time (or part of the time) when the awards were granted and the time when they vest (or where an award is structured as an option and subject to a holding period, the date of expiry of the holding period or if earlier the exercise of such award). This amount may assume the reinvestment of dividends.

Malus and clawback

The Remuneration Committee may apply the LTIP's malus and clawback provisions if, at any point prior to the third anniversary of the date of vesting of an award, it is discovered that there has been a material misstatement of the Company's financial results, an error of calculation (including on account of inaccurate or misleading information) or in the event of serious misconduct, serious reputational damage or corporate failure.

The malus and clawback may be satisfied by way of a reduction in the amount of any future bonus, existing award or future share awards and/or a requirement to make a cash payment.

10.2 Summary of the Deferred Bonus Share Plan (the "DBSP")

Operation and eligibility

The Remuneration Committee will supervise the operation of the DBSP. Any employee (including an Executive Director) of the Company and its subsidiaries will be eligible to participate in the DBSP at the discretion of the Remuneration Committee.

The Remuneration Committee currently proposes that 25 per cent. of any bonus outcomes under the Company's annual bonus arrangements for the Executive Directors in respect of the 2021/22 financial year of the Company (and subsequent) will be deferred under the DBSP.

Grant of awards under the DBSP

The Remuneration Committee may grant awards to acquire Shares as conditional share awards or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

Timing of grants

The Remuneration Committee may grant awards within six weeks following the Company's announcement of its results for any period or the date on which bonuses are determined. The Remuneration Committee may also grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of awards (for example, in the event awards cannot be granted during the normal grant windows due to dealing constraints).

The first awards under the DBSP are presently timetabled for grant in the first quarter of 2022 following the announcement of the Company's annual results for 2021.

Individual limits

Awards may only be granted in relation to the deferral of bonus and accordingly the employee may not receive awards in any financial year of Shares having a market value in excess of the relevant portion of the bonus being deferred under the DBSP.

Market value for such purposes shall ordinarily be based on the market value of Shares on the dealing day immediately preceding the grant of an award (or by reference to a short averaging period).

Vesting of awards

The normal vesting date for awards will be the third anniversary of grant (or such other normal vesting date or dates in respect of distinct portions as the Remuneration Committee may specify).

Where awards are granted in the form of options, once exercisable will then remain exercisable up until the tenth anniversary of grant (or such shorter period specified by the Remuneration Committee at the time of grant) unless they lapse earlier. Shorter exercise periods shall apply in the case of “good leavers” and/or vesting of awards in connection with corporate events.

Leaving employment

As a general rule, an award will lapse upon a participant’s termination of employment within the Group.

However, if a participant ceases to be an employee of the Group because of death, injury, ill-health, disability, redundancy, retirement with the agreement of the Remuneration Committee, their employing company or the business for which they work being sold out of the Group or in other circumstances at the discretion of the Remuneration Committee, then their award will normally vest on the normal timetable.

Alternatively, in such “good leaver” circumstances specified above (including in the case of a discretionary good leaver), the Remuneration Committee can decide that the participant’s award will vest when they leave.

In each case the Remuneration Committee may apply pro-rating of the award to reflect the period spent in service relative to the award’s normal vesting period.

Corporate events

In the event of a takeover or winding up of the Company (not being an internal corporate reorganisation), all awards will vest early in full.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of the Shares to a material extent, then the Remuneration Committee will adjust the awards, or may decide that awards will vest on the basis which would apply in the case of a takeover as described above.

Dividend equivalents

The Remuneration Committee may decide that participants will receive a payment (in cash and/or Ordinary Shares) on or shortly following the vesting/exercise of their awards of an amount equivalent to the dividends that would have been paid on those Shares between the time when the awards were granted and the time when they vest. This amount may assume the reinvestment of dividends. Alternatively, participants may have their awards increased as if dividends were paid on the Shares subject to their award and then assumed to be reinvested in further Shares.

Malus and clawback

The Remuneration Committee may apply the DBSP’s recovery and withholding provisions if, at any point prior to the third anniversary of the grant of an award, it is discovered that there has been a material misstatement of the Company’s financial results, an error of calculation (including on account of inaccurate or misleading information) or in the event of serious misconduct, serious reputational damage or corporate failure.

The malus and clawback may be satisfied by way of a reduction in the amount of any future bonus, existing award or future share awards and/or a requirement to make a cash payment.

10.3 Summary of the All-Employee Sharesave Scheme (the “Sharesave”)

Operation

If implemented the operation of the Sharesave will be supervised by the Board.

It is intended that the Sharesave would meet the requirements of Schedule 3 to ITEPA as amended and re-enacted from time to time in order to provide UK tax-advantaged options to UK employees.

Eligibility

Employees and full-time directors of the Company and any designated participating subsidiary who are UK resident taxpayers are eligible to participate. The Board may require employees to have completed a qualifying period of employment of up to a year before the grant of options. The Board may also allow other employees to participate.

Grant of options

Options can only be granted to employees who enter into HMRC approved savings contracts, under which monthly savings are normally made over a period of three or five years. Options must be granted within 30 days (or 42 days if applications are scaled back) of the first day by reference to which the option price is set. The number of Shares over which an option is granted will be such that the total option price payable for those Shares corresponds to the proceeds on maturity of the related savings contract.

Individual participation

Monthly savings by an employee under all savings contracts linked to options granted under any sharesave scheme may not exceed the statutory maximum (currently £500). The Board may set a lower limit in relation to any particular grant.

Option price

The price per Share payable upon the exercise of an option will not be less than the higher of: (i) 80 per cent. of the average middle-market quotation of a Share on the London Stock Exchange on the three days preceding a date specified in an invitation to participate in the sharesave (or such other day or days as may be agreed with HMRC); and (ii) if the option relates only to new issue Shares, the nominal value of a Share.

The option price will be determined by reference to dealing days which fall within six weeks of the announcement by the Company of its results for any period or at any other time when the Board considers there to be exceptional circumstances which justify offering options under the Sharesave.

Exercise of options

Options will normally be exercisable for a six-month period from the third or fifth anniversary of the commencement of the related savings contracts. Earlier exercise is permitted, however, in the following circumstances:

- (i) following cessation of employment by reason of death, injury, disability, redundancy, retirement or the business or company that the employee works for ceasing to be part of the Group;
- (ii) where employment ceases more than three years from grant for any reason other than dismissal for misconduct; and
- (iii) in the event of a takeover, amalgamation, reconstruction or winding-up of the Company, except in the case of an internal corporate re-organisation when the Board may decide to exchange existing options for equivalent new options over shares in a new holding company.

Except where stated above, options will lapse on cessation of employment or directorship within the Group.

Shares will be allotted or transferred to participants within 30 days of exercise.

10.4 Principal terms common to the Share Plans

Life of the Share Plans

An award may not be granted more than 10 years after the date on which the Share Plans were adopted. No payment is required for the grant of an award. Awards are not transferable, except on death. Awards are not pensionable.

Participants' rights

Awards under the Share Plans will not confer any shareholder rights until the awards have vested or the options have been exercised as relevant and the participants have received their Ordinary Shares.

Rights attaching to Ordinary Shares

Any Ordinary Shares allotted will rank equally with Ordinary Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variation of capital

In the event of any variation of the Company's share capital (or in the case of the LTIP and DBSP only, in the event of a demerger, payment of a special dividend or similar event which materially affects the market price of the Ordinary Shares), the Remuneration Committee (or Board as relevant) may make such adjustment as it considers appropriate to the number of Ordinary Shares subject to an award and/or the exercise price payable (if any).

