

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or the action you should take, you should immediately seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who is authorised under the FSMA if you are in the United Kingdom, or, if outside the United Kingdom, from another appropriately authorised independent adviser.

This Document, which comprises an AIM admission document drawn up in accordance with the AIM Rules for Companies, has been issued in connection with an application for admission to trading on AIM of the entire issued and to be issued share capital of Likewise. This Document does not constitute an offer or any part of any offer of transferable securities to the public within the meaning of section 102B of the FSMA or otherwise. Accordingly, this Document does not constitute a prospectus for the purposes of section 85 of the FSMA or otherwise, and has not been drawn up in accordance with the Prospectus Rules or filed with or approved by the FCA or any other competent authority.

The Existing Shares are admitted to trading on TISE. Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM following the Resolutions being approved by Shareholders. It is expected that Admission will become effective and that trading in the Shares will commence on AIM on 18 August 2021.

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

The Company and the Directors, whose names appear on page 11 of this Document, accept responsibility for the information contained in this Document. To the best of the knowledge of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and contains no omission likely to affect the import of such information.

The whole of this Document should be read. Investment in the Company is speculative and involves a high degree of risk. Your attention is drawn in particular to Part III of this Document entitled "Risk Factors", which describes certain risks associated with an investment in Likewise.



(a company incorporated on 28 March 2012 in England and Wales under the Companies Act 2006 with company number 08010067)

**Placing of 40,000,000 New Shares at 25 pence per Share
Admission to trading on AIM
and
Notice of General Meeting**

Zeus Capital

Nominated Adviser and Joint Broker

The logo for Ravenscroft features a stylized red and black bird head icon to the left of the word "Ravenscroft" in a bold, black, sans-serif font.

Ravenscroft

Joint Broker

Enlarged Share Capital immediately following Admission

<i>Number</i>	<i>Issued and fully paid</i>	<i>Amount £</i>
192,374,194	ordinary shares of £0.01 each	£1,923,742

The Placing is conditional, *inter alia*, on Admission taking place by 8.00 a.m. on 18 August 2021 (or such later date as the Company, Zeus Capital and Ravenscroft may agree, being not later than 8.00 a.m. on 30 September 2021). The New Shares and the Existing Shares will, upon Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared paid or made in respect of the Shares after Admission. It is emphasised that no application is being made for the Enlarged Share Capital to be admitted to any other recognised investment exchange.

The notice convening the General Meeting to be held at 10.00 a.m. on 17 August 2021 at Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, B37 7YN is set out on pages 136 to 139 of this Document. You will not receive a hard copy Form of Proxy for the General Meeting in the post. Instead, you will be able to vote electronically using the link www.signalshares.com. You will need to log into your Signal Shares account, or register if you have not previously done so, to register you will need your Investor Code, this is detailed on your share certificate or available from our Registrar, Link Group. Proxy votes must be submitted no later than 10.00 a.m. on 13 August 2021.

If you need help with voting online, please contact our Registrar, Link Group, on Tel: 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or email Link at shareholderenquiries@linkgroup.co.uk

Zeus Capital, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for the Company as nominated adviser and joint broker in connection with the Placing and Admission, and will not be responsible to any other person for providing the protections afforded to customers of Zeus Capital or advising any other person in connection with the Placing and Admission. Zeus Capital's responsibilities as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers will be owed solely to London Stock Exchange and not to the Company, the Directors or to any other person in respect of such person's decision to acquire Placing Shares in reliance on any part of this Document. Apart from the responsibilities and liabilities, if any, which may be imposed on Zeus Capital by the FSMA or the regulatory regime established under it, Zeus Capital does not accept any responsibility whatsoever for the contents of this Document, and no representation or warranty, express or implied, is made by Zeus Capital with respect to the accuracy or completeness of this Document or any part of it.

Ravenscroft, which is licensed and regulated in Guernsey by the Guernsey Financial Services Commission, is acting as joint broker to the Company in connection with the Placing. Ravenscroft will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to clients of Ravenscroft or for providing advice in relation to the contents of this Document or any other matter.

This Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, securities in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for publication or distribution in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, the Republic of Ireland or Japan. The Shares have not been and will not be registered under the United States Securities Act 1933 (as amended) nor under the applicable securities laws of any states of the United States of America or any province or territory of Canada, Australia, New Zealand, the Republic of South Africa, the Republic of Ireland or Japan, nor in any country or territory where to do so may contravene local securities laws or regulations. Accordingly, the Shares may not be offered or sold directly or indirectly in or into the United States of America, Canada, Australia, New Zealand, the Republic of South Africa, the Republic of Ireland, Japan or to any national, resident or citizen of the United States of America, Canada, Australia, New Zealand, the Republic of South Africa or Japan. The distribution of this Document in other jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities law of any such jurisdictions. The Shares have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other United States of America regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the accuracy or adequacy of this Document. Any representation to the contrary is a criminal offence in the United States of America.

Copies of this Document will be available free of charge to the public during normal business hours on any day (except Saturdays, Sundays and public holidays) at the registered offices of the Company and the offices of Zeus Capital at 10 Old Burlington Street, London W1S 3AG for one month from Admission. This Document is also available on the Company's website, www.likewiseplc.com.

IMPORTANT INFORMATION

This Document should be read in its entirety before making any decision to subscribe for or purchase Shares. Prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, Zeus Capital, Ravenscroft or any of their respective affiliates, officers, directors, employees or agents. Without prejudice to the Company's obligations under the AIM Rules for Companies, neither the delivery of this Document nor any acquisition of Shares made under this Document 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 contained herein is correct as at any time subsequent to its date.

Prospective investors in the Company must not treat the contents of this Document or any subsequent communications from the Company, Zeus Capital or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, taxation, accounting, regulatory, investment or any other matters.

The Company does not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing and/or the Company. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

As required by the AIM Rules for Companies, the Company will update the information provided in this Document by means of a supplement to it if before the date of Admission a material new factor arises or if it is noted that this Document contains any material mistake or inaccuracy relating to the information in this Document. This Document and any supplement thereto will be made public in accordance with the AIM Rules for Companies.

This Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, by the Company, the Directors, Zeus Capital, Ravenscroft or any of their respective representatives, that any recipient of this Document should subscribe for or purchase any of the Shares.

Investors should ensure that they read the whole of this Document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own (or an examination by the prospective investor's FSMA-authorized or other appropriate advisers') examination of the Company and the terms of this Document, including the risks involved. Any decision to purchase Shares should be based solely on this Document and the prospective investor's own (or such prospective investor's FSMA-authorized or other appropriate advisers') examination of the Company.

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

In connection with the Placing, Zeus Capital or Ravenscroft and any of their affiliates, acting as investors for their own accounts, may acquire Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this Document to the Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by Zeus Capital or Ravenscroft or any of their affiliates acting as investors for their own accounts. Zeus Capital and Ravenscroft do 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.

Zeus Capital, Ravenscroft and any of their affiliates may have engaged in transactions with, and provided various investment banking, financial advisory or other services to the Company, for which they would have

received customary fees. Zeus Capital, Ravenscroft and any of their affiliates may provide such services to the Company and any of its affiliates in the future.

Notice to prospective investors in the United Kingdom

This Document is being distributed to, and is directed only at, persons in the United Kingdom who (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**FPO**”); and/or (ii) high net worth entities, unincorporated associations and other bodies falling within Article 49 of the FPO; and (iii) other persons to whom it may otherwise be lawfully be distributed without an obligation to issue a prospectus or other offering document approved by a regulator (each a “**relevant person**”). Any investment or investment activity to which this Document relates is available only to relevant persons and will be engaged in only with such persons. Persons who are not relevant persons should not rely on or act upon this Document.

Where exemptions apply and COBO Consent is not required

This Document does not purport to provide investment advice and shall not be construed as giving advice on the merits or suitability of the subscription Placing or purchase of the Shares. This Document is not subject to and has not received approval from either the Jersey Financial Services Commission or the Registrar of Companies in Jersey and no statement to the contrary, explicit or implicit, is authorised to be made in this regard. The Shares being offered may be offered or sold in Jersey only in compliance with the provisions of the Control of Borrowing (Jersey) Order 1958 (“**COBO**”).

Notice to overseas persons

The distribution of this Document in certain jurisdictions may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The Shares have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, (the “**US Securities Act**”) and may not be offered, sold or delivered in, into or from the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. This Document does not constitute an offer of Shares to any person with a registered address, or who is resident in, the United States. There will be no public offer in the United States. The Placing Shares are being offered in “**offshore transactions**” in reliance on Regulation S under the US Securities Act. The Shares will not qualify for distribution under the relevant securities laws of Australia, Canada, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the Shares been lodged with, or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exemptions, the Shares may not be offered, sold, taken up, delivered or transferred in, into or from the United States, Australia, Canada, the Republic of Ireland, the Republic of South Africa, Japan or any other jurisdiction where to do so would constitute a breach of local securities laws or regulations (each a “**Restricted Jurisdiction**”) or to or for the account or benefit of any national, resident or citizen of a Restricted Jurisdiction. This Document does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or purchase, any Shares to any person in a Restricted Jurisdiction and is not for distribution in, into or from a Restricted Jurisdiction.

The Shares have not been approved or disapproved by the US Securities and Exchange Commission, or any other securities commission or regulatory authority of the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares nor have they approved this Document or confirmed the accuracy or adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the US.

Forward looking statements

Certain statements in this Document are or may constitute “forward looking statements”, including statements about current beliefs and expectations. In particular, the words “expect”, “anticipate”, “estimate”, “may”, “should”, “could”, “plans”, “intends”, “will”, “would”, “target” and “believe” and similar expressions (or in each case their negative and other variations or comparable terminology) can be used to identify forward looking statements. They appear in a number of places throughout this Document and include, but are not limited to, statements regarding intentions, beliefs or current expectations concerning, among other

things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates, may differ materially from those described in, or suggested by, the forward looking statements contained in this Document. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this Document, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements in this Document including, without limitation, general economic and business conditions, industry trends, competition, changes in regulation, currency fluctuations, changes in the Group's business strategy, political and economic uncertainty and other factors discussed in Part I and Part III of this Document.

Any forward-looking statements in this Document reflect current views with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's operations and growth strategy. Investors should specifically consider the factors identified in this Document which could cause results to differ before making an investment decision. Subject to the requirements of applicable law or regulation, the Group undertakes no obligation 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 Directors' expectations or to reflect events or circumstances after the date of this Document.

Any forward looking statement in this Document based on past or current trends and/or activities of the Group should not be taken as a representation or assurance that such trends or activities will continue in the future. No statement in this Document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will match or exceed the historical or published earnings of the Group.

Presentation of financial information

The consolidated historical financial information of the Group for the three years ended 31 December 2020, which is set out in Part IV of this Document, has been prepared in accordance with IFRS. The year ended 31 December 2018 has been prepared in accordance with IFRS as at that reporting date, and no adjustments have been made for standards that have subsequently become effective.

Certain non-financial 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. These measures should not be considered as an alternative to revenue and operating profit, which are IFRS measures, or 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.

Rounding

The financial information and certain other figures in this Document have been subject to rounding adjustments. Therefore, the sum of numbers in a table (or otherwise) may not conform exactly to the total figure given for that table. In addition, certain percentages presented in this Document reflect calculations based on the underlying information prior to rounding and accordingly may not conform exactly to the percentages that would be derived if the relevant calculations were based on the rounded numbers.

Currency presentation

In this Document, references to "pounds sterling", "£", "pence" and "p" are to the lawful currency of the United Kingdom. Unless otherwise indicated, the financial information contained in this Document has been expressed in pounds sterling. The Group presents its financial statements in sterling.

Market, industry and economic data

Unless the source is otherwise identified, the market, economic and industry data and statistics in this Document constitute managements' estimates, using underlying data from third parties. The Company obtained market

and economic data and certain industry statistics from internal reports, as well as from third-party sources as described in the footnotes to such information. All third-party information set out in this Document has been accurately reproduced and, so far as the Company is aware and has been able to ascertain from information published by the relevant third-party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such third-party information has not been audited or independently verified and the Company and the Directors accept no responsibility for its accuracy or completeness.

The Company has obtained market and industry data from the following sources: AMA Research Ltd., HMRC and ONS.

Market and industry data is inherently predictive and speculative, and is not necessarily reflective of actual market conditions. Statistics in such data are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. The value of comparisons of statistics for different markets is limited by many factors, including that: (i) the markets are defined differently; (ii) the underlying information was gathered by different methods; and (iii) different assumptions were applied in compiling the data. Consequently, the industry publications and other reports referred to above generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and, in some instances, these reports and publications state expressly that they do not assume liability for such information. Specifically, none of AMA Research Ltd., HMRC or ONS have authorised the contents of, or any part of, this Document and accordingly no liability whatsoever is accepted by AMA Research Ltd., HMRC or ONS for the accuracy or completeness of any market data attributed to them which is included in this Document.

Interpretation

Certain terms used in this Document are defined and certain technical and other terms used in this Document are explained at the section of this Document under the heading "Definitions". All times referred to in this Document are, unless otherwise stated, references to London time. All references to legislation in this Document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof. Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

No incorporation of website information

The contents of the Company's website, any website mentioned in this Document or any website directly or indirectly linked to these websites have not been verified and do not form part of this Document, and prospective investors should not rely on such information.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures in the European Economic Area and 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 Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of (a) retail investors, (b) investors who meet the criteria of professional clients and (c) eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing 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 Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Zeus Capital and Ravenscroft 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 MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares. Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

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PLACING STATISTICS AND EXPECTED TIMETABLE

Placing Statistics

Placing Price	25 pence
Number of Existing Shares	152,374,194
Number of Shares in the Placing to be issued by the Company (the New Shares)	40,000,000
New Shares as a percentage of the Existing Shares	26.3 per cent.
Number of Shares in issue following Admission	192,374,194
Market capitalisation of the Company at the Placing Price following Admission ⁽¹⁾	£48.1 million
Gross proceeds of the Placing receivable by the Company	£10.0 million
Estimated net proceeds of the Placing receivable by the Company ⁽²⁾	£9.1 million
AIM TIDM	LIKE
ISIN	GB00BHNWH003
SEDOL	BMXX990
LEI	2138007L822RL2CXMV34

Notes:

- (1) The market capitalisation of the Company at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will equal or exceed the Placing Price.
- (2) After deduction of estimated commissions, fees and expenses payable by the Company of approximately £0.9 million.

Expected Timetable

Publication and posting of this Document and the Notice of General Meeting	29 July 2021
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 13 August 2021
General Meeting	10.00 a.m. on 17 August 2021
Cancellation of the Company's listing on TISE	7.00 a.m. on 18 August 2021
Admission of the Enlarged Share Capital on AIM	8.00 a.m. on 18 August 2021
CREST accounts credited (where applicable)	As soon as reasonably practicable on 18 August 2021
Dispatch of definitive share certificates (where applicable)	Within ten business days of Admission

All times are London, UK times. Each of the times and dates in the above timetable is indicative only and is subject to change without further notice.

COMPANY OFFICERS, REGISTERED OFFICE AND ADVISERS

Directors	Paramjit Paul (“Paul”) Singh Bassi (<i>Independent Non-Executive Chairman</i>) Anthony (“Tony”) John Brewer (<i>Chief Executive Officer</i>) Roy Povey (<i>Chief Financial Officer</i>) Andrew James William Simpson (<i>Non-Executive Director</i>)		
Company secretary	Roy Povey		
Registered office	Likewise Group PLC Unit 4 Radial Park Solihull Parkway Birmingham Business Park Solihull B37 7YN		
Website	www.likewiseplc.com		
Nominated Adviser and Joint Broker	Zeus Capital Limited 82 King Street Manchester M2 4WQ	and	10 Old Burlington Street London W1S AG
Joint Broker	Ravenscroft Consultancy & Listing Services Limited PO Box 222 20, New Street St Peter Port Guernsey GY1 4JG		
Legal advisers to the Company	Gateley PLC One Eleven Edmund Street Birmingham B3 2HJ		
Legal advisers to the Nominated Adviser and Broker	DWF Law LLP 1 Scott Place 2 Hardman Street Manchester United Kingdom M3 3AA		
Auditor and Reporting Accountant	Crowe U.K. LLP 55 Ludgate Hill London EC4M 7JW		
Registrars and Receiving Agent	Link Market Services Limited 10 th Floor Central Square 29 Wellington Street Leeds LS1 4DL		
Bankers	Barclays PLC 6 th Floor 1 Snowhill Birmingham B4 6GN		

HSBC UK Bank PLC

6 Broad Street

Worcester

WR1 2EJ

National Westminster Bank PLC

2nd Floor

8 Market Place

Huddersfield

HD1 2AN

DEFINITIONS

A & A	A. & A. Carpets Limited
Admission	the admission of the Enlarged Share Capital to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules for Companies
Admission Document or Document	this document dated 29 July 2021
AIM	the AIM market of the London Stock Exchange
AIM Rules Compliance Committee	the AIM rules compliance committee of the Board, to be formed after Admission, and constituted from time to time
AIM Rules for Companies	the AIM Rules for Companies published by the London Stock Exchange from time to time
AIM Rules for Nominated Advisers	the AIM Rules for Nominated Advisers published by the London Stock Exchange from time to time
Articles	the articles of association of the Company which will be in force as at Admission, a summary of which is set out in paragraph 3 of Part V of this Document
Audit Committee	the audit committee of the Board, as constituted from time to time
Authority or TISEA	The International Stock Exchange Authority Limited, also known as TISEA, or any previous or successor name, which is licensed to operate an investment exchange by the Guernsey Financial Services Commission under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended
Bankers	Barclays PLC, HSBC UK Bank PLC and National Westminster Bank PLC
Board or the PLC Board	the board of statutory directors of the Company
Bruce Starke or Bruce Starke & Co	Bruce Starke & Co Limited
Companies Act	the Companies Act 2006 (as amended)
Concert Party	Tony Brewer, Andrew Simpson, James Kellett, Adrian Laffey, Geoff Duggan, Keith Yates, Andrew Woodhouse, Paul Wiseman and Stuart Large
COVID	the global COVID-19 pandemic, which started in March 2020
CREST	the computer based system and procedures which enable title to securities to be evidenced and transferred without a written instrument, administered by Euroclear UK & Ireland in accordance with the CREST Regulations
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including (i) any enactment or subordinate legislation which amends those regulations; and (ii) any applicable rules made under those regulations or such enactment or subordinate legislation for the time being in force

Crowe	Crowe U.K. LLP
Dealing Day	a day on which the London Stock Exchange is open for the transaction of business
Directors	the directors of the Company as at the date of this Document, whose names appear on page 9 of this Document
EEA	the European Economic Area
EMI Options	Enterprise Management Incentive share options which satisfy the relevant provisions of Schedule 5 to ITEPA 2003
EMI Scheme	the Likewise Group Enterprise Management Incentive Options Scheme 2019
EMI Scheme Rules	the rules of the EMI Scheme (as amended from time to time)
Enlarged Share Capital	the Existing Shares and the Placing Shares
EU	European Union
Euroclear UK & Ireland	Euroclear UK & Ireland Limited, a company incorporated under the laws of England and Wales with registered number 2878738 and the operator of CREST
Executive Board	the executive board of the Company made up of senior management as further detailed in paragraph 10 of Part I of this Document
Exchange or TISE	the investment exchange known as The International Stock Exchange, TISE or any previous or successor name of the Exchange, which is operated by the Authority
Excluded Territories	any state of the United States, any province or territory of Canada, Japan, the Republic of South Africa, Republic of Ireland, New Zealand or Australia
Existing Shares or Existing Share Capital	the 152,374,194 Shares in issue as at the date of this Document
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom
First Admission or IPO	the admission of the entire share capital of the Company to trading on the official list of TISE effective in accordance with the TISEA Listing Rules on 11 January 2019
Form of Proxy	a form of proxy to enable the Shareholders to vote at the General Meeting
FPO	Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
FSMA	the Financial Services and Markets Act 2000, as amended
General Meeting	the general meeting of the Company to be held at Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, B37 7YN at 10.00 a.m. on 17 August 2021, notice of which is set out at the end of this Document

Group	the Company and its subsidiaries and subsidiary undertakings (in each case as defined in the Companies Act)
Historical Financial Information	the audited consolidated financial statements of the Group for the three years ended 31 December 2020, as set out in Part IV of this Document
HMRC	HM Revenue and Customs
IFRS	International Financial Reporting Standards as endorsed by the European Union
ITEPA 2003	the Income Tax (Earnings and Pensions) Act 2003
Likewise or the Company	Likewise Group plc
Lock-in Agreements	the lock in agreements detailed in paragraph 8.1 of Part V of this Document
London Stock Exchange	London Stock Exchange plc
MAR	the UK version of the EU Market Abuse Regulation (2014/596/EU) which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 and/or EU Market Abuse Regulation (2014/596/EU) (as relevant)
Management Options	the share options granted by the Company to employees and or directors of the Group pursuant to the EMI Scheme Rules
Member State	a member state of the EEA
New Shares	the 40,000,000 new Shares to be issued by the Company pursuant to the Placing
Nomination Committee	the nomination committee of the Board, to be formed by Admission, and constituted from time to time
Non-Executive Directors	the non-executive directors of the Company as at the date of this Document, being Paul Bassi and Andrew Simpson
Notice of General Meeting	the notice convening the General Meeting as set out from page 136 of this Document
Official List	the official list of the UK Listing Authority
Panel	the Panel on Takeovers and Mergers
Placees	the subscribers for New Shares pursuant to the placing
Placing	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
Placing Agreement	the conditional agreement entered into on or about the date of this Document between the Company, the Directors, Zeus Capital and Ravenscroft in relation to the Placing and Admission, summary details of which are set out in paragraph 11 of Part V of this Document
Placing Price	25 pence per Placing Share
Placing Shares	the New Shares

Proposals	the Placing and Admission
Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of the European Union
Prospectus Rules	the prospectus rules made by the FCA under Part VI of the FSMA, as amended
QCA	the Quoted Companies Alliance
QCA Code	the Corporate Governance Code 2018 published by the QCA
Ravenscroft	Ravenscroft Consultancy & Listing Services Limited
Ravenscroft CI	Ravenscroft (CI) Limited, an affiliate of Ravenscroft
Relationship Agreement	the conditional agreement entered into on or about the date of this Document between the Company, Tony Brewer and Andrew Simpson and Zeus Capital, summary details of which are set out in paragraph 8.3 of Part V of this Document
Registrars	the Company's registrars, being Link Market Services Limited of 10 th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL
Remaining Founding Shareholders	the founding members of the Company excluding the members of the Board and Executive Board, consisting of Andrew Woodhouse, Geoff Duggan, Keith Yates, Paul Wiseman and Stuart Large
Remuneration Committee	the remuneration committee of the Board, as constituted from time to time
Resolutions	the resolutions to be proposed at the General Meeting, details of which are set out in the Notice of General Meeting
RIS	Regulatory Information Service
RTO	the admission of the entire share capital of the Company to trading on the official list of TISE effective in accordance with the TISEA Listing Rules on 18 April 2019
SAYE	save as you earn
SAYE Options	the share options granted to eligible employees under the SAYE Scheme Rules
SAYE Scheme	the "Likewise Group Share Save Scheme 2019" a savings related share option scheme under Schedule 3 to ITEPA 2003
SAYE Scheme Rules	the rules of The Likewise Group Share Save Scheme 2019 (as amended from time to time)
Share Option Plans	the Likewise Group Enterprise Management Incentive Option Scheme 2019 (as amended) and The Likewise Group Share Save Scheme 2019 (as amended)
Shares	ordinary shares of £0.01 each in the capital of the Company
Shareholder	a holder of Shares
Takeover Code	the City Code on Takeovers and Mergers published by the Panel

TISE	the International Stock Exchange
TISEA Listing Rules	the rules of the Authority governing the listing of securities on the Exchange, as amended from time to time
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK Listing Authority	the FCA, acting in its capacity as the competent authority for the purposes of FSMA
Uncertificated or uncertificated form	recorded on the relevant register of the share or security 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
VAT	value added tax
William Armes Group	William Armes Holdings Limited and its wholly owned subsidiary, William Armes Limited
Zeus Capital	Zeus Capital Limited
£ and p	United Kingdom pounds sterling and pence respectively
€ or Euro	the single European currency

GLOSSARY

CAGR	compound annual growth rate, being the average annual growth rate of an investment or metric over a specified period of time longer than one year
LVT	luxury vinyl tiles
MSP	manufacturers selling price
RIDDOR	the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013
sq. ft or FT²	square foot

PART I

LETTER FROM THE CHAIRMAN

LIKEWISE GROUP PLC

(a company incorporated on 28 March 2012 in England and Wales under the Companies Act 2006 With company number 08010067)

Directors:

Paul Bassi (*Independent Non-Executive Chairman*)
Tony Brewer (*Chief Executive Officer*)
Roy Povey (*Chief Financial Officer*)
Andrew Simpson (*Non-Executive Director*)

Registered Office
Unit 4 Radial Park
Solihull Parkway
Birmingham Business Park
Solihull
B37 7YN

29 July 2021

To the holders of Existing Shares and, for information purposes, to the holders of options over Shares under the Share Option Plans and potential new holders of Shares:

Dear Shareholders,

Proposed Placing of 40,000,000 Shares at 25 pence per Share

Proposed Admission of the Enlarged Share Capital to trading on AIM

Notice of General Meeting

1. Introduction

Likewise is a UK distributor of both domestic and commercial floorcoverings and matting. It is challenging the established competitors in the industry by providing access to a wide choice of flooring from multiple manufacturers across the globe at competitive prices for its customers. The Directors believe they have an opportunity to build a business of national scale and over time become a strong alternative to the current larger industry competitors within the sector. The Group has a history of delivering organic growth as well as acquiring and successfully integrating complementary businesses which expand the Group's product offering and/or geographic presence. The Group is currently listed on TISE with a market capitalisation of c.£40 million as at the date of this Document.