Overall limits

The Share Plans may operate over new issue shares, treasury shares or shares purchased in the market.

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the Share Plans and any other (executive or otherwise) share incentive plan adopted by the Company.

Furthermore, in the same period as noted above, the Company may not issue (or grant rights to issue) more than 5 per cent. of the shares in issue under the LTIP and DBSP and any other executive share plan adopted by the Company

Treasury shares will count as new issue shares for the purposes of these limits unless institutional investor guidelines cease to require them to count.

Ordinary Shares issued or to be issued under awards or options granted before or in connection with Admission (including the first awards under the LTIP referenced above) will not count towards these limits.

Alterations

The Remuneration Committee may, at any time, amend the Share Plans in any respect, provided that the prior approval of shareholders is obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of shares or the transfer of treasury shares, the basis for determining a participant's entitlement to, and the terms of, the shares or cash to be acquired and the adjustment of awards.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the Share Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Group. Shareholder approval will also not be required for

any amendments to any performance condition applying to an award amended in line with its terms.

Overseas plans

The Share Plans allow the Remuneration Committee or Board, as relevant, to establish further plans for overseas territories, any such plan to be similar to the relevant Share Plan, but modified to take account of local tax, exchange control or securities laws, provided that any shares made available under such further plans are treated as counting against the limits on individual and overall participation in the relevant Share Plan. For example an international version of the Sharesave is proposed.

11. PENSIONS

The Group operates a defined contribution pension scheme for employees of the Group.

The aggregate amount set aside by the Group to provide pension, retirement or similar benefits in relation to Directors in the financial year ended 4 April 2021 was £31,200.

12. SUBSIDIARIES, INVESTMENTS AND PRINCIPAL ESTABLISHMENTS

Subsidiaries and subsidiary undertakings

12.1 The Company is the principal holding company of the Group. As at the date of this Prospectus, the subsidiaries and subsidiary undertakings of the Company (excluding any companies in liquidation) are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership</i>	<i>Primary field of activity</i>
Kensington Topco Limited	Guernsey	100%	Holding Company
Kensington Midco Limited	England & Wales	100%	Holding Company
Kensington Bidco Limited	England & Wales	100%	Holding Company
Stork Topco Limited	England & Wales	100%	Holding Company
Stork Midco Limited	England & Wales	100%	Holding Company
Stork Acquisition Limited	England & Wales	100%	Holding Company
Seraphine Limited	England & Wales	100%	Retail, E-Commerce and wholesale sales of maternity wear
Seraphine (Europe) Limited	England & Wales	100%	Holding Company
Seraphine France SARL	France	100%	Retail sales of maternity wear
CR Fashion Limited	England & Wales	100%	Dormant Company
Shoetherapy Limited	England & Wales	100%	Dormant Company
Seraphine Holdings Corp	U.S. (Delaware)	100%	Holding Company
Seraphine, USA Inc.	U.S. (Delaware)	100%	E-Commerce and wholesale sales of maternity wear
Seraphine Maternity LLC	U.S. (New York)	100%	Retail sales of maternity wear
Seraphine Concessions LLC	U.S. (New York)	100%	Retail sales of maternity wear

12.2 The Company has made no material investments since 4 April 2021 being the latest date to which the historical financial information in Part 12 (*Historical Financial Information*) was prepared other than the subsidiary undertakings listed in paragraph 12.1 of this Part 17 (*Additional Information*).

12.3 The Company currently has no material investments (in progress or planned for the future on which the Directors have made firm commitments or otherwise).

12.4 The principal establishments of Seraphine are as follows:

<i>Location</i>	<i>Tenure</i>
Suite 3.01 Third Floor, Grand Union Studios, 322 Ladbroke Grove, London	25/11/2017 – 24/11/2022
Ground Floor and Basement, 179/181 Kensington High Street, London	02/06/2015 – 01/06/2025
Unit 10-12 Cross Arcade, Victoria Quarter, Leeds	24/04/2015 – 23/04/2025
Ground Floor, 45 Marylebone High Street, London	14/10/2013 – 13/10/2023
102 Northcote Road, London	14/05/2005 – 13/05/2025
1321 Madison Avenue, New York	13/05/2015 – 30/04/2025
464 West Broadway, New York	23/10/2014 – 29/11/2029

13. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group: (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Company or any member of the Group; and/or (b) at any time and contain provisions under which the Company or any member of the Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Group as of the date of this Prospectus:

13.1 Reorganisation Documents

The documents to effect the Share Capital Reorganisation, as further detailed in paragraph 4.6 of this Part 17 (*Additional Information*), above.

13.2 Underwriting and Sponsor Agreement

On 13 July 2021, the Company, the Directors, the Selling Shareholders and Numis entered into the Underwriting and Sponsor Agreement. Pursuant to the Underwriting and Sponsor Agreement:

- (a) the Company has agreed, subject to certain conditions, to allot and issue, at the Offer Price, the New Shares to be issued in connection with the Offer;
- (b) the Selling Shareholders have agreed, subject to certain conditions, to sell the Sale Shares in the Offer at the Offer Price;
- (c) Numis has agreed, subject to certain conditions, to use reasonable endeavours to procure subscribers or, failing which, to subscribe themselves, for the New Shares and to procure purchasers, or failing which, to purchase themselves, the Sale Shares;
- (d) Numis will deduct from the proceeds of the Offer to the Company and the Selling Shareholders an agreed commission calculated by reference to the proceeds of the Offer;
- (e) in addition, the Company may, in its absolute discretion, pay an additional commission based on the proceeds of the Offer, and each Selling Shareholder may, in its absolute discretion, pay an additional commission based on the proceeds of the Offer;
- (f) the obligations of Numis to use reasonable endeavours to procure subscribers and/or purchasers for or, failing which, themselves to subscribe for or purchase Offer Shares on the terms of the Underwriting and Sponsor Agreement are subject to certain conditions. These conditions include the absence of any breach of warranty under the Underwriting and Sponsor Agreement and Admission occurring no later than 8.00 a.m. on 30 July 2021 (or such later date as the Company and Numis may agree). In addition, Numis has the right to terminate the Underwriting and Sponsor Agreement, exercisable in certain circumstances, prior to Admission. If the Underwriter and Sponsor Agreement is terminated, the Offer and Admission will not proceed;
- (g) the Company has agreed to pay the costs, charges, fees and expenses of the Offer (together with any related value added tax);

- (h) each of the Company, the Directors and the Selling Shareholders have given certain representations, warranties and undertakings, subject to certain limitations, to Numis;
- (i) the Company has given an indemnity to Numis on customary terms;
- (j) the parties to the Underwriting and Sponsor Agreement have given certain covenants to each other, including regarding compliance with laws and regulations affecting the making of the Offer in relevant jurisdictions; and
- (k) the Company has appointed Numis as its sole sponsor (subject to and in accordance with the terms of the Underwriting and Sponsor Agreement).

13.3 Senior Facilities Agreement

On 30 December 2020, Kensington Topco Limited's direct subsidiary Kensington Midco Limited ("**Midco**") entered into a facilities agreement with amongst others, HSBC UK Bank Plc as arranger, agent, security agent and lender ("**HSBC**") and Kensington Bidco Limited (the "**Senior Facilities Agreement**"). Certain of Midco's indirect subsidiaries have subsequently acceded to the Senior Facilities Agreement as additional guarantors.

The Senior Facilities Agreement comprises:

- (a) a sterling term loan facility in an aggregate principal amount of £11,200,000 ("**Facility A**"); and
- (b) a multicurrency credit facility in an aggregate principal amount of £1,500,000 (the "**Revolving Facility**").