The senior management team, led by Chief Executive Officer, Tony Brewer, has extensive experience in the industry and has a wide network of both manufacturers and suppliers which they leverage to provide a wide choice of products at competitive prices. To deliver its strategy, Likewise intends to utilise the expertise and industry knowledge of the Board and senior management team to deliver organic growth, operational leverage and where desirable, to execute strategic acquisitions.

In the year ended 31 December 2020, the Group generated revenues of £47.3 million representing year on year growth of 58 per cent. The Group is cash generative, has been profitable since July 2020 and has net debt of £0.2 million, excluding any impact of IFRS 16.

To continue its growth and improve its profile, the Group intends to raise gross proceeds of £10.0 million through the Placing, which will be used to provide working capital for growth, settle deferred consideration and provide additional resources should a strategic acquisition be identified. The Group also intends to transfer the exchange its Shares are listed on from TISE to AIM. The Placing Price of 25 pence represents a discount of approximately 3.8 per cent. to the closing middle market price of 26 pence per Share on 26 July 2021 (being the last business day before the Placing was announced). Further details of the Placing are set out in paragraph 14 of this Part I.

The issue and allotment of the Placing Shares will require the approval of Shareholders which will be sought at the General Meeting convened for 10.00 a.m. on 17 August 2021. Notice of the General Meeting is set out at the end of this Document. The Resolutions are summarised in paragraph 24 of this Part I.

Shareholders will also be asked to approve certain other matters at the General Meeting in order to allow the Board to implement, *inter alia*, the Placing and the Admission.

Application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM and trading is expected to commence in the New Shares and the Existing Shares at 8.00 a.m. on 18 August 2021. Application will be made to TISE to de-list the Existing Shares with effect from 7.00 a.m. on 18 August 2021.

The purpose of this Document is to set out the principal terms of the Placing and to explain why the Directors believe that the Placing and Admission are in the best interests of the Company, its employees and Shareholders as a whole and to recommend that Shareholders vote in favour of all of the Resolutions at the General Meeting. The Directors intend to vote in favour of the Resolutions in respect of their beneficial holding of Shares, comprising an aggregate number of 51,632,500 Shares (being 33.9 per cent. of the Existing Share Capital).

The Resolutions are inter-conditional and consequently if any of the Resolutions are not passed, neither the Placing, nor Admission will occur, and the Existing Shares will continue to trade on TISE.

The Company has received irrevocable undertakings from Shareholders to vote in favour of the Resolutions in respect of a total of 95,268,991 Shares, representing 62.5 per cent. of the Existing Shares.

Shareholders should read the whole of this Document and not just rely on the information contained in this letter. In particular, you should consider carefully the “Risk Factors” set out in Part III of this Document.

2. Key Strengths

● **Management Team**

The senior management team has significant industry experience, having been integral to the growth of the market leader, Headlam. Tony Brewer, Likewise CEO, was CEO of Headlam for 15 years and has brought several of the team who were successful in creating the largest player in the flooring distribution market with him.

● **Demonstrable track record**

Management has undertaken six acquisitions whilst also creating six regional businesses under the Likewise brand. The acquisitions completed to date have provided the product, personnel and infrastructure to rapidly grow the Likewise business.

● **Scalability**

Current business platform capable of transacting much greater revenue, benefiting from operational leverage. Management are in the process of organically expanding the business in unison with additional investment to expand the footprint around London and into the South West. The Board expect Likewise will become a more significant player in the distribution market both in terms of volumes and geographic coverage.

● **Established supplier relationships**

Many of the supplier relationships are long established with Likewise's PLC Board and Executive Board, who all have decades of experience within the sector. Many of these suppliers have been working with Likewise since incorporation. These supplier relationships ensure Likewise can source quality products at competitive prices.

- **Positive market dynamic**

Distributors play an integral part to the market. Other than the largest player, it is a largely fragmented competitor landscape that has significant UK and European expansion opportunity, both organic and through acquisition. The industry is expected to benefit from significant increases in public investment in infrastructure, hospitals and schools outlined in the 2020 Budget, and the Government's "build, build, build" strategy.

3. History and Background

Likewise was formed in 2018 when certain Directors and other Likewise shareholders acquired William Armes in January 2018, and further grew with the acquisition of the trade and assets of Bruce Starke in September 2018. Following these two acquisitions, Likewise listed on TISE on 11 January 2019 raising net proceeds of £6.5 million.

Following the Group's listing on TISE, it acquired Lewis Abbott in January 2019 and has undertaken several further acquisitions to scale the business. This included the reverse takeover of Heatseam in April 2019, a transformational acquisition adding significant scale to the Group, particularly in residential flooring where it added critical mass. To assist with the cash consideration, £7.5 million in gross proceeds was raised via an issue of new Shares.

The Group has historically focused on acquisitions in order to build scale quickly, and has made the following acquisitions to date:

- **William Armes – acquired in January 2018**

A UK distributor and manufacturer of domestic doormats, rugs, runners, under the "Dandy" brand name, and flooring for marquees. It operates from a purpose-built 80,000 sq. ft distribution centre in Sudbury, Suffolk. The entire share capital of William Armes was acquired for consideration of £1.7 million. William Armes's revenue for the 12 months to 31 December 2017 (prior to being acquired by Likewise) was £3.5 million.

- **Bruce Starke – trade and assets acquired in September 2018**

A UK distributor of matting and flooring products founded in 1899. The business now operates from the Sudbury site alongside William Armes, which have been merged to form Likewise Matting. Bruce Starke has particular expertise in coir matting; a coarse kind of matting, traditionally derived from coconut fibres. Likewise purchased the trade and majority of assets of Bruce Starke for consideration of £1.2 million.

- **Lewis Abbott – acquired January 2019**

A wholesale distributor of floorcoverings and associated products based in Peckham, South London. Consideration totalled £1.2 million, of which £1.0 million in cash was paid on completion and a further £0.2 million in cash was paid in February 2020. This was the first move by Likewise into mainstream flooring distribution. Lewis Abbott's revenue for the 12 months to 31 December 2018 (prior to being acquired by Likewise) was £2.4 million.

- **Heatseam – acquired April 2019**

A wholesale supplier of flooring to the British markets. It offers carpet, vinyl, vinyl tile, laminate, artificial grass and accessories to independent retailers, primarily focusing on independent retailers in the residential sector. It operates one leased national distribution hub in Morley, UK, along with three leased bases in Newcastle, UK, Birmingham, UK and Motherwell, UK. It was acquired for total consideration of £10.0 million, with £8.0 million paid in cash and £2.0 million paid in Shares. Heatseam's revenue for the 12 months to 31 March 2019 (prior to being acquired by Likewise) was £20.4 million.

- **H&V – acquired May 2019**

A supplier of full rolls of carpet to flooring retailers in the UK and Germany. The Company acquired the entire issued share capital of H&V Carpets BVBA (H&V) for one euro in addition to a 10 year warrant for one million Shares at 30 pence per share. The acquisition of H&V provides an additional dimension to Likewise's UK activities and a platform to develop a business in continental Europe from the facility in Meulebeke. H&V sales revenue for the 12 months to 31 December 2018 (prior to being acquired by Likewise) was €6.9 million.

- **A&A – acquired February 2020**

A distributor of residential flooring to retailers in the North West of England. A&A is based in Manchester, with the Group looking to relocate its current operations from Worsley to a nearby warehouse, and was purchased for total consideration of £0.9 million. The acquisition of A&A was another step in developing Likewise into a meaningful player in the UK flooring market. It significantly increases the Company’s presence and logistics capability in the North West. A&A’s revenue for the 12 months to 31 December 2019 (prior to being acquired by Likewise) was £8.6 million.

In addition to these acquisitions, Likewise has increased its geographic and product offering through organic growth and the launch of new businesses with the Likewise brand during 2019. Continuing this organic growth will be the principal focus of the Board in the immediate future. Currently, the Group has a presence in the majority of the UK and supplies over 2,600 customers, including large UK multi-site retailers. The Group currently has c.240 employees.

4. Market and competition

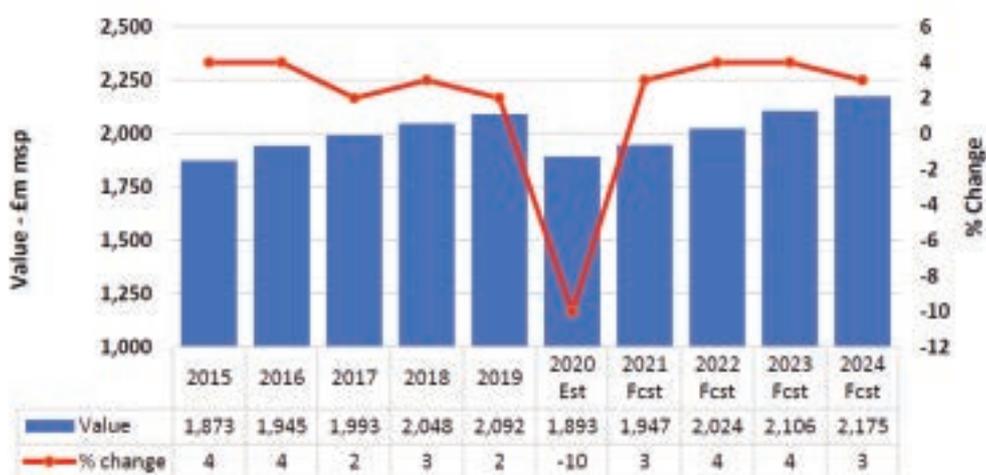
Market

The floorcoverings market is forecast to be worth £2.2 billion by 2024 (Source: *AMA Research Ltd*), up from an estimated £1.9 billion in 2020. Whilst this reflects steady, but modest growth in value terms, it also reflects heightened price competition from other suppliers and online.

The market was estimated to be worth £2.1 billion at msp in 2019. However, the impact of COVID, which has resulted in severe disruption to businesses, led to the floorcoverings market declining by an estimated 10 per cent. to £1.9 billion in 2020. Despite this decline and the disruption to supply chains, the UK floorcoverings market improved during the second half of 2020 resulting in forecasts of a return to growth of 3 per cent. and the market reaching £2.0 billion in 2021.

The UK floorcoverings market is mature and heavily reliant upon levels of consumer and business spending, which is in turn dependent upon the performance of the economy. The housing and construction sectors are therefore key drivers of activity, given demand from both new build and RMI.

The chart below illustrates the performance of the UK floorcoverings market from 2015 to 2019, with forecasts for 2020 through to 2024:



Source: *AMA Research Ltd*

The industry is expected to benefit from significant increases in public investment in infrastructure, hospitals and schools outlined in the 2020 Budget, and the Government’s “build, build, build” strategy. The residential sector of the market is also expected to increase as new homes are added to meet a structural demand for housing; c.165,000 new residential dwellings were added in 2019 alone. Further demand is created through home improvements, changing consumer trends along with repair works, alongside being prevalent and

increasing with those moving home, with housing completions increasing from c.141,000 in 2014 to c.208,000 in 2019. (Source: HMRC / AMA Research Ltd / ONS)

Customers

Likewise acts as a distributor within the floorcoverings industry and do not generally sell direct to the end user. However, they have a diverse range of customers including:

- independent floorcovering specialists
- floorcovering multiples
- floorcovering installers
- major DIY outlets
- retail outlets – such as furniture/furnishing multiples
- central warehouses for other intermediaries in the supply chain

The Group has a number of key accounts covering both multi-site national retailers and large e-commerce stores. For bricks and mortar retailers, Likewise currently has c.1,000 point of sale stands in the UK and expects this to increase to c.4,000 by the end of 2021.