The Revolving Facility is available in British pounds sterling, Euros, U.S. dollars or any other currency approved by HSBC. The termination date for Facility A is 30 December 2025. As at the date of this Prospectus, no payments have been due for repayment under Facility A as the first repayment date is 30 September 2021 and the following repayment dates fall quarterly following that date. The termination date for the Revolving Facility is 30 December 2024. Any amount drawn under the Revolving Facility should be repaid on the last day of its interest period and the interest period dates are chosen by Bidco and can either be one, two, three or six months.

Facility A was used to fund the acquisition of Stork Topco Limited (the "**Target**") and to refinance the financial indebtedness of the Target and the Target's subsidiaries. The Revolving Facility may be used to finance the working capital and the general corporate purposes of the Group but not towards acquisitions of companies or the repayment or prepayment of Facility A.

Subject to certain exceptions, the Senior Facilities Agreement limits the ability of Midco and its subsidiaries to, amongst other things, declare, make or pay dividends or other distributions, make certain acquisitions or disposals, grant security, incur debt and grant any guarantees.

The Senior Facility Agreement will terminate and be repaid in full on Admission.

13.4 Revolving Credit Facilities Agreement

On 17 June 2021 the Company's indirect subsidiary Stork Acquisition Limited ("**Stork Acquisition**") entered into a revolving credit facilities agreement with amongst others, HSBC UK Bank plc as arranger, agent, security agent and lender ("**HSBC**") and the Company ("**Revolving Credit Facilities Agreement**"), which is conditional on amongst other matters, admission to the London Stock Exchange taking place. Certain of the Company's subsidiaries may subsequently accede to the Revolving Credit Facilities Agreement.

The Revolving Credit Facilities Agreement comprises a multicurrency revolving credit facility in an aggregate amount of £6,000,000 (the "**Revolving Credit Facility**").

The Revolving Credit Facility will be available in British pounds sterling, U.S. dollars or Euros. The termination date of the Revolving Credit Facility will be 30 December 2024. The Revolving Credit Facility will be available for drawdown from the date of the Company's public listing until the date falling one month prior to the termination date (30 November 2024). Any amount drawn

under the Revolving Credit Facility should be repaid on the last day of its interest period and the interest period dates are chosen by Stork Acquisition and can either be one, two, three or six months. No interest period shall exceed six months. The minimum amount that can be drawn under the Revolving Credit Facility is £500,000 and no more than ten separate loan amounts can be drawn at once.

The Revolving Credit Facility may be used to finance the working capital and the general corporate purposes of the Group, including refinancing existing indebtedness of the Group and funding permitted acquisitions.

13.5 Relationship Agreement

On 13 July 2021, the Company, Mayfair Equity Partners Nominees Limited, Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP, Mayfair Equity Partners II F&F LP and Mayfair Equity Partners LLP entered into a relationship agreement (the “**Relationship Agreement**”) which will, conditional upon Admission, regulate the ongoing relationship between the Company and the Controlling Shareholder. The principal purpose of the Relationship Agreement is to ensure that the Company can carry on as an independent business as its main activity. The Relationship Agreement contains, among others, undertakings from the Controlling Shareholder, on behalf of itself and its associates, that: (i) transactions and arrangements with it (and/or any of its associates) will be conducted at arm’s length and on normal commercial terms (and, to the extent applicable, in compliance with the related party transaction rules set out in the Listing Rules); (ii) neither it nor 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, and (iii) neither it nor any of its associates will propose or procure the proposal of a Shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Pursuant to the Relationship Agreement, the Controlling Shareholder will be able to appoint one Director to the Board for so long as its shareholding (together with that of any of its associates) in the Company is equal to or greater than 20 per cent. of the voting rights in the Company. The Controlling Shareholder will consult in advance with, and shall provide any information or confirmation reasonably requested by, the Company’s nomination committee regarding the identity, qualifications and suitability of any Director proposed to be nominated.

In addition, for so long as the Controlling Shareholder’s shareholding (together with that of any of its associates) in the Company is equal to or greater than 30 per cent. of the voting rights in the Company, the Controlling Shareholder’s appointed representative director may attend as an observer all meetings of the Audit, Remuneration and Nomination Committees but shall not have voting rights at such meetings. The Controlling Shareholder’s first appointed representative Director is Bertie Aykroyd.

The Controlling Shareholder will have certain information rights in relation to confidential information of the Company, provided that such information will only be distributed to other members of the Controlling Shareholder’s group and professional advisers with the Controlling Shareholder using reasonable endeavours to procure that such professional advisers comply with the confidentiality obligations of the Relationship Agreement. Confidential information may be disclosed by the Controlling Shareholder reasonably required to discharge its accounting or other regulatory obligations. In addition, the Controlling Shareholder may freely disclose information if the parties agree in writing such information is not confidential or may be disclosed. The Controlling Shareholder has also undertaken to hold information it receives on the Group in confidence and in accordance with applicable law. The Relationship Agreement does not restrict the Controlling Shareholder and its associates are from competing with the Group.

The Relationship Agreement will continue for so long as (a) the Ordinary Shares are listed on the premium listing segment of the Official List and traded on the London Stock Exchange’s Main Market for listed securities, and (b) the Controlling Shareholder and its associates are entitled to exercise or to control the exercise of, in aggregate, 30 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

The Directors believe that the terms of the Relationship Agreement will enable the Group to carry on its business independently of the Controlling Shareholder.

13.6 Lock-in Agreements

The Controlling Shareholder and each of the Directors has agreed to certain lock-up arrangements in respect of the Ordinary Shares they hold immediately following Admission. Further details of the lock-in arrangements are set out in paragraph 9 of Part 15 (*Terms and Conditions of the Offer*).

13.7 Share Purchase Agreement

On 30 December 2020, Bidco (as buyer), the indirect subsidiary of the Company (following the Share Capital Reorganisation), entered into a share purchase agreement between, (i) the Executive Directors; (ii) Cecile Reinaud; (iii) Bridgepoint Growth Nominees Limited; and (iv) Bridgepoint Growth I 'A' LP, Bridgepoint Growth I 'B' LP and Stork Co-Investment Limited Partnership each acting by its manager, Bridgepoint Advisers II Limited, amongst others (the "**SPA**"). Under the terms of the SPA, the Sellers (as defined therein) disposed of the entire issued share capital of Stork Topco to Bidco for cash consideration of £51,641,557.18, plus the issue to the Executive Directors of £1,482,316.00 unsecured loan notes to and earn out consideration.

For the purposes of the SPA, the following terms are defined as follows:

- "**Audited Accounts**" means the audited consolidated financial statements of the Company and the subsidiaries for the period from 6 April 2020 to 4 April 2021;
- "**Earn-Out Accounts**" means the unaudited consolidated balance sheet and profit and loss statement of the Company and its subsidiaries for the Earn-Out Period (see below), produced following, and derived from, the Audited Accounts; and
- "**EBITDA**" means the earnings before (i) interest costs and income, (ii) all taxation charges and receipts excluding those relating to payroll taxes, and (iii) depreciation and amortisation of the Company and its subsidiaries as derived from the Earn-Out Accounts calculated in accordance with Part B of Schedule 7 of the SPA.

Under the SPA, the earn out consideration to be paid to the Sellers (as defined in the SPA) will be calculated using the EBITDA for the period commencing on 6 April 2020 and ending on 4 April 2021 (the "**Earn-Out Period**"). The earn out consideration paid will be as follows:

- if the EBITDA for the Earn-Out Period is less than £6,000,000, nil;
- if the EBITDA for the Earn-Out Period is at least £6,000,000 but less than £6,500,000, £3,000,000 less £6.00 for each £1.00 shortfall below £6,500,000 (provided that the Earn-Out Payment is not a negative number); and
- if the EBITDA for the Earn-Out Period is at least £6,500,000,

£3,000,000, (the "**Earn-Out Payment**")

In addition, the Earn-Out Payment shall be paid to the Sellers (as defined in the SPA) in the following proportions:

- Bridgepoint Growth Nominees Limited: 55.35%
- Cécile Reinaud: 32.35%
- John Bailey: 3%
- Chelsey Oliver: 2%
- David Williams: 5%
- James Sharp: 2%

- Stella Donoghue: 0.3%

The SPA stipulates that 50 per cent. of the Earn-Out Payment must be paid on or before the date falling 30 days (or the first Business Day after such date) after the date on which the EBITDA is agreed in accordance with the SPA. The outstanding balance of the Earn-Out Payment should be paid on or before 3 April 2022.

The Earn-Out Payment may be accelerated by notifying the Sellers in writing and paying to the Sellers the sum of £3,000,000 less any part of the Earn-Out Payment which has already been paid. Provided the Earn-Out Payment has not already been accelerated, there remains an outstanding amount of £3,000,000 (less any amounts already paid, if any) owed to the Sellers.

Customary warranties and representations were provided by each of (i) Cecile Reinaud; (ii) David Williams; (iii) John Bailey; (iv) Chelsey Oliver under the SPA.

13.8 Earn Out Indemnity Letter

On 16 June 2021, the Company entered into an indemnity letter with the Controlling Shareholder, and each of the Executive Directors pursuant to which the Controlling Shareholder and Executive Directors agreed to indemnify the Company, *pro rata* to their existing shareholding for any amount of the Earn-Out Payment in excess of an amount equal to £1,207,800 (the “**Excess Earn-Out Amount**”), plus any fees and expenses arising in connection therewith.

13.9 Subscription and Shareholders Agreement

On 30 December 2020, Kensington Topco Limited, (the Company’s subsidiary following the Share Capital Reorganisation), entered into the Subscription and Shareholders’ Agreement together with (i) David Williams; (ii) John Bailey; (iii) Chelsey Oliver (therein collectively known as the “**Executives**”); (iv) Midco; (v) Bidco; (vi) Mayfair Equity Partners II LP; (vii) Mayfair Equity Partners II Sidecar LP; and (viii) Mayfair Equity Partners II F&F LP (together with Mayfair Equity Partners II LP and Mayfair Equity Partners II Sidecar LP, known as the “**Investors**”). The Subscription and Shareholders Agreement sets out the terms of: (a) the acquisition of the entire issued share capital of the Stork Topco by Bidco; and (b) the issuance of A Ordinary Shares, B Ordinary Shares and C Ordinary Shares by Kensington Topco Limited to the Executives and the Investors; and (c) issuance of Loan Notes to the Investors and Executives by Midco.

The Subscription and Shareholders Agreement will terminate upon Admission and will no longer regulate the activities of the Group following Admission.

13.10 Loan Note Instruments

13.10.1 On 30 December 2020, Midco issued a loan note instrument, constituting the fixed rate A Loan Notes, £41,586,171.09, in favour of Mayfair Equity Partners Nominees Limited.

13.10.2 On 30 December 2020, Bidco issued a loan note instrument constituting the Bidco Rollover Loan Notes, £1,482,316, in favour of the following noteholders:

- (a) David Williams: £741,158 rollover loan notes;
- (b) John Bailey: £444,695 rollover loan notes; and
- (c) Chelsey Oliver: £296,463 rollover loan note.

13.10.3 On 30 December 2020, the relevant noteholders (David Williams, John Bailey and Chelsey Oliver) of the Bidco Rollover Loan Notes, as set out in paragraph paragraph 13.10.2 above, transferred the entirety of their holdings of Bidco Rollover Loan Notes (totalling £1,482,316), in favour of Midco, in exchange for the B Loan Notes (totalling £1,335,862) and the Midco Rollover Loan Notes (totalling £146,454) issued in favour of each relevant noteholder, as set out in paragraphs 13.10.4 and 13.10.5 below.

- 13.10.4 On 30 December 2020, Midco issued a loan note instrument constituting the B Loan Notes (totalling £1,335,862), in favour of the following noteholders:
- (a) David Williams: £667,931 fixed rate B loan notes;
 - (b) John Bailey: £411,545 fixed rate B loan notes; and
 - (c) Chelsey Oliver: £256,386 fixed rate B loan notes.
- 13.10.5 On 30 December 2020, Kensington Midco Limited issued a loan note instrument constituting the Midco Rollover Loan Notes (totalling £146,454), in favour of the following noteholders:
- (a) David Williams: £73,227 rollover loan notes;
 - (b) John Bailey: £33,150 rollover loan notes; and
 - (c) Chelsey Oliver: £40,077 rollover loan notes.
- 13.10.6 On 30 December 2020, the relevant noteholders (David Williams, John Bailey and Chelsey Oliver) of the Midco Rollover Loan Notes, as set out in paragraph 13.10.5 above, transferred the entirety of their holdings of Midco Rollover Loan Notes (totalling £146,454), in favour of the Company, in exchange for:
- (a) David Williams: 13,227 B Ordinary Shares and 60,000 C Ordinary Shares;
 - (b) John Bailey: 8,150 B Ordinary Shares and 25,000 C Ordinary Shares; and
 - (c) Chelsey Oliver: 5,077 B Ordinary Shares and 35,000 C Ordinary Shares.
- 13.10.7 On 30 April 2021, Kensington Midco Limited approved the transfer of £47,463.71 fixed rate A Loan Notes issued pursuant to the loan note instrument created 30 December 2020 constituting the A Loan Notes (totalling £41,586,171.09) from Mayfair Equity Partners Nominees Limited to William (Bill) Ronald.
- 13.10.8 On 30 April 2021, Kensington Midco Limited approved the transfer of £118,659.27 fixed rate A Loan Notes issued pursuant to the loan note instrument created 30 December 2020 constituting the A Loan Notes (totalling £41,586,171.09) from Mayfair Equity Partners Nominees Limited to Sharon Flood.

The A Loan Notes, B Loan Notes, Bidco Rollover Loan Notes and Midco Rollover Loan Notes will be repaid in full on Admission.

14. SIGNIFICANT CHANGE

There has been no significant change in the financial position or financial performance of the Group since 4 April 2021, being the date to which the historical financial information in Section B of Part 12 (*Historical Financial Information*) was prepared.

15. WORKING CAPITAL

The Company is of the opinion that the working capital of the Group is sufficient for its present requirements, that is, for at least the period of 12 months from the date of this Document.