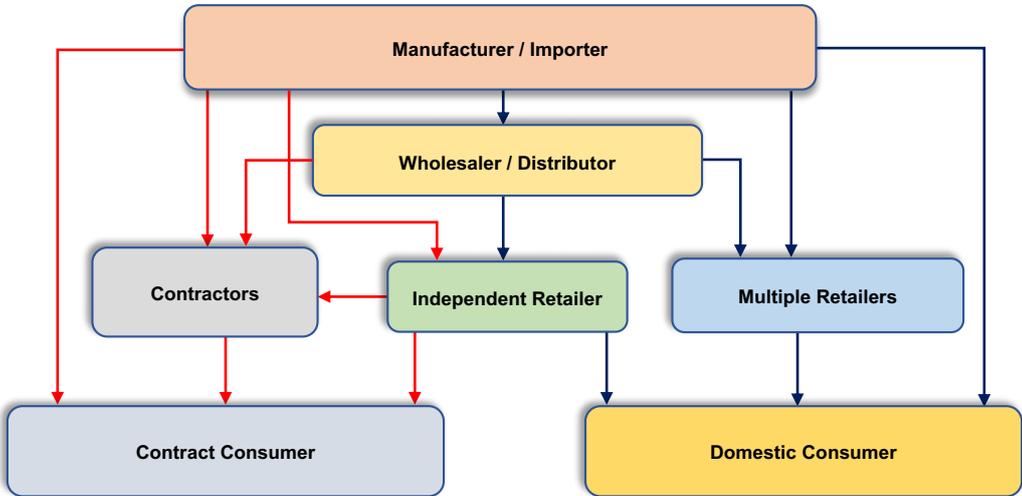
Competition

Currently c.30 per cent. of the floorcoverings market is accounted for by a large industry competitor, with national multiple retailers, regionally focused independent retailers and flooring contractors making up the remaining c.70 per cent. The Directors believe that, through a number of industry and macro factors, such as the need to improve profit margins and for better logistical capabilities, the market will polarise towards larger competitors, and that the Group can be well positioned to benefit from this trend.

The floorcoverings market is made up of manufacturers, distributors, retailers and installers. It is the strategy of the Group to gain national scale and provide a channel for UK and overseas manufacturers to access the c.£2 billion UK market.

5. Business description

Likewise is a UK distributor of both domestic and commercial floorcoverings and matting. As a distributor, Likewise acts as an intermediary, predominantly selling to customers who retail the products onto the end-users. The UK market may face further consolidation within the supply chain, as distributors seek to gain market share and to achieve further efficiencies and improved digital and logistical capabilities. The below diagram illustrates the main distribution channels for the UK flooring market, Likewise sits as the distributor in the middle of this supply chain, helping to connect the manufacturers to retailers.



Source: Company Information

Brands & geographic presence

Likewise has a variety of brands and trading names, which it has developed organically or acquired via its historic acquisitions. Where the Group has acquired a brand with an established reputation and customer recognition, it has continued to use that trading name. To supplement this, a range of new Likewise branded businesses were launched throughout 2019, such as *Likewise South East* and *Likewise Trading*, each with a specific focus on either a region, a customer or ongoing product launches. The Group has continued to add new brands to its portfolio, with *Likewise Midlands* beginning trading on 5 July 2021.

In 2020, the Group merged William Armes and Bruce Starke to form *Likewise Matting*, moving all employees to one site, and making the business profitable.

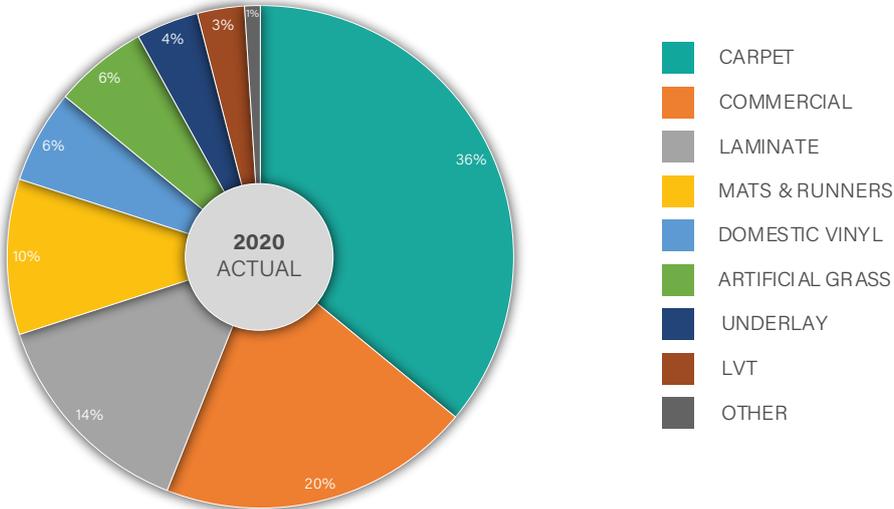
Today, Likewise trades under the following brands:

- Likewise Matting
- Likewise Trading
- Likewise Floors
- Likewise Scotland
- Likewise North East
- Likewise South East
- Likewise Midlands
- A&A
- Dandy
- Factory Flooring
- H&V Carpets
- Lewis Abbott
- Marquee Floors

It has significant geographic reach across the UK, with the Likewise brands having a presence in England, Scotland and Wales. They are supported by *Lewis Abbot* and *A&A* which have strong regional connections and *H&V* which provides opportunities to access the Western Europe market.

Products

Likewise have an extensive product offering covering all of the key categories, with the majority of their sales originating from residential carpets (36 per cent.), commercial carpets (20 per cent.) and laminate (14 per cent.). The below chart shows the Groups product sales mix for the year ended 31 December 2020, emphasising the diversity of the portfolio.



Source: Management information

The structure of the Group enables it to not only offer a broad range of product categories, but also to tailor the quality and type of product to appeal to a broader customer base. Lewis Abbott typically stocks higher-end products across the Group’s carpet, domestic vinyl, LVT and commercial flooring ranges, while H&V only sells carpet, but with a variety of materials and price points covered within its portfolio. The diversity both across and within product categories allows Likewise to react to any change in consumer trends.

Suppliers

Likewise has a global supplier base, across both contract and residential suppliers, with 79 suppliers in 19 countries. It works with leading manufactures in the UK, Belgium, the Netherlands, Turkey, Ukraine, India, China, Vietnam and South Korea. Currently, c.80 per cent. of its supplies are from the UK and Europe, with another 6 per cent. from Turkey.

Many of the suppliers have long established relationships with Likewise’s PLC Board and Executive Board, who all have decades of experience within the sector, and many of these suppliers have been working with Likewise since 2018. The Group currently has agreements with key residential suppliers such as Balta Industries NV, Condor Group and Victoria plc, and key contract suppliers such as Mapei S.p.A., Gradus and Polyflor.

Distribution, Logistics & IT

Likewise currently operates from a national distribution hub in Morley, supported by two national centres in Sudbury and Birmingham, a regional distribution centre in Manchester and three smaller logistics centres in Glasgow, Newcastle and Peckham, as well as the operations of H&V BVBA in Belgium. The acquisition of A&A in February 2020 has helped improve the Group’s logistics capabilities in the North West of England.



The 80,000 sq. ft distribution centre in Morley is well situated to support the smaller regional hubs, and enables Likewise to have 52 delivery vehicles providing next day delivery services. These 52 vehicles have increased the Group’s load capacity from 114 tonnes per day in May 2019 to 267 tonnes today.



The Group currently has 52 delivery vehicles providing a next day service nationwide which has grown from 34 in May 2019.

A single platform IT system has been successfully integrated into all of the Group's businesses except A&A which is due to be integrated by the end of the financial year, and helps coordinate and manage the distribution network efficiently and effectively.

Management & Employees

Likewise's senior management team, led by Chief Executive Officer, Tony Brewer, has extensive experience in the industry. Tony began his career in the 1970s as an apprentice, before moving into a variety of roles including warehouse & transport, flooring fitter and telesales. By the 1980s, Tony was involved in operational management, with national & regional responsibility for a variety of departments.

In 1991, Tony joined Headlam and held a number of leadership roles before becoming CEO in 2000. During his time as CEO, Tony grew Headlam's sales to £700 million and market capitalisation to £390 million before leaving to co-found Likewise in 2018 with Andrew Simpson who also previously held senior roles within Headlam.

The Group currently has c.240 employees based throughout the UK and Belgium. A key focus of the Group is the ongoing recruitment of experienced sales staff to assist in its organic development. It has 69 people in a variety of sales roles across all of its brands, representing approximately 29 per cent. of all employees, with 14 in sales management, 30 in external customer support, 15 in internal customer support and 10 sales agents.

The Group has also managed to maintain its employee numbers throughout COVID. It has utilised the UK furlough scheme, with a peak of 178 people on furlough, reflecting 86 per cent. of its employees, in April 2020. This had reduced to 38 per cent. by June 2020 as the Group quickly recovered from the initial UK lockdown as a result of the pandemic. By May 2021, this had reduced to 4 people, reflecting 2 per cent. of the Group's employees.

At the end of the last three financial years, the Group had the following number of employees:

	<i>FY18</i>	<i>FY19</i>	<i>FY20</i>
Executive	3	5	5
Sales	19	62	73
Warehouse	27	64	87
Drivers	0	40	51
Administration	6	17	15
Total	55	188	231

6. The Group's strategy

The Board believe that value can be generated for shareholders, suppliers and flooring retailers and contractors by creating a national supplier and distributor of UK floorcoverings. This will be achieved primarily via organic growth and emphasising the Group's offer of a wide choice of flooring at competitive prices. Key to this strategy is the continued recruitment of experienced sales staff, which the Group is actively engaging in currently.

Management have identified two key priorities for the Group. To achieve these objectives, the Board's main focus is to make strategic organic investments to grow the business, however it may consider further acquisitions if appropriate. Any acquisitions made will be strategic and value enhancing, with a focus around increasing scale, advancing the commercial and operational reach of the Group into new regions and consolidating the Group's overall market position through:

- expanding the customer base; and
- optimising the distribution network.

Expanding the customer base

Through strategic investment, ongoing recruitment of experienced sales staff and potentially the acquisition of businesses already selling through such channels, the Board hope to be able to expand their customer base.

Optimising the distribution network

Having already established the Group's new distribution centre in Morley, West Yorkshire in September 2020, Management hope to improve the efficiency of the Group's distribution network; in turn, helping the Group to maximise both supplier and customer relationships and creating operational cost synergies to generate operating margins in excess of 5 per cent.

Management intend to:

- relocate the A&A regional distribution centre in Manchester;
- establish the Birmingham distribution centre to be fully operational;
- geographical expansion of freehold and leasehold distribution centres;
- refine and increase the capacity in the Sudbury distribution centre; and
- improve the utilisation of all existing regional distribution centres.

7. Use of proceeds

The gross proceeds of the Placing will be used to fund:

- capital investments into additional distribution and logistics centres to facilitate organic growth;
- additional working capital for the Group;
- deferred consideration of £1.48 million payable in relation to the acquisition of Heatseam in 2019;
- fees, commissions and expenses associated with the Placing and Admission; and
- part fund potential earnings enhancing acquisitions.

In addition, the Directors believe that Admission will, *inter alia*, further enhance the Group's public profile, increase the liquidity of its Shares and improve the attractiveness of share-based employee incentivisation programmes and equity consideration on transactions.

8. Financial information

Section B of Part IV of this Document contains audited historical financial information of Likewise for the three years ended 31 December 2020. The following financial information presents consolidated summary profit & loss information for the Group and should be read in conjunction with the full text of this Document. Investors should not rely solely on this summarised information.

	<i>Audited</i> 18 months ended 31 December 2018*	<i>Audited</i> year ended 31 December 2019	<i>Audited</i> year ended 31 December 2020
	£'000's	£'000's	£'000's
Revenue	4,015	30,013	47,322
Gross profit	1,825	8,574	12,330
EBITDA	(660)	(1,650)	(1,032)
Operating loss	(725)	(2,740)	(2,765)
Taxation	15	(31)	204
Profit/(loss) after tax	<u>1,152</u>	<u>(2,820)</u>	<u>(3,071)</u>

* 2018 figures are presented according to IFRS as at that date, so there is no adjustment for standards that became effective later (e.g. IFRS 16). The 2018 audited accounts also contain a qualified opinion due to the limitation on evidence of existence of inventory at the beginning of the period. This was due to Crowe not being able to observe the counting of the physical stock as at 31 December 2017 as this was prior to its appointment as auditor. Crowe were therefore unable to obtain sufficient audit evidence to confirm the cost of sales recognise during the 18 month period to 31 December 2018.

Revenues have grown progressively over the last 3 years, increasing to £47.3 million in the twelve months to 31 December 2020 primarily driven by organic growth within the Likewise regional brands and the acquisition of A&A, which added £7.1 million of revenue to the financial year. Sales have progressively developed in the last 3 years, when the Group had a peak of c.£250,000 average revenue per trading day in July 2020, up from its 2019 peak of c.£175,000. There was a reduction to c.£60,000 average revenue per trading day in April 2020 due to the impact of COVID.

Gross profit increased to £12.3 million in the twelve months to 31 December 2020 primarily driven by increased sales volumes.

Administrative expenses increased to £7.1 million in the twelve months to 31 December 2019 and subsequently to £10.3 million in the twelve months to 31 December 2020. This is mainly due to the continued and increased investment in the Group, with increased employment, warehouse, transport sales and occupancy costs all increasing in line with the Group's expansion.

The Group does not have any debt securities outstanding, nor does it intend to issue any on or after Admission. The Group has outstanding deferred consideration of £1.5 million payable in full by 30 September 2021.