16. SIGNIFICANT SUBSIDIARY UNDERTAKINGS

Subsidiaries and subsidiary undertakings

The Company is the principal holding company of the Group. As at the date of this Prospectus, the subsidiaries and subsidiary undertakings of the Company (excluding any companies in liquidation) are as follows:

<i>Name</i>	<i>Country of incorporation</i>	<i>Ownership</i>	<i>Primary field of activity</i>
Kensington Topco Limited	Guernsey	100%	Holding Company
Kensington Midco Limited	England & Wales	100%	Holding Company
Kensington Bidco Limited	England & Wales	100%	Holding Company
Stork Topco Limited	England & Wales	100%	Holding Company
Stork Midco Limited	England & Wales	100%	Holding Company
Stork Acquisition Limited	England & Wales	100%	Holding Company
Seraphine Limited	England & Wales	100%	Retail, E-Commerce and wholesale sales of maternity wear
Seraphine (Europe) Limited	England & Wales	100%	Holding Company
Seraphine France SARL	France	100%	Retail sales of maternity wear
CR Fashion Limited	England & Wales	100%	Dormant Company
Shoetherapy Limited	England & Wales	100%	Dormant Company
Seraphine Holdings Corp	U.S. (Delaware)	100%	Holding Company
Seraphine, USA Inc.	U.S. (Delaware)	100%	E-Commerce and wholesale sales of maternity wear
Seraphine Maternity LLC	U.S. (New York)	100%	Retail sales of maternity wear
Seraphine Concessions LLC	U.S. (New York)	100%	Retail sales of maternity wear

17. LEGAL AND ARBITRATION PROCEEDINGS

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the 12 months preceding the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

18. RELATED THIRD PARTY TRANSACTIONS

Save as disclosed in Part 12 (*Historical Financial Information*) or paragraph 13 of this Part 17 (*Additional Information*) of this Prospectus, the Group has not been a party to any related party transaction from the start of the period covered by the historical financial information to the date of this Prospectus.

19. AUDITORS

- 19.1 BDO LLP, whose office is at 55 Baker Street, London W1U 7EU, has provided an Accountant's Report on the historical financial information of the Group for the years ended 4 April 2021, 5 April 2020 and 31 March 2019 as set out in Part 12 (*Historical Financial Information*) of this Prospectus. BDO LLP is a member firm of the Institute of Chartered Accountants in England and Wales.
- 19.2 The auditors of the Group are RSM UK Audit LLP, whose registered office is at Portland, 24 High Street, Crawley, West Sussex, RH10 1BG are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. RSM UK Audit LLP have audited the statutory consolidated annual accounts of the Group as at and for the years ended 4 April 2021, 5 April 2020 and 31 March 2019.

20. CONSENTS

- 20.1 BDO LLP of 55 Baker Street, London W1U 7EU has given and has not withdrawn its written consent to the inclusion in this Prospectus of its reports in Part 12 (*Historical Financial Information*) and Part 13 (*Unaudited Pro Forma Financial Information*) of this Prospectus and has authorised the contents of those parts of this Prospectus which comprise its reports for the purposes of Rule 5.3.2R(2)(F) of the Prospectus Regulation Rules. A written consent under the Prospectus Regulation Rules is different from a consent filed with the United States Securities and Exchange Commission under Section 7 of the U.S. Securities Act. BDO LLP has not filed and will not be required to file a consent under Section 7 of the U.S. Securities Act.
- 20.2 Armstrong Transaction Services Limited of 132-134 College Road, Harrow, England, HA1 1BQ has given and not withdrawn its written consent to the inclusion of the information from the report it prepared at the request of the Company in this document which has been sourced to Armstrong. For purposes of Prospectus Regulation Rule 5.3.2(2)(f), Armstrong accepts responsibility for the inclusion of the information in this Document which has been sourced to Armstrong. To the best of the knowledge of Armstrong, such information is in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this document in compliance with paragraph 1.2 of Annex 1 of the UK version of Commission Delegated Regulation (EU) 2019/980, as it forms part of UK law by virtue of the EUWA.

21. THIRD PARTY INFORMATION

Where third party information has been used in this Prospectus, the source of such information has been identified. The Company confirms that such information has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by such third parties, 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. Where the Group has relied upon internally developed estimates, the information is identified as Company estimates or beliefs.

22. GENERAL

- 22.1 The fees and expenses to be borne by the Company in connection with Admission including underwriting commissions (including the maximum amount of any discretionary commission), the FCA fees, professional fees and expenses and the costs of printing and distribution of documents are estimated to amount to approximately £4.9 million (including VAT).
- 22.2 The financial information contained in this Prospectus does not amount to statutory accounts within the meaning of Section 434(3) of the Companies Act 2006.

23. WITHDRAWAL RIGHTS

- 23.1 In the event that the Company is required to publish a supplementary prospectus, applicants who have applied to purchase or subscribe for Offer Shares in the Offer will have at least two Business Days following the publication of the supplementary prospectus within which to withdraw their Offer to acquire Offer Shares in the Offer pursuant to Article 23(2) of the UK Prospectus Regulation.
- 23.2 If the application is not withdrawn within the stipulated period, any Offer to apply for Offer Shares in the Offer will remain valid and binding.

24. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents shall be available for inspection on the National Storage Mechanism's website at <http://www.morningstar.co.UK/UK/nsm> for a period of 28 days from the date of publication of this Prospectus:

- 24.1 the Articles;
- 24.2 the historical financial information, together with the related accountant's report from BDO LLP, which is set out in Section A of Part 12 (*Historical Financial Information*);

- 24.3 the unaudited pro forma financial information, together with the related accountant's report from BDO LLP, which is set out in Section A of Part 13 (*Unaudited Pro Forma Financial Information*);
- 24.4 the consent letters referred to in paragraph 20 (*Consents*) of this Part 17 (*Additional Information*);
- 24.5 the service agreements and letters of appointment referred to in this Part 17 (*Additional Information*).
- 24.6 the rules of the LTIP, the DBSP and the ShareSave;
- 24.7 the Armstrong Report; and
- 24.8 a copy of this Prospectus.

Prospectus Dated: 13 July 2021

PART 18

DEFINITIONS

The following definitions apply throughout this Prospectus unless the context requires otherwise:

“2006 Act” or “Companies Act”	the Companies Act 2006, as amended
“2010 PD Amending Directive”	2010 EU directive (2010/73/EU) which amended the Prospectus Directive
“A Loan Notes”	means the £41,586,171.09 nominal A Loan Notes 2026 of Midco
“Admission”	admission of the Ordinary Shares to the Official List (by way of a Premium Listing under Chapter 6 of the Listing Rules) and the admission of such shares to trading on the Main Market becoming effective in accordance with the Listing Rules and the current edition of the Admission and Disclosure Standards published by the London Stock Exchange
“Adjusted EBIT”	is a non-IFRS financial measure and is defined as operating profit before exceptional items, brand value amortisation, monitoring and registry costs
“Adjusted EBIT (pre IFRS 16)”	is a non-IFRS financial measure and is defined as operating profit before exceptional items, brand value amortisation, monitoring and registry costs before accounting for the impact of IFRS-16 adjustments
“Adjusted EBITDA”	means operating profit after adding back depreciation and amortisation, impairment of right-of-use asset, loss on disposal of tangible fixed assets, exceptional items, share based payments and monitoring and registry costs
“Adjusted EBITDA (pre-IFRS16)”	means operating profit after adding back depreciation and amortisation, impairment of right-of-use asset, loss on disposal of tangible fixed assets, exceptional items, share based payments and monitoring and registry costs; before accounting for the impact of IFRS-16 adjustments
“Articles” or “Articles of Association”	the articles of association of the Company as amended from time to time
“Audit Committee”	the audit committee of the Board
“AWS”	Amazon Web Services
“B Loan Notes”	means the £1,335,862.00 nominal B Loan Notes 2026 of Midco
“Bidco”	means Kensington Bidco Limited, a company registered in England & Wales under number 13095296, whose registered office is at 8 Hanover Street, London, United Kingdom, W1S 1YQ
“Bidco Rollover Loan Notes”	means the £1,482,316.00 nominal loan notes of Bidco to be constituted by the instrument to be entered into by Bidco
“Bleckmann”	means Bleckmann België NV, the Group’s exclusive third party logistics provider
“Board” or “Directors”	the board of directors of the Company