During 2018 the Company obtained a bank loan of £2.3 million. Repayments commenced on 5 August 2018 and will continue until 5 January 2033. The loan is secured by a fixed and floating charge over the Group's assets. The loan carries interest at on a floating rate basis with interest at Bank of England rate plus a margin of 2.95 per cent. In addition to the bank loan, the Group has access to invoice discounting facilities which it utilises throughout the year. It manages cash on a daily basis and ensures that its current cash position, when combined with the available invoice discounting facilities, provide sufficient headroom for the Group as a whole. In the financial year to date, the Group has always maintained headroom of over £1.0 million.

9. Current trading and prospects

The financial information for the twelve months to 31 December 2020 is set out in Section B of Part IV of this Document. Since 31 December 2020, trading has been strong and ahead of internal budgets for H1 2021, with revenue per trading day exceeding £250,000 in both May and June 2021, and the Group remains on track to deliver its targets for the full financial year.

The logistics network has been significantly enhanced by the Morley distribution centre, which opened in January 2021, and is the Group's hub for carpet, residential vinyl and artificial grass. A second leasehold was signed on Birmingham in June 2021, and has accompanied the launch of Likewise Midlands, which began trading on 5 July 2021. The Birmingham national distribution centre will improve next day delivery services through the distribution hubs and regional centres.

A&A based in Manchester has performed well and ahead of management expectations since the business was acquired in February 2020. It has established an independent product portfolio and the Group will further increase its residential market presence and strategically increase the geographical reach. H&V Carpets acquired in 2019 continues to provide the Group with additional opportunities to increase market presence in the UK, as well as providing a channel into the Western European floorcovering market when appropriate via the logistics centre in Meulebeke, Belgium.

The foundations laid by the Group during 2019 and 2020 have enabled it to be cumulatively profitable since July 2020, and it is now cash generative. The Directors continue to implement the Group's strategy as outlined in paragraph 6 of this Part I and the Directors remain confident that the Group can build a substantial business in the UK flooring industry, maximising its relationship with manufacturing partners along with flooring retailers and contractors.

10. The Group's management structure

Two separate boards have been established to deliver the Group's long-term strategy, as set out below.

PLC Board

The PLC Board is made up of the Directors, comprising two executive directors and two non-executive directors, and is responsible for the execution of the Group's strategy and ensuring the Group meets the requirements expected of a listed business.

Paul Bassi is considered to be an independent director. Following Admission, it is the intention of the Board that a second independent non-executive director will be appointed within 6 months.

Brief biographies of the Directors are set out below:

Paul Bassi CBE DL D.UNV, 59, Independent Non-Executive Chairman

Paul is the CEO of Real Estate Investors PLC, the Birmingham based quoted Real Estate Investment Trust (REIT). Also a founder and non-executive Chairman of Bond Wolfe (founded in 1983) and was formerly non-executive Chairman and major shareholder of CP Bigwood Chartered Surveyors. Paul served as President of the Birmingham Chamber of Commerce and was formerly the Regional Chairman & Strategy Advisor to Coutts Bank (West Midlands) and is a former Director of the Birmingham Hippodrome. He was appointed High Sheriff for the County of West Midlands in 2009 and has received Honorary Doctorates from both Birmingham City University and Aston University. Paul continues to support the community via the Bond Wolfe Charitable Trust, and in 2017, Paul founded the Sandwell Valley School, providing education and training programmes for vulnerable young people.

Tony Brewer, 61, Chief Executive Officer

Tony has 44 years' experience within flooring, and has gained extensive industry knowledge and supplier relationships. He joined Headlam in 1991 as Managing Director of their Flooring Division and main board director. He was the Chief Executive of Headlam from 2000 until 2016. He is principally responsible for strategy, acquisitions, supplier and investor relations.

Roy Povey, 54, Chief Financial Officer

Roy has 21 years' experience in the flooring industry and 6 years as Financial Director within the home improvement industry. Working as Financial Controller and as part of the senior management teams in Headlam Coleshill and Tamworth, he has successfully integrated several newly acquired business both financially and operationally. In acknowledgement of his operational experience he was appointed as General Manager at Mercado before joining Likewise.

Andrew Simpson, 68, Non-Executive Director

Andrew has 37 years' experience in the flooring industry. He started his career at Gainsborough Group in 1973, followed by MCD Group in 1978, and later Wilkies Carpets in Leeds in 1983, where he was appointed Managing Director. Andrew then moved to Headlam in 1991 which is where he stayed until his retirement in 2010 after gaining significant knowledge and experience working with suppliers, customers and employees. He has been a Non-Executive Director at Likewise since 2018.

Executive Board

Additionally, the Group has an Executive Board comprising senior management, which reports to the PLC Board and is responsible for operational delivery and control of day to day trading, sourcing and integration of new acquisitions, and management of head office operations. This board includes three individuals in total, all of whom have a wealth of experience in the UK floorcoverings market. The composition of the Executive Board is:

Adrian Laffey, 49, Mainstream Residential Director

Adrian has over 33 years' experience in the floorcoverings industry, from retail to distribution. He joined Mercado in 1993 as a sales representative progressing to Buying Director and latterly Joint Managing Director, with responsibility for the four businesses operating from the Mercado site. He was promoted to be responsible for all aspects of Headlam's flagship distribution centre in Tamworth before joining Likewise in 2018. He is responsible for managing global supplier relationships across all types of flooring products, and he has considerable industry knowledge.

James Kellett, 48, Mainstream Contract Director

James has 31 years' floorcoverings industry experience. He started on the trade counter and has worked in sales and stock control, before he spent 15 years as Commercial Buying Director for the Mercado group of companies within Headlam. He later became Joint Managing Director. James has strong supplier and customer relations across the commercial and LVT flooring sectors.

Antony ("Tony") Judge, 56, Commercial Director

Tony has over 36 years' experience within the flooring industry, having worked for both manufacturers and distributors. Before joining Likewise, Tony was employed as the Chief Operating Officer of the Headlam Group, having previously gained experience in various roles across purchasing, sales, logistics and IT. Tony joined the Likewise Group in October 2019 as Commercial Director principally responsible for IT, logistics and business development.

To supplement the Executive Board, Likewise also has a twelve person operational management team, who are responsible for growing the commercial operations of the brands within the Group.

11. Employee incentive arrangements

The Board recognises the importance of ensuring that employees of the Group are effectively and appropriately incentivised and their interests aligned with those of the Company. Similarly, the Board believes that the ongoing success of the Company depends to a high degree on retaining and incentivising the performance of key members of senior management. In order to align the interests of Shareholders and employees, the Group maintains two Share Option Plans which are referred to in more detail in paragraph 10 of Part V of this Document. The Board intends to circulate a further invitation to eligible employees under the SAYE Scheme, and to grant further Management Options to five key personnel shortly before Admission. Details of those proposed grants are set out in paragraphs 10.1 and 10.2 of Part V of this Document.

As at the date of this document, options have been granted under the Share Option Plans over an aggregate of 15,508,629 Shares, representing approximately 8.1 per cent. of the Enlarged Share Capital.

On a given date, the total number of Shares issued or transferred from treasury (or capable of issue or transfer from treasury) in respect of awards granted under the Share Option Plans or any new employee incentive schemes which may be adopted post Admission, when added to all other options, awards or rights granted in the preceding ten year period, will not exceed 12.5 per cent. of the ordinary share capital of the Company in issue at that time. Whilst the Company intends to not exceed 10 per cent., it would like to retain the flexibility in order to incentivise new senior hires or significant progression in roles and responsibilities of current employees.

12. ESG

The Group recognises the importance of doing business responsibly and reducing any adverse impacts of its operations on the environment, as well as encouraging the same values with those with whom it does business.

When approaching the conduct of its business and operations, the Company seeks to emphasise its commitment to sustainable resources, eliminating waste, enhancement of employee wellbeing through its

health and safety policies, commitment to people, equal opportunities, investing in new distribution facilities and operating ethically across the various jurisdictions in which it does business.

The Company has engaged in a range of responsible activities through its business operations, including investing in lower emissions vehicles and electric forklift trucks, performing due diligence on the sourcing of wood by its suppliers, recycling packaging materials and harvesting rainwater at its Sudbury national distribution centre. The Board intends to regularly review its ESG strategy and policies due to its increasing importance to the Group.

13. Corporate governance

The Directors acknowledge the importance of high standards of corporate governance and the Company has adopted the QCA Corporate Governance Code for small and mid-sized companies published by the QCA in April 2018. The QCA Code sets out a standard of minimum best practice for small and mid-sized quoted companies, particularly AIM companies. Details of how the Company complies with the QCA Code, as well as any explanations for any departures from the QCA Code, are set out in Part II of this Document.

The Board comprises four directors, two of whom are executive directors and two of whom are non-executive directors, reflecting a blend of different experience and backgrounds. Paul Bassi is considered independent. The Board has also committed to appoint another independent non-executive director within six months of Admission.

The Board meets regularly to consider strategy, performance and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

Board committees

The Board has had an audit committee since 2019 which is responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant, considering annual and interim accounts and audit reports, considering the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

The Board has a remuneration committee, also established in 2019, that is responsible for, *inter alia*, the Group's remuneration policy and for reviewing and recommending all Directors' and senior executives' remuneration, bonuses and incentives.

The Board also intends to establish a nominations committee shortly after Admission with responsibility for identifying suitable candidates to be appointed as directors as and when a vacancy may arise. This committee will only meet as required.

The Board also intends to establish an AIM Rules Compliance Committee, this will be responsible for managing the Company's compliance with the AIM Rules. This committee will meet, at a minimum, once per year.

Share Dealing Code

The Company has adopted a share dealing code for Directors and applicable employees (as defined in the AIM Rules for Companies) of the Group for the purpose of ensuring compliance by such persons with the provisions of Rule 21 of the AIM Rules for Companies and MAR relating to dealings in the Company's securities. The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company will take proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of MAR.

14. Placing and Placing Agreement

The Placing

The Company is proposing to raise a total of £10.0 million by way of an issue by the Company of the New Shares at the Placing Price.

The New Shares will represent 20.8 per cent. of the Enlarged Share Capital at Admission. The Placing Price is at a discount to the closing middle market price of 26 pence per Share on 26 July (being the last business day before the Placing was announced). The Placing is not underwritten.

The Placing Agreement

Pursuant to the Placing Agreement, Zeus Capital and Ravenscroft have agreed to use their respective reasonable endeavours to procure subscribers for the New Shares. The Company and, the Directors have given certain warranties (and the Company has given an indemnity) to Zeus Capital and Ravenscroft, as applicable, all of which are customary for this type of agreement.

Zeus Capital has the right under the Placing Agreement to terminate the Placing Agreement and not proceed with the Placing if, prior to Admission, certain events occur including certain force majeure events. If such right is exercised by Zeus Capital, the Placing will lapse and any monies received in respect of the Placing will be returned to investors without interest.

The New Shares being subscribed for pursuant to the Placing will, on Admission, rank *pari passu* in all respects with the Existing Shares in issue and will participate in full for all dividends and other distributions thereafter declared, made or paid on the Shares. The New Shares will, immediately on and from Admission, be freely transferable.

The Placing, which is not underwritten, is conditional, *inter alia*, on the Placing Agreement: (i) becoming unconditional (and not being terminated) and (ii) Admission becoming effective by no later than 8.00 a.m. on 18 August 2021 (or such later time as Likewise, Zeus Capital and Ravenscroft may agree, being no later than 30 September 2021). Admission is expected to become effective, and dealings in the New Shares to commence, at 8.00 a.m. on 18 August 2021. The Placing Agreement is not subject to any right of termination after Admission.

Further details of the Placing Agreement are set out in paragraph 11 of Part V of this Document.

Upon Admission, Likewise's Enlarged Share Capital will comprise 192,374,194 Shares with voting rights. Likewise does not hold any shares in treasury. This figure of 192,374,194 Shares, may be used by Shareholders in Likewise following Admission as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of Likewise under the FCA's Disclosure Guidance and Transparency Rules. Further details of the Placing Agreement are set out in paragraph 11 of Part V of this Document.

15. Lock-ins and orderly market arrangements

At Admission, the Directors will hold, or be interested in, directly and indirectly, an aggregate of 54,632,500 Shares, representing c. 28.4 per cent. of the Enlarged Share Capital.

Each of the Directors and each member of the Executive Board, who will hold Shares following Admission, has undertaken, pursuant to the Lock-in Agreements:

- for a period of 12 months from First Admission, not to dispose of any of the Shares in which they are interested at Admission, except with the permission of the Company and Zeus Capital; and
- for a further period of 12 months to comply with certain requirements designed to maintain an orderly market in the Shares.

In addition to the above, certain members of the Remaining Founding Shareholders, who will hold up to 23,009,100 Shares following Admission, have agreed to undertake, pursuant to the Lock-in Agreements:

- for a period of 12 months from First Admission, not to dispose of any of the Shares in which they are interested at Admission, except with the permission of the Company and Zeus Capital; and

- for a further period of 12 months to comply with certain requirements designed to maintain an orderly market in the Shares,

provided that each of these locked-in Shareholders will be entitled to dispose of up to 10% of the Shares they hold at Admission subject to certain conditions being met.

16. Relationship Agreement

The Company, Tony Brewer and Andrew Simpson and Zeus Capital entered into the Relationship Agreement, such agreement to become effective upon Admission. Pursuant to the Relationship Agreement, Tony Brewer and Andrew Simpson have given certain undertakings to the Company and Zeus Capital, including to: (i) ensure that transactions entered into between any member of the Group and either Tony Brewer and/or Andrew Simpson or their associates, are conducted on an arm's length basis and on normal commercial terms; (ii) that the Group shall be managed for the benefit of the Shareholders and the business of the Group and not solely for the benefit of Tony Brewer and/or Andrew Simpson; and (iii) ensure that neither Tony Brewer and/or Andrew Simpson or their associates take any action that would have the effect of preventing the Company from complying with its obligations under the AIM Rules for Companies.

The Relationship Agreement also entitles each of Tony Brewer and Andrew Simpson to appoint and maintain one director for so long as he (together with his associates) maintains an interest in 10 per cent. or more of the issued share capital of the Company.

17. Admission, settlement and dealings

An Application has been made to AIM for the Enlarged Share Capital to be admitted to trading. Admission is expected to take place and dealings in the Shares are expected to commence at 8.00 a.m. on 18 August 2021.

The Shares will be in registered form and will be capable of being held in either certificated or uncertificated form (i.e. in CREST). Accordingly, following Admission, settlement of transactions in the Shares may take place within the CREST system if a Shareholder so wishes. In respect of Shareholders who will receive Shares in uncertificated form, Shares will be credited to their CREST stock accounts on 18 August 2021. Shareholders who wish to receive and retain share certificates are able to do so and share certificates representing the Shares to be issued pursuant to the Placing are expected to be dispatched by post to such Shareholders within 10 business days of Admission.

CREST is a paperless settlement enabling securities to be evidenced otherwise than by certificate and transferred otherwise than by written instrument in accordance with the CREST Regulations. The Articles permit the holding of Shares in CREST. The Company will apply for the Enlarged Share Capital to be admitted to CREST from the date of Admission.

18. Interests in Shares

As at 28 July 2021, being the latest practicable date prior to publication of this Document, the Directors were in aggregate interested, directly or individually, in 51,632,500 Shares, representing c. 33.9 per cent. of the Existing Shares.

At Admission, by way of participation in the Placing, Paul Bassi, Tony Brewer and Andrew Simpson will acquire 2,200,000, 400,000 and 400,000 Shares respectively. As a result, at Admission, the Directors will in aggregate be interested, directly or indirectly, in 54,632,500 Shares, representing c. 28.4 per cent. of the Enlarged Share Capital.

19. Dividend policy

The Directors intend to re-invest a significant portion of the Company's earnings to facilitate plans for further growth. Accordingly, whilst the Directors do not expect to declare any dividend in respect of the financial year ending 31 December 2021, it is the Board's intention, should the Group generate a sustained level of distributable profits, to consider a progressive dividend policy in future years.

Declaration of dividends will always remain subject to all applicable legal and regulatory requirements and recommendations of final dividends and payments of interim dividends will be at the discretion of the Board. The Board will not exercise such discretion where it is not commercially prudent to do so taking into account the policy set out above.

Whilst the Board considers dividends as the primary method of returning capital to Shareholders, it may, at its discretion, consider share purchases, when advantageous to Shareholders and where permissible. The Company may revise its dividend policy from time to time.

20. Taxation

The attention of investors is drawn to the information regarding taxation set out in paragraph 9 of Part V, of this Document. The information is intended only as a general guide to the current tax position under United Kingdom taxation law for certain types of investor.

Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the United Kingdom are strongly advised to consult their professional advisers.

21. Applicability of the Takeover Code

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

Under Rule 9 of the Takeover Code when (i) a person acquires an interest in shares which (taken together with shares he and persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in 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 the voting rights of the company subject to the Takeover Code, and such person, or any persons acting in concert with him, acquires an interest, or interests, in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then, in either case, that person, together with the person acting in concert with him, is normally required to extend offers in cash or be accompanied by a cash alternative, and must be 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, unless the company has obtained the approval of over 50 per cent. of its independent shareholders in advance of such increase.

At the date of this Document, the Company considers that the following shareholders are acting in concert with each other: Tony Brewer, Andrew Simpson, Adrian Laffey, James Kellett, Geoff Duggan, Keith Yates, Andrew Woodhouse, Paul Wiseman and Stuart Large.

On Admission, the Concert Party will hold 83,534,100 Shares, in aggregate, representing approximately 43.4 per cent. of the Enlarged Share Capital.

As set out in paragraph 10 of Part V of this Document, certain members of the Concert Party have been granted options under the Share Option Plans to subscribe for a total of 5,400,000 new Shares (3,000,000 pursuant to Management Options and 2,400,000 pursuant to SAYE Options).

Please see paragraph 6 of Part V of this Document for further details on the applicability of the Takeover Code.

22. Risk Factors

Your attention is drawn to the risk factors set out in Part III of this Document and to the section entitled "Forward Looking Statements" in Presentation of financial information, paragraph 5 on page 4 of this Document. In addition to all other information set out in this Document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

23. Additional Information

You should read the whole of this Document and not just rely on the information contained in this Part I.

In particular, you should consider carefully the “Corporate Governance” information and “Risk Factors” set out in Parts II and III of this Document respectively.

24. General Meeting

The Notice of General Meeting convening the General Meeting, to be held at 10.00 a.m. on 17 August 2021 at Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, B37 7YN, is set out at the end of this Document. At the General Meeting, the following resolutions will be proposed:

Resolution 1: the Directors are to be authorised pursuant to section 551 of the Companies Act to exercise all and any powers of the Company to allot up to 40,000,000 Placing Shares pursuant only to the Placing. The authority expires on Admission becoming effective;

Resolution 2: the Directors are to be generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all and any powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into shares of the Company up to a maximum nominal amount of £641,247.31 being approximately 33 per cent. of the issued share capital of the Company upon Admission. The authority expires (unless previously renewed, varied, or revoked by the Company in a general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; and

Resolution 3: the Directors are to be given power pursuant to section 570 of the Companies Act (with such power expiring at the same time as the relevant authority granted pursuant to section 551 of the Companies Act at the General Meeting to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the relevant authority as if section 561 of the Companies Act did not apply to any such allotment save that the power was limited to:

the allotment of the Placing Shares;

the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company were proportionate or as nearly as practical to the numbers of Shares held by them; and

the allotment of equity securities up to an aggregate nominal amount of £192,374.19, being approximately 10 per cent. of the issued share capital of the Company upon Admission.

Resolutions 1 to 2 above will be proposed as ordinary resolutions whilst Resolution 3 above will be proposed as a special resolution. The Resolutions are inter-conditional and so, if one of them is not passed at the General Meeting, none of them will be deemed to have been passed. The resolutions will supersede the allotment and pre-emption resolutions passed at the Company’s recent AGM.

25. Action to be taken by Shareholders

The Company strongly encourages all Shareholders to submit Forms of Proxy appointing the Chairman of the General Meeting as proxy.

You will not receive a hard copy form of proxy for the General Meeting in the post. Instead, you will be able to vote electronically using the link www.signalshares.com. You will need to log into your Signal Shares account, or register if you have not previously done so, to register you will

need your Investor Code, this is detailed on your share certificate or available from our Registrar, Link Group. Proxy votes must be submitted no later than 10.00 a.m. on 13 August 2021.

If you need help with voting online, please contact our Registrar, Link Group, on Tel: 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or email Link at shareholderenquiries@linkgroup.co.uk

Further details for Shareholders on how to vote can be found in the Notice of General Meeting and the Form of Proxy.

Yours faithfully,

Paul Bassi

Chairman, for and on behalf of the Board

Likewise Group plc

PART II

CORPORATE GOVERNANCE

As a company that will be admitted to trading on AIM, the Company is not required to adopt a specific corporate governance code. However, it is required to provide details of the corporate governance code it has decided to adopt, state how it complies with that code and provide an explanation where it departs from compliance with that code.

The Directors support a high standard of corporate governance and will continue to comply with the QCA Code. The Directors believe that the QCA Code provides the Company with the framework to help ensure that a strong level of governance is maintained, enabling the Company to embed the governance culture that exists within the organisation as part of building a successful and sustainable business for all of its stakeholders. The Company will comply with the QCA Code with effect from Admission, as detailed below.

Principle 1: Establish a business strategy and business model which promotes long-term value for shareholders

The Group's business model and strategy is set out in Part I of this Document. The Directors believe that the Group's model and growth strategy, which increases the size of the Group through consolidation of the market via driving organic growth and selective acquisitions, helps to promote long-term value for Shareholders. The Directors intend to subject this strategy to ongoing review and will provide an update on it from time to time in their strategic report that will be included in the annual report and accounts of the Group.

The principal risks facing the Group are set out in Part III of this Document. The Directors will take the appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission.

Principle 2: Seek to understand and meet shareholder needs and expectations

Prior to Admission, Tony Brewer undertook an investor roadshow to help educate the market on the Likewise investment proposition and to update shareholder expectations. Historically whilst listed on TISE, the Board and/or members of the Board have maintained regular meetings and dialogue with shareholders, which they intend to continue post Admission. The Company has been informed of its existing Shareholders' expectations through regular meetings and dialogue with those Shareholders while it has been listed on TISE.

In addition to maintain an active dialogue with Shareholders and other market participants, the Company will also provide updates via announcements made via a Regulatory Information Service on matters of a material substance and/or a regulatory nature. Updates will be provided to the market from time to time, including any financial information, and any expected material deviations to market expectations will be announced via a Regulatory Information Service.

The Company's AGM, expected to be in June of each year, will provide an opportunity for Shareholders to meet with the Chairman and other members of the Board. The meeting will be open to all Shareholders, giving them the opportunity to ask questions and raise issues during the formal business or, more informally, following the meeting. The Board values the opportunity to meet Shareholders very highly. The results of the AGM will be announced via a Regulatory Information Service.

The Board is keen to ensure that the voting decisions of Shareholders are reviewed and monitored and the Company intends to engage with Shareholders who do not vote in favour of resolutions at AGMs to understand their motivation.

There is also an email address for investor relations, info@likewise.co.uk and all contact details are included on the Group's website www.likewiseplc.com.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group takes its corporate social responsibilities very seriously and is committed to operating as a responsible, sustainable business.

The Group will maintain effective working relationships across a wide range of stakeholders including Shareholders, employees, customers, suppliers and the communities in which the Group operates, in order to achieve long term success.

The Directors will maintain an open and ongoing dialogue with its stakeholders to help promote the long-term sustainable success of the Group.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The principal risks facing the Group are set out in Part III of this Document. The Directors will take appropriate steps to identify risks and undertake a mitigation strategy to manage these risks following Admission through its already established Audit Committee, which is currently comprised of Paul Bassi (chair) and Andrew Simpson. It is the Board's intention to adopt a risk register prior to Admission to assist in the identification and mitigation of the Group's risks.

The risks involved and the specific uncertainties for the Group will be regularly monitored and the Board will formally and regularly review such risks at Board meetings. All proposals reviewed by the Board will include a consideration of the issues and risks of the proposal. Where necessary, the Board will draw on the expertise of appropriate external consultants or advisers to assist in dealing with or mitigating risk.

Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair

On Admission the Board will comprise the following persons:

- the independent non-executive chairman;
- one non-executive director; and
- two executive directors.

The Board has also committed to appoint another independent non-executive director within six months of Admission.

The biographies of the Directors are set out in paragraph 10 of Part I of this Document. Paul Bassi is considered to be independent and was selected with the objective of bringing additional experience and independent judgement to the Board.

Two separate boards have been established to deliver the Group's long term strategy:

The PLC Board

The PLC Board are responsible for the execution of the strategy and ensuring the Group meets with the requirements expected of a listed business. The PLC Board consists of Paul Bassi (independent non-executive Chairman), Tony Brewer (Chief Executive Officer), Roy Povey (Chief Financial Officer) and Andrew Simpson (non-executive director), each of whom have previous listed company experience and have a wealth of experience in the UK floor coverings industry.

The PLC Board is also supported by the Audit Committee and the Remuneration Committee, further details of which are set out below. The PLC Board also intends to establish a Nomination Committee and AIM Rules Compliance Committee on Admission. The Directors will be subject to retirement by rotation at every third AGM of the Company.

Executive Board

The Executive Board will report to the PLC Board and are responsible for operational delivery of the business. They are in control of the day to day trading, sourcing and integration of new acquisitions and management

of head office operations. This board consists of Adrian Laffey, Tony Judge and James Kellet who have a wealth of experience in the UK floor coverings market.

Audit Committee

The Audit Committee is responsible for reviewing and monitoring internal financial control systems and risk management systems on which the Group is reliant, considering annual and interim accounts and audit reports, considering the appointment and remuneration of the Group's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications. The Audit Committee consists of Paul Bassi (chair) and Andrew Simpson.