“Brexit”	the formal notification by the United Kingdom to the European Council of its intention to leave the European Union
“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
“certificated” or “in certificated form”	a share or other security (as appropriate) not in uncertificated form (that is, not in CREST)
“Chair”	the chair of the Board
“City Code” or “Code”	the UK City Code on Takeovers and Mergers, as amended, supplemented or replaced from time to time
“Closing Date”	16 July 2021, being the expected date of Admission
“Company” or “the Issuer”	Seraphine Group plc, a public company limited by shares, incorporated under the 2006 Act and registered in England and Wales with the registered number 13454003
“Controlling Shareholder”	means Mayfair Equity Partners Nominees Limited, wholly owned by Mayfair Equity Partners LLP, a direct shareholder in the Company, as nominee for the benefit of Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP and Mayfair Equity Partners II F&F LP, each partnerships managed by Mayfair Equity Partners LLP
“COVID-19”	the respiratory virus Coronavirus 2019-nCov
“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 Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Data Protection Laws”	any applicable law which applies any Group Company in any territory in which they process personal data and which relates to the protection of individuals with regards to the processing of personal data and privacy rights, including without limitation in relation to the US the California Consumer Privacy Act, in relation to the EU the General Data Protection Regulation (EU) 2016/679 (“ GDPR ”) and the e-Privacy Directive and Relevant Member State laws in the European Economic Area (“ EEA ”), in relation to the UK the Data Protection Act 2018 and the Privacy and Electronic Communications Regulations 2003 (amended by SI 2011 no. 6) and the GDPR (as incorporated into UK law under the EUWA) as the same are amended in accordance with the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019 (as amended by SI 2020 no. 1586) (“ UK GDPR ”) and “ Controller ”, “ Personal Data Breach ”, “ Personal Data ”, “ Process ” “ Processing ”, “ Processors ” and “ Special Category Data ” shall have the meanings given in the Data Protection Laws
“Directors”	the Executive Directors and the Non-Executive Directors
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules issued by the FCA under Part VI of FSMA
“DSBP”	the Deferred Bonus Share Plan proposed to be adopted by the Group, immediately prior to Admission, further details of which are set out in paragraph 10.2 of Part 17 (<i>Additional Information</i>)

“EEA” or “European Economic Area”	together, the EU, Iceland, Liechtenstein and Norway
“Euroclear”	Euroclear UK & Ireland Limited, the operator (as defined in the CREST Regulations) of CREST
“European Union” or “EU”	the European Union, first established by the treaty made at Maastricht on 7 February 1992
“EUWA”	the EU (Withdrawal) Act 2018 as amended by the EU (Withdrawal) Act 2020
“Excess Earn-Out Amount”	has the meaning given to it in paragraph 13.8 of Part 17 (<i>Additional Information</i>)
“Executive Directors”	the executive directors of the Company, being David N. Williams, John Bailey and Christine Chelsey Oliver (m. Westwood)
“Executive Share Plans”	the LTIP and the DBSP
“Expected Earn Out Payment”	means £1,207,800, payable in connection with the SPA
“Facility A”	the £11,200,000 term loan facility granted pursuant to the Senior Facilities Agreement
“FCA”	UK Financial Conduct Authority
“FCA Rules”	the FCA Handbook of Rules and Guidance
“Free Cash Flow”	means Adjusted EBITDA (pre IFRS 16) minus changes in working capital, minus capital expenditure, minus onerous lease provision movement, minus impact of prepayment adjustments
“Free Cash Flow Conversion”	means Free Cash Flow divided by Adjusted EBITDA (pre IFRS 16)
“FSCS”	the UK Financial Services Compensation Scheme
“FSMA”	the Financial Services and Markets Act 2000, as amended
“FY19”	the financial year ended 30 March 2019
“FY20”	the financial year ended 5 April 2020
“FY21”	the financial year ended 4 April 2021
“GDPR”	EU regulation (EU 2016/679) on the protection of natural persons with regard to the processing of Personal Data and on the free movement of such data
“Governance Code”	the UK Corporate Governance Code issued by the Financial Reporting Council, as amended from time to time
“Group”	means, the Company and its Subsidiaries from time to time, assuming that Company has been interposed as a new holding company pursuant to the Share Capital Reorganisation steps to be completed prior to Admission, and “Group Company” shall be construed accordingly
“historical financial information”	the audited consolidated historical financial information of Seraphine covering the historical financial period
“historical financial period”	the period from the start of FY19 to the end of FY21
“HMRC”	Her Majesty’s Revenue and Customs
“HSBC”	HSBC UK Bank PLC

“ICO”	the Information Commissioner’s Office, the UK’s independent authority set up to uphold information rights in the public interest;
“IFRS”	International Financial Reporting Standards as issued by the International Accounting Standards Board
“ISIN”	International Securities Identification Number
“Listing Rules”	the listing rules of the FCA made under Part VI of FSMA
“Lock-in Agreements”	the lock-in agreements entered into between each of the Company, the Controlling Shareholder and the Directors as described in paragraph 9 of Part 15 (<i>Terms and Conditions of the Offer</i>) of this Prospectus
“London Stock Exchange”	London Stock Exchange plc
“LTIP”	the Long Term Incentive Plan proposed to be adopted by the Group, conditional on Admission, further details of which are set out in paragraph 10.1 of Part 17 (<i>Additional Information</i>)
“Main Market”	the London Stock Exchange’s main market for listed securities
“Market Abuse Rules”	the UK version of the EU Market Abuse Regulation (2014/596/EU) (incorporated into UK law by virtue of the European Union (Withdrawal) Act 2018) and the relevant provisions of the EU Market Abuse Regulation (2014/596/EU)
“Mayfair”	means Mayfair Equity Partners LLP
“Mayfair Funds”	means each of Mayfair Equity Partners II LP, Mayfair Equity Partners II Sidecar LP and Mayfair Equity Partners II F&F LP
“Mayfair Nominees”	means Mayfair Equity Partners Nominees Limited
“Member State”	member states of the EEA
“Midco”	Kensington Midco Limited, a private Company limited by shares, incorporated under the laws of England and Wales with registered number 13095130
“Midco Rollover Loan Notes”	means the £146,454.00 nominal loan notes 2026 of Midco
“MiFID”	the EU Markets in Financial Instruments Directive
“MLRs”	Money Laundering, Terrorist Financing and Transfer of Funds (Information of the Payer) Regulations 2017 (SI 2017/692)
“New Shares”	the new Ordinary Shares to be allotted and issued by the Company pursuant to the Offer
“Non-Executive Directors”	the non-executive directors of the Company (including the Chair), being Sharon Flood, William (Bill) Ronald and Sarah Highfield
“Non-IFRS Financial Measures”	Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA (pre-IFRS), Adjusted EBITDA (pre-IFRS) margin, Adjusted EBIT, Adjusted EBIT (pre-IFRS 16), Free Cash Flow, Free Cash Flow Conversion, and constant currency revenue growth
“Numis”	Numis Securities Limited
“Offer”	the offer of Ordinary Shares to certain institutional investors in the United Kingdom and elsewhere outside the United States in reliance on Regulation S

“Offer Price”	the price at which each Offer Share is to be sold or issued (as the case may be) under the Offer
“Offer Shares”	the Ordinary Shares to be sold or allotted and issued at the Offer Price as described in Part 14 (<i>Details of the Offer</i>) and Part 15 (<i>Terms and Conditions of the Offer</i>) of this Prospectus
“Official List”	the Official List maintained by the FCA in its capacity as competent authority for the purposes of Part VI of FSMA
“Ordinary Shares”	the ordinary shares of £0.01 each in the capital of the Company
“PRA” or “Prudential Regulation Authority”	the UK Prudential Regulation Authority
“Prospectus Regulation” or “PR Regulation”	Regulation (EU) 2017/1129
“Prospectus Regulation Rules”	the prospectus regulation rules of the FCA made under Section 73A of FSMA
“Register”	the register of members of the Company;
“Registrar”	Link Market Services Limited, of – 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL, trading as Link Group
“Regulation S”	Regulation S under the US Securities Act
“Relevant Member State”	a Member State which has implemented the Prospectus Directive
“Remuneration Committee”	the remuneration committee of the Board
“Revolving Facility”	the multicurrency revolving credit facility granted pursuant to the Senior Facilities Agreement
“RIS”	any channel recognised as a channel for the dissemination of regulatory information by listed companies, as defined in the Listing Rules
“Risk and Compliance Committee”	the risk and compliance committee of the Board
“Sale Shares”	the existing Ordinary Shares to be sold by the Selling Shareholders at the Offer Price as described in Part 14 (<i>Details of the Offer</i>) and Part 15 (<i>Terms and Conditions of the Offer</i>) of this Prospectus
“SDRT”	UK stamp duty reserve tax
“SEDOL”	Stock Exchange Daily Official List
“Selling Shareholders”	those Shareholders who will be selling Sale Shares under the Offer being Mayfair and the Executive Directors
“Senior Facilities Agreement”	the facilities agreement entered into on 30 December 2020 between (1) Kensington Midco Limited; (2) HSBC; and (3) Kensington Bidco Limited and comprising Facility A and the Revolving Facility
“Senior Independent Director”	the “senior independent director”, as referred to in the UK Corporate Governance Code
“Seraphine” or “Group”	the Company and its Subsidiaries from time to time

“Share Capital Reorganisation”	the corporate group reorganisation described in paragraph 4.6 of Part 17 (<i>Additional Information</i>) of the Prospectus, including inserting the Company as a new holding company of the Group and creating a single class of ordinary shares in preparation for, and conditional upon, Admission
“Share Dealing Code”	the EU Market Abuse Regulation, any statute, order or regulation on dealing in the Company’s securities or the Company’s share dealing code from time to time
“Share Plans”	means the LTIP, the DSBP and the ShareSave
“Shareholders”	the holders of Ordinary Shares from time to time
“ShareSave”	the “all-employee” savings related share option scheme, proposed to be adopted by the Group, conditional on Admission, further details of which are set out in paragraph 10.3, Part 17 (<i>Additional Information</i>)
“Stork Topco Limited”	means Stork Topco Limited, a company registered in England & Wales under number 10788223, whose registered office is at Suite 3.01 Grand Union Studios, 332 Ladbroke Grove, London W10 5AD
“Subscription and Shareholders’ Agreement”	the subscription and shareholders’ agreement entered into on 30 December 2020 between (1) the Executives (as defined therein); (2) Kensington Topco Limited; (3) Kensington Midco Limited; (4) Kensington Bidco Limited; and (5) the Mayfair Funds
“Subsidiary”	has the meaning given to it in section 1162 of the 2006 Act and includes group companies included in the consolidated financial statements of Seraphine from time to time (and “Subsidiaries” shall be construed accordingly)
“Subsidiary Undertaking”	has the meaning given to such term in section 1162 of the 2006 Act (and “Subsidiary Undertakings” shall be construed accordingly)
“Takeover Panel” or “Panel”	the UK Panel on Takeovers and Mergers
“Terms and Conditions of the Offer”	the terms of the Offer and the conditions to which the Offer is subject, which are set out in Part 14 (<i>Details of the Offer</i>) and Part 15 (<i>Terms and Conditions of the Offer</i>) of this Prospectus
“Trade and Cooperation Agreement”	the trade and cooperation agreement agreed between the UK and the European Union on 24 December 2020, which will enter into force on the first day of the month following that in which the UK and the European Union have notified each other that they have completed their respective internal requirements and procedures for establishing their consent to be bound
“UK Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council in July 2018, as amended from time to time
“uncertificated” or “other 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

“Underwriting and Sponsor Agreement”

the Underwriting and Sponsor Agreement entered into between the Company, the Directors, the Selling Shareholders and Numis, details of which are set out in paragraph 13.2 of Part 17 (*Additional Information*) of this Prospectus

“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 of America and the District of Columbia

“US Securities Act”

the US Securities Act 1933, as amended, and the rules and regulations promulgated thereunder

“VAT”

UK value added tax

PART 19

GLOSSARY

The following technical terms or other abbreviations (or variations of them) are used in this Prospectus:

“CAC”	customer acquisition cost
“CAGR”	compound annual growth rate
“Core SAM”	Seraphine’s serviceable addressable market, being the market for luxury, affordable premium and mid-market maternity and nursing wear
“Core TAM”	Seraphine’s total addressable market, being the market for maternity and nursing wear in the United Kingdom, US and Western Europe
“CRM”	customer relationship management
“GOTS”	the Global Organic Textile Standard
“IT”	information technology
“KPIs”	key performance indicators
“NetZero”	refers to the carbon emissions concept of carbon neutrality, whereby the difference between the amount of greenhouse gas produced and the amount removed from the atmosphere is zero
“OEKO-TEX”	means the labels and certifications issued by the International Association for Research and Testing in the Field of Textile and Leather Ecology
“organic search”	organic search results on a search engine
“paid search”	paid search engine advertising
“Supplier Manual”	means the Group’s supplier manual
“The Wool Standard”	means the Responsible Wool Standard
“Tier 1”	means, in relation to the Group’s third party suppliers, garment factories which produce finished items of clothing for the Group
“Tier 2”	means, in relation to the Group’s third party suppliers, primary processors that carry out specific tasks such as cutting and stitching
“Tier 3”	means, in relation to the Group’s third party suppliers, any such factories making enhancements made by factories such as printing, dying, or embroidery.

PART 20

SCHEDULE OF CHANGES

The registration document published by Kensington Topco Limited (a company incorporated under the laws of Guernsey with registered number 68590, of which the Company will on Admission be the new holding company, pursuant to the Share Capital Reorganisation) on 17 June 2021 (the “**Registration Document**”) contained the information required to be included in a registration document for equity securities by Annex 1 to the UK version of Commission Delegated Regulation (EU) 2019/980 (supplementing Regulation (EU) 2017/1129) which is part of UK law by virtue of the EUWA (the “**PR Regulation**”). The Prospectus, which otherwise contains information extracted without material amendment from the Registration Document (except as set out below), also includes information required to be included in a securities note for equity securities as prescribed by Annex 11 to the PR Regulation and summary information for equity securities as prescribed by Article 7 of the UK Prospectus Regulation. The Prospectus updates and replaces in whole the Registration Document. Any equity investor participating in the Offer should invest solely on the basis of the Prospectus, together with any supplement thereto.

This schedule of changes to the Registration Document (the “**Schedule of Changes**”) sets out, refers to or highlights material updates to the Registration Document.

Capitalised terms contained in this Schedule of Changes shall have the meanings given to such terms in the Prospectus unless otherwise defined herein.

The purpose of this Schedule of Changes is to:

- (a) highlight material changes made in the Prospectus, as compared to the Registration Document;
- (b) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Securities Note; and
- (c) highlight the new disclosure made in the Prospectus to reflect information required to be included in a Summary.