Remuneration Committee

The Remuneration Committee is responsible for, *inter alia*, the Group's remuneration policy and for reviewing and recommending all Directors' and senior executives' remuneration, bonuses and incentives. The Remuneration Committee consists of Andrew Simpson (chair) and Paul Bassi.

Nomination Committee

A Nominations Committee will be in place on Admission, and will be responsible for identifying suitable candidates to be appointed as Directors as and when a vacancy may arise. This committee will only meet as required.

AIM Rules Compliance Committee

The Board intends to establish an AIM Rules Compliance Committee, responsible for managing the Company's compliance with the AIM Rules. This committee will meet, at a minimum, once per year.

The PLC board and Executive board will meet regularly and will hold at least ten board meetings per annum. Processes are in place to ensure that each Director is, at all times, provided with such information as is necessary to enable each Director to discharge their respective duties.

On Admission, the Group is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and will consider the requirement for additional Executive and Non-Executive Directors as the Company fulfils its growth objectives.

Principle 6: Ensure that, between them, all Directors have the necessary up to date experience, skills and capabilities

The skills and experience of the Directors are summarised in their biographies set out in paragraph 10 of Part I of this Document.

The Directors believe that the Board has the appropriate balance of diverse skills and experience in order to deliver on its core objectives. The Director's experiences are varied and complementary, and they each contribute to maintaining a balanced board that has the appropriate level and range of skill to push the Group forward as it executes on its business strategy.

The Board is not dominated by any one individual and all Directors have the ability to challenge proposals put forward at each meeting, democratically. The Directors have also received a briefing from the Company's Nominated Adviser in respect of continued compliance with, *inter alia*, the AIM Rules, and the Company's solicitors in respect of continued compliance with, *inter alia*, MAR.

Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The Directors will consider the effectiveness of the Board, the Audit Committee, the Remuneration Committee and the individual performance of each Director on an ongoing basis. The Company intends to establish a Nomination Committee on Admission which will conduct a regular assessment of the individual contributions of each member of the Board to ensure that their contribution is relevant and effective. The outcomes of each performance review will be described in the annual report and accounts of the Group to

ensure that Shareholders are kept well-informed. The Company also intends to establish an AIM Rules Compliance Committee on Admission to manage the Company's ongoing compliance with the AIM Rules.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

The Group has a responsibility towards its employees and other stakeholders. The Board promotes a culture of integrity, honesty, trust and respect and all employees of the Group are expected to operate in an ethical manner in all of their internal and external dealings.

The staff handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery and corruption, communication and general conduct of employees. The Board takes responsibility for the promotion of ethical values and behaviours throughout the Group, and for ensuring that such values and behaviours guide the objectives and strategy of the Group.

The culture is set by the Board and will be regularly considered and discussed at Board meetings.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

The Group maintains two boards to deliver the Group's long term strategy, the PLC Board and the Executive Board.

The Chairman leads the PLC Board and is responsible for its governance structures, performance and effectiveness. The Board retains ultimate accountability for good governance and is responsible for monitoring the activities of the executive team. The Non-Executive Directors are responsible for bringing objective judgement to Board decisions. The Executive Directors are responsible for the operation of the business and delivering the strategic goals agreed by the Board.

The PLC Board is supported by the Audit Committee and Remuneration Committee, further details of which are set out in paragraph 10 of Part I of this Document. The PLC Board also intends to set up a Nomination Committee and AIM Rules Compliance Committee on Admission. There are certain material matters which are reserved for consideration by the full PLC Board, further details of which are set out in paragraph 10 of Part I of this Document.

To support the PLC Board, an Executive Board has been established which reports into the PLC Board and is responsible for operational delivery and is in control of the day to day trading, sourcing and integration of new acquisitions and management of head office operations.

The PLC Board intends to review the Group's governance framework on an annual basis to ensure it remains effective and appropriate for the business going forward.

Principle 10: Communicate how the Company is governed and is performing by maintaining an open dialogue with Shareholders and other relevant stakeholders

In terms of its governance, the Company shall, following Admission, disclose on its website and within its annual report and accounts how the Company is governed and compliance with the QCA Code. The Company will review this information at least annually in accordance with the requirements of AIM Rule 26.

The Board views the annual report and accounts as well as its half year report as key communication channels through which progress in meetings the Group's objectives and updating its strategic targets can be given the Shareholders following Admission.

Additionally, the Board will use the Company's AGMs as a primary mechanism to engage directly with Shareholders, to provide information and receive feedback about the Group and its progress.

The Company's website will be updated on a regular basis with information regarding the Group's activities and performance, including financial information in accordance with AIM Rule 26.

There is also an email address for investor relations, info@likewise.co.uk and all contact details are included on the Group's website www.likewiseplc.com.

PART III

RISK FACTORS

Before making any investment decision, prospective investors should carefully consider all the information contained in this Document including, in particular, the risk factors described below. The Shares may not be a suitable investment for all recipients of this Document. If you are in any doubt about the Shares and their suitability for you as an investment, you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

In addition to the usual risks associated with an investment in a company, the Directors consider that the factors and risks described below are the most significant in relation to an investment in the Company and should be carefully considered, together with all the information contained in this Document, prior to making any investment decision in respect of the Shares. The list below is not exhaustive, nor is it an explanation of all the risk factors involved in investing in the Company and nor are the risks set out in any order of priority.

It should be noted that the risks described below are not the only risks faced by the Group and there may be additional risks that the Directors currently consider not to be material or of which they are currently not aware.

If any of the events described in the following risks actually occur, the Group's business, financial condition, results or future operations could be materially affected. In such circumstances, the price of the Shares could decline and investors could lose all or part of their investment.

SPECIFIC RISKS TO THE COMPANY'S BUSINESS

Business strategy and acquisitions

The value of an investment in the Company is dependent, *inter alia*, upon the Company achieving the aims set out in this Document and in particular its acquisitions strategy. Acquisition targets might not be available at valuations acceptable to the Company (or at all) and/or the mergers and acquisitions market might be less conducive in the future to acquisitions in general. Although the Company has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Group will achieve the level of success that the Directors expect. Furthermore, the Company may decide to change aspects of its strategy described in this Document.

The Company's ability to implement its business strategy successfully may be adversely impacted by factors that the Company cannot currently foresee, such as unanticipated market forces, costs and expenses or technological factors. Should it be unsuccessful in implementing its strategy or should it take longer than expected to implement, the future financial results of the Group could be negatively impacted.

Ability to recruit and retain skilled personnel

The Board believes that it has the appropriate incentive structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Group. However, any difficulties encountered in hiring appropriate employees and the failure to do so, or a change in market conditions that renders current incentive structures lacking, may have a detrimental effect upon the trading performance of the Group. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

Financial controls and internal reporting procedures

The Group's future growth and prospects will depend on its ability to manage growth and to continue to maintain, expand and improve operational, financial and management information systems on a timely basis, whilst at the same time maintaining effective cost controls. Any damage to, failure of or inability to maintain, expand and upgrade effective operational, financial and management information systems and internal controls in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Disruption to operations or systems

The Group depends on the performance, reliability and availability of its information technology systems. Any damage to, or failure of, its systems could result in disruption to the Group's operations. The Group's disaster recovery plans may not adequately address every potential event and its insurance policies may not cover any loss in full or in part or damage that it suffers fully or at all, which could have a materially adverse effect on the Group's business, financial condition and results of operations.

The Group's insurance policies may be inadequate to cover the cost of claims made against the Group

While the Group maintains commercial insurance at a level it believes is appropriate against certain risks commonly insured in the industry, there is no guarantee that it will be able to obtain the desired levels of cover on acceptable terms in the future. Furthermore, the nature of these risks are such that liabilities could exceed policy limits or that certain risks could be excluded from the Group's insurance coverage. There are also risks against which the Group cannot insure or against which it may elect not to insure. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage may cause substantial delays and require significant capital outlays, adversely affecting the Group's earnings and competitive position in the future and, potentially, its financial position.

The Group's operations could suffer losses which may not be fully compensated by insurance. In addition, certain types of risks may be, or may become, either uninsurable or not economically insurable, or may not be currently or in the future covered by the Group's insurance policies. Any of the foregoing could have a material adverse effect on the Group's operating results, business prospects and financial condition.

Exposure to exchange rate fluctuations

The Group is exposed to exchange rate fluctuations, principally the GBP, the US\$ and the Euro. Changes in foreign currency exchange rates may affect the Group's pricing of products sold and materials purchased in foreign currencies. The Directors believe that the Company's use of certain derivative financial instruments, including foreign currency forward contracts used to hedge purchase commitments denominated in foreign currencies, reduces the Group's exposure to this risk.

Borrowing and interest rate risk

The Company has taken out various borrowings from the Bankers. The facilities are subject to covenant tests and the interest rate payable is linked to the Bank of England Base Rate. In addition, in the event that the Group's profit falls for whatever reason, the use of borrowings will increase the impact of such a fall on the net profit of the Group.

The Group pays interest on its borrowings. Accordingly, the Group is exposed to interest rate risk due to fluctuations in the prevailing market rates. Interest rate movements may adversely affect the interest payable on the Group's variable rate borrowings. In the event that interest rate movements raise the interest required to be paid by the Group, net profit of the Group will be reduced.

Although the Company is not currently in breach of any covenants set forth in any agreements related to its debt facilities, if in future the Group were to experience the occurrence of events of default or breaches of financial or performance covenants under its financing arrangements, this could result in the amortisation, default and/or acceleration of such facilities and could reduce or terminate the Group's access to institutional funding. If such an event were to occur, it would have a material adverse effect on the Group's business, financial condition, operating results and cash flow. Any amounts that are advanced under a bank or other debt facility will rank ahead of Shareholders' entitlements and, accordingly, Shareholders may not recover their initial investment in some circumstances.

The Group faces risks related to the impact of COVID and other communicable diseases or pandemics in the future

Following the global outbreak of COVID in the UK, the trading of the Group was materially affected as the impact of lockdown and social distancing restrictions in the UK adversely impacted the Group's customers' ability to trade. At the time of publication of this Document, the Directors are cautiously optimistic that trading in these areas of the Group will recover in line with the relaxation of the lockdown and social distancing restrictions set out by the UK Government.

In the event that further lockdown and social distancing restrictions in the UK are implemented, or that the timetable of relaxation as set out by the UK Government is delayed, the Directors would not expect trading to recover to historic levels and therefore the financial performance of the Group would be impacted. The Directors may also in this scenario have to take financial and operational decisions which may affect the future performance of the Group including, but not limited to, the use of further UK Government assisted job retention schemes and/ or business loans and other types of finance that may be made available.

Long term debtors

The Group is owed approximately £0.4 million from a trade debtor who is now on a long term weekly repayment plan. The customer was adversely impacted by the pandemic but continues to trade positively with the Group. There is a risk that the customer defaults on the repayment plan terms, which may have an adverse impact on the Group's business, operating results and financial condition.

Pension scheme

William Armes Limited is the principal employer of a defined benefit occupational pension scheme known as the WAL Pension Scheme (the **Scheme**). The Scheme is closed to future accrual and new members. As at 31 December 2020, the Scheme's membership consisted of seven deferred members and fourteen pensioners. The most recent actuarial valuation as at 31 December 2017 and completed on 13 December 2018 revealed a surplus of £130,000 on a scheme-specific funding basis (representing a funding level of 108%).

The Company will need to continue funding the Scheme to the extent necessary to ensure the Scheme is able to pay the benefits due. Should the Company's contributions to the Scheme need to be increased, this will have an adverse effect on the Group's cash flows, financial condition and prospects.

GENERAL RISKS RELATING TO THE GROUP

The Group is reliant on key executives and personnel

The Group's business, development and prospects are dependent upon the continued services and performance of its Directors and other key personnel. The experience and commercial relationships of the Group's personnel help provide the Group with a competitive advantage. The Directors believe that the loss of services of any existing key executives, 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.

The UK's decision to leave the European Union may have an adverse effect on the Company's ability to access European markets

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 took effect on 1 January 2021 and provided for, among 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, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. With regard to

Likewise, the majority of their suppliers are based in the European Union and Brexit may affect the cost competitiveness, delivery times and relationships generally with those suppliers over time.

Exposure to economic cycle

Market conditions may affect the value of the Company's share price regardless of operating performance. The Group could be affected by unforeseen events outside of its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. The combined effect of these factors is difficult to predict and an investment in the Company could be adversely affected by changes in economic, political, administrative, taxation or other regulatory factors in any jurisdiction in which the Group may operate. Deterioration in the economic climate could also result in a delay or cancellation of clients' projects. Any of these factors could adversely impact on the business, development, financial condition, results of operations and prospects of the Group.