1. ADDITIONAL INFORMATION

The Prospectus includes the following new sections not included in the Registration Document:

- Part 1 (*Summary*);
- Part 5 (*Expected Timetable of Principal Events*);
- Part 6 (*Offer Statistics*);
- Part 11 (*Capitalisation and Indebtedness*);
- Part 13 (*Unaudited Pro Forma Financial Information*);
- Part 14 (*Details of the Offer*);
- Part 15 (*Terms and Conditions of the Offer*);
- Part 16 (*Taxation*); and
- Part 20 (*Schedule of Changes*).

2. PRINCIPAL CHANGES

The following principal changes have been made to the contents of the Registration Document. The Prospectus otherwise contains information extracted without material amendment from the Registration Document.

- Part 2 (*Risk Factors*): new paragraphs numbered 4.1 to 4.8 have been added, detailing risks relating to the Offer and the Ordinary Shares. Please see pages 26 and 27 of this Prospectus;

- Part 3 (*Presentation of Information*): certain of the Non-IFRS Financial Information, including the Adjusted EBIT figures have been amended to correct inaccuracies contained in the Registration Document, in particular in relation to the calculation of Adjusted EBIT and Adjusted EBIT (pre-IFRS 16). Please see pages 29 to 31 of this Prospectus;
- Part 4 (*Directors, Secretary, Registered Office and Advisers*): has been amended as follows:
 - Omar Kanafani has been removed from the list of Directors and Sarah Highfield has been added to the list of Directors. Please see page 34 of this Prospectus; and
 - Numis Securities Limited, FTI Consulting, Mayer Brown International LLP have been added to the list of advisers. Please see pages 34 and 35 of this Prospectus;
- Part 7 (*Business Overview*): certain of the Non-IFRS Financial Information, including the Adjusted EBIT figures have been amended to correct inaccuracies contained in the Registration Document, in particular in relation to the calculation of Adjusted EBIT and Adjusted EBIT (pre-IFRS 16). Please see page 40 of this Prospectus;
- Part 8 (*Directors and Corporate Governance*) has been amended and replaced in its entirety in the Prospectus to reflect Seraphine Group plc as the Company, as opposed to Kensington Topco Limited in the Registration Document, and the Company's expected corporate governance structure following Admission, including the establishment of the Audit, Remuneration, Nomination and Disclosure Committees in connection with Admission. Please see pages 63 to 67 of this Prospectus;
- Part 9 (*Selected Financial Information*): certain of the Non-IFRS Financial Information, including the Adjusted EBIT figures have been amended to correct inaccuracies contained in the Registration Document, in particular in relation to the calculation of Adjusted EBIT and Adjusted EBIT (pre-IFRS 16). Please see pages 70 to 72 of this Prospectus;
- Part 10 (*Operating and Financial Review*): certain of the Non-IFRS Financial Information, including the Adjusted EBIT figures have been amended to correct inaccuracies contained in the Registration Document, in particular in relation to the calculation of Adjusted EBIT and Adjusted EBIT (pre-IFRS 16). Please see page 74 of this Prospectus; and the current trading wording has been updated to reflect the current trading position of the Company as at the date of this Prospectus, taking into account the first quarter of the financial year. Please see page 75 of this Prospectus;
- Part 17 (*Additional Information*):
 - Paragraph 2 (*The Company*) has been updated to reflect that this Prospectus has been prepared by the Company rather than by Kensington Topco Limited. Please see page 157 of this Prospectus;
 - Paragraph 3 (*Organisational Structure*) has been updated to reflect that this Prospectus has been prepared by the Company rather than by Kensington Topco Limited and to reflect the organisational structure of the Group following the Share Capital Reorganisation. Please see pages 157 to 158 of this Prospectus;
 - Paragraph 4 (*Share capital of the Company*) has amended and replaced in its entirety to reflect that this Prospectus has been prepared by the Company rather than by Kensington Topco Limited and to set out the steps in connection with the Share Capital Reorganisation. Please see pages 158 to 161 of this Prospectus;
 - Paragraph 5 (*Summary of the Articles*) the summary of the Articles of Kensington Topco Limited has been deleted in its entirety to reflect that this Prospectus has been prepared by the Company rather than by Kensington Topco. Please see pages 161 to 168 of this Prospectus;
 - Paragraph 7 (*Mandatory Bids and Compulsory Acquisition Rules*) has been amended to reflect the fact that the Company is subject to the City Code and describing certain provisions under the Takeover Code as applicable to the Company from Admission. Please see pages 169 to 170 of this Prospectus;

- Paragraph 8 (*Information on the Directors' and their interests in the Share Capital of the Company*) has been updated to remove Omar Kanafani from the list of Directors and add Sarah Highfield to the list of Directors. Please see pages 170 to 172 of this Prospectus;
- Paragraph 9 (*Directors' Remuneration, Service Agreements and Letters of Appointment*) has been amended and replaced in its entirety to reflect the new service agreements entered into with the Executive Directors, the new letters of appointment entered into with the Non-Executive Directors, certain additional provisions relating to the remuneration policies of the Company and to remove Omar Kanafani to the list of Directors. Please see pages 173 to 176 of this Prospectus;
- Paragraph 10 (*Employee Incentive Schemes*): has been amended to reflect the fact that certain LTIP awards will be granted to the Executive Directors and 12 other employees, prior to, but conditional on rather than following Admission. Please see pages 177 and 178 of this Prospectus;
- Paragraph 12 (*Subsidiaries, Investments and Principal Establishments*) has been updated to include Kensington Topco Limited as a subsidiary company. Please see page 184 of this Prospectus;
- Paragraph 13 (*Material Contracts*) has been amended by:
 - the insertion of details relating to: (i) documents effecting the Share Capital Reorganisation; (ii) the Underwriting and Sponsor Agreement; (iii) the Lock-in Agreements; and (iv) the Relationship Agreement. Please see pages 185 to 188 of this Prospectus; and
 - the amendment of the paragraphs relating to the (i) Senior Facilities Agreement, (ii) the Subscription and Shareholders Agreement, and (iii) the Loan Note Agreements to reflect the fact that each of the Senior Facilities Agreement, Subscription and Shareholders Agreement and the Loan Note Agreements will terminate with effect from Admission. Please see pages 185 to 190 of this Prospectus;
- Paragraph 15 (*Working Capital*) has been inserted in relation to the Group's working capital. Please see page 190 of this Prospectus;
- Paragraph 16 (*Significant Subsidiary Undertakings*) has been updated to include Kensington Topco Limited as a subsidiary company. Please see page 191 of this Prospectus;
- Paragraph 18 (*Related Third Party Transactions*) has been inserted to reflect the Group's related party transactions. Please see page 191 of this Prospectus;
- Paragraph 22 (*General*) has been inserted to address certain matters relating to the fees and expenses in connection with Admission. Please see page 192 of this Prospectus; and
- Paragraph 23 (*Withdrawal Rights*) has been inserted to detail the arrangements relating to the Offer. Please see page 192 of this Prospectus; and
- Part 18 (*Definitions*): the definitions of Adjusted EBIT, Adjusted EBIT (pre IFRS 16), Adjusted EBITDA and Adjusted EBITDA (pre-IFRS 16) have been amended to reflect the fact that in the case of Adjusted EBIT and Adjusted EBIT (pre-IFRS 16) the calculation takes into account monitoring and registry costs and in relation to Adjusted EBITDA and Adjusted EBITDA (pre-IFRS 16) the calculation takes into account exceptional items, rather than non-recurring costs. Please see page 194 of this Prospectus.