Future funding risk

Likewise's longer-term capital requirements will depend on many factors, including, but not limited to, revenue from operations, working capital requirements and capital expenditure. To the extent that the Group's existing resources are insufficient to fund further expansion or potential acquisitions, the Company may need to raise additional funds through public or private financing. No assurance can be given that additional financing will be available or that, if available, the terms of such financing will be favourable to the Company or its Shareholders. If, in the longer-term, the Company raises additional funds by issuing more Shares in the Company, the ownership interest of Shareholders could be significantly diluted, and any additional issues may be of instruments that have rights, preferences or privileges senior to the rights currently assigned to the Shares.

Credit risk

There is a risk that parties with whom the Group trades or has other business relationships with may become insolvent. This may be as a result of general economic conditions or factors specific to that company. In the event that a party with whom the Group trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Group. Credit risk is managed by monitoring the aggregate amount and duration of any exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment. The Board consider that the Group does not have any significant concentration of credit risk, with exposure spread over a large number of customers.

Force majeure events

There is a risk that the markets in which the Group currently operates could be affected by events such as war, civil war, riot or armed conflict, acts of terrorism, floods, explosions or other catastrophes, epidemics or quarantine restrictions, which are outside of the Directors' control and generally not covered by insurance. Such events could have a variety of materially adverse consequences for the Group, including risks and costs related to decline in revenues or reputational damage, and injury or loss of life, as well as litigation related thereto.

Laws and regulations

The Company is subject to the laws of the United Kingdom. Existing and future legislation and regulation could cause additional expense, capital expenditure and restrictions and delays in the activities of the Group, the extent of which cannot be predicted. No assurance can be given that new laws, rules and regulations will not be enacted, or existing laws, rules and regulations will not be applied in a manner which could limit or curtail certain of the Group's activities or services. In addition, the Group may have to defend itself against legal proceedings which could have an adverse effect on trading performance and, in turn, future profits. The Group also exports its products overseas and therefore its exports may be subject to existing and future overseas legislation and regulation and similar risks therefore also applying in relation to such overseas existing and future legislation and regulation.

Failure to prevent a major accident or incident

The Group operates warehouses and distribution centres which pose certain health and safety risks to the employees. Failure to manage the inherent risks associated with the warehouses and distribution centres may result in a major accident, or incident resulting in injury or loss of life to employees, subcontractors and/or clients' employees. These circumstances could result in civil and/or criminal legal actions being taken against the Group, significant fines being incurred by the Group, significant adverse publicity and may have a negative impact on Likewise's reputation. Therefore, failure to prevent a major accident or incident could materially adversely affect the Group's business, reputation and financial condition. To date, the Group has not had any RIDDOR-related incidents but it cannot guarantee that measures taken to ensure health and safety will be sufficient to prevent future accidents, claims being made against or fines by incurred by the Group, which may negatively impact the business, reputation and financial condition of Likewise.

RISKS RELATING TO THE PLACING AND THE SHARES

Share price volatility and liquidity

AIM is a trading platform designed principally for growth companies, and as such, tends to experience lower levels of trading liquidity than larger companies quoted on the Official List or some other stock exchanges. Following Admission, there can be no assurance that an active or liquid trading market for the Shares will develop or, if developed, that it will be maintained. The Shares may therefore be subject to large fluctuations on small volumes of shares traded. As a result, an investment in shares traded on AIM carries a higher risk than those listed on the Official List.

Prospective investors should be aware that the value of an investment in the Group may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Group. There can be no guarantee that the value of an investment in the Group will increase. Investors may therefore realise less than, or lose all of, their original investment. The share prices of publicly quoted companies can be highly volatile and shareholdings illiquid. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Group and its operations. These factors include, without limitation, (i) the performance of the overall stock market, (ii) large purchases or sales of Shares by other investors, (iii) financial and operational results of the Group (iv) changes in analysts' recommendations and any failure by the Group to meet the expectations of the research analysts, (v) changes in legislation or regulations and changes in general economic, political or regulatory conditions, and (vi) other factors which are outside of the control of the Group.

Shareholders may sell their Shares in the future to realise their investment. Sales of substantial amounts of Shares following Admission and/or termination of the Lock-in Agreements (the terms of which are summarised in paragraph 8.1 of Part V of this Document), or the perception that such sales could occur, could materially adversely affect the market price of the Shares available for sale compared to the demand to buy Shares. There can be no guarantee that the price of the Shares will reflect their actual or potential market value or the underlying value of the Group's net assets and the price of the Shares may decline below the Placing Price. Shareholders may be unable to realise their Shares at the quoted market price or at all.

Investment risk

An investment in a quoted company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time or to lose their investment principal. While various investment opportunities are available, potential investors should consider the risks that pertain to professional services companies in general.

Determination of Placing Price

Placees will subscribe for the Shares at the Placing Price, which is a fixed price, prior to satisfaction of all conditions for the Shares to be issued. The Placing Price may not accurately reflect the trading value of the Shares when issued, or the Group's potential earnings or any other recognised criteria of value.

Future issues of Shares may result in dilution of existing Shareholders

Whilst it has no current plan to do so, the Company may decide to issue additional Shares in the future in subsequent public offerings or private placements to fund expansion and development. If existing Shareholders do not subscribe for additional Shares on a pro rata basis in accordance with their existing shareholdings, this will dilute their existing interests in the Company. Furthermore, the issue of additional Shares may be on more favourable terms than the Issue Shares. The issue of additional Shares by the Company, or the possibility of such issue, may cause the market price of the Shares to decline and may make it more difficult for Shareholders to sell Shares at a desirable time or price. There is no guarantee that market conditions prevailing at the relevant time will allow for such a fundraising or that new investors will be prepared to subscribe for Shares at a price which is equal to or in excess of the Issue Price.

Future performance of the Group cannot be guaranteed

There is no certainty and no representation or warranty is given by any person that the Group will be able to achieve any returns referred to in this Document. The financial operations of the Group may be adversely affected by general economic conditions or by the particular financial condition of other parties doing business with the Group.

Share price effect of sales of Shares

The market price of Shares could decline significantly as a result of any sales of Shares by certain Shareholders following the expiry of the relevant lock-in periods, details of which are set out in paragraph 8.1 of Part V of this Document, or the expectation or belief that such sales of Shares may occur.

Conditionality of the Placing

The Placing is conditional upon, among other things, Admission. In the event that any condition to which Admission is subject is not satisfied or, if capable of waiver, waived, Admission (and therefore the Placing) will not occur.

Taxation

The tax rules and their interpretation relating to an investment in the Company may change during its life. Any change in the Company's tax status or in taxation legislation or its interpretation could affect the value of the investments held in the Company or the Company's ability to provide returns to Shareholders or alter the post-tax returns to Shareholders. Representations in this Document concerning the taxation of the Company and its investors are based upon current tax law and practice which is, in principle, subject to change. Current and potential investors are strongly recommended to consult an independent financial adviser authorised under FSMA who specialises in investments of this nature before making any investment decision in respect of Shares.

Dividends

While the Group Intends to invest a significant portion of its earnings to deliver future growth, it is the Board's intention that, should the Group generate a sustained level of distributable profits, to implement a dividend policy in the future. The declaration and payment of any future dividends will be subject to the discretion of the Directors, and subject to compliance with the Companies Act and the Company's Articles, will depend on the Group's earnings, financial position, cash requirements, strategic goals and availability of distributable reserves. Any change in the tax treatment of dividends or interest received by the Company may reduce the amounts available for dividend distribution. Any of the foregoing could limit the payment of dividends to Shareholders or, if the Company does pay dividends, the amount of such dividends. In addition, the Company's ability to pay dividends will depend on the level of distributions, if any, received from its operating subsidiaries. The Company's subsidiaries may, from time to time, be subject to restrictions on their ability to make distributions including foreign exchange limitations, and regulatory, fiscal and other restrictions.

PART IV

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

SECTION A: ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE GROUP



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29 July 2021

The Directors
Likewise Group PLC
Unit 4 Radial Park
Solihull Parkway
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Solihull
B37 7YN

The Directors
Zeus Capital Limited
82 King Street
Manchester
M2 4WQ

Dear Sirs,

Introduction

We report on the audited consolidated historical financial information of Likewise Group plc (the “Company”) and its subsidiaries (the “**Group**”) set out in Section B of Part IV (“**Historical Financial Information of the Group**”) of the admission document dated 29 July 2021 (the “**Document**”) of the Company.

Qualified opinion on financial information

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion section in our report, the financial information gives, for the purposes of the Document, a true and fair view of the state of affairs of the Group as at the date stated and of the results, financial position, cash flows and changes in equity for the period then ended in accordance with the basis of preparation set out in note 2 to the financial information and International Financial Reporting Standards (IFRS) as issued by the UK Endorsement Board.

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.

Basis of Preparation

The historical financial information of the Group has been prepared for inclusion in the Document on the basis of preparation and accounting policies set out in note 2 to the financial information. This report is required by part (a) of Schedule Two to the AIM Rules for Companies (the “**AIM Rules**”) and is given for the purposes of complying with the AIM Rules and for no other purpose.

Basis of qualified opinion

We conducted our work in accordance with Standards of Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of the Group in accordance with relevant ethical requirements. In the United Kingdom this is the FRC’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 judgments made by those responsible for the preparation of the financial statements underlying 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.

With respect to inventories, with carrying amounts of £1,093,012 as at the acquisition date of William Armes Holdings Limited, which was during the 18 month period ended 31 December 2018, the audit evidence available to us was limited because we did not observe the counting of the physical stock as that date was prior to our appointment as auditor of the Group. We were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures. The limitation on evidence of existence of inventory at the beginning of the period means that we were unable to obtain sufficient audit evidence to confirm the cost of sales recognise during the 18 month period to 31 December 2018.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules for Companies, we are responsible for this report as part of the Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Document in compliance with Paragraph (a) of Schedule Two of the AIM Rules.

Yours faithfully

Crowe U.K. LLP

Chartered Accountants

SECTION B – HISTORICAL FINANCIAL INFORMATION ON THE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<i>18 month period ended 31 December 2018</i>	<i>Year ended 31 December 2019</i>	<i>Year ended 31 December 2020</i>
	<i>Note</i>	<i>£</i>	<i>£</i>	<i>£</i>
Revenue	5	4,015,265	30,013,085	47,322,673
Cost of sales		<u>(2,190,003)</u>	<u>(21,439,000)</u>	<u>(34,992,370)</u>
Gross profit		<u>1,825,262</u>	<u>8,574,085</u>	<u>12,330,303</u>
Other operating income	6	2,400	11,475	852,448
Administrative expenses		(2,293,695)	(7,125,741)	(10,323,473)
Distribution costs		(258,609)	(4,199,601)	(5,624,387)
Impairment losses on trade receivables		–	–	(64,373)
Loss from operations	7	<u>(724,642)</u>	<u>(2,739,782)</u>	<u>(2,829,482)</u>
Gain on bargain purchase		1,945,377	–	–
Finance income	9	116	130	10
Finance costs	9	(83,394)	(132,791)	(227,969)
(Loss)/gain on revaluation of consideration on acquisition		–	83,780	(217,540)
Profit/(loss) before tax		<u>1,137,457</u>	<u>(2,788,663)</u>	<u>(3,274,981)</u>
Taxation	10	14,960	(31,443)	203,677
Profit/(loss) for the year		1,152,417	(2,820,106)	(3,071,304)
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Revaluation of land and buildings	12	48,257	823,257	238,757
Actuarial loss on defined benefit schemes	31	(10,000)	(20,000)	(20,000)
Items that will or may be reclassified to profit or loss:		38,257	803,257	218,757
Exchange gains arising on translation of foreign operations		–	–	(39,403)
Total comprehensive income		<u>1,190,674</u>	<u>(2,016,849)</u>	<u>(2,891,950)</u>

The total basic loss per share attributable to the ordinary equity holders of the Company was £0.02 (2019: £0.02 loss and 2018: £0.58 profit). There were no potentially dilutive ordinary shares and therefore the basic loss/profit per share equals the diluted loss/profit per share.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	Note	2018 £	2019 £	2020 £
Assets				
Non-current assets				
Property, plant and equipment	12	3,171,623	6,360,746	11,256,599
Other intangible assets	14	–	4,098,416	3,808,425
Goodwill	15	–	4,028,287	4,216,728
Deferred tax asset		63,725	–	–
		<u>3,235,348</u>	<u>14,487,449</u>	<u>19,281,752</u>
Current assets				
Inventories	17	1,771,931	8,759,741	7,555,806
Trade and other receivables	18	1,181,825	6,522,694	7,466,158
Cash and cash equivalents	19	384,389	746,014	2,820,895
		<u>3,338,145</u>	<u>16,028,449</u>	<u>17,842,859</u>
Total assets		<u>6,573,493</u>	<u>30,515,898</u>	<u>37,124,611</u>
Liabilities				
Non-current liabilities				
Loans and borrowings	21	2,130,306	2,634,742	6,749,655
Deferred tax liability	10	–	819,097	700,484
		<u>2,130,306</u>	<u>3,453,839</u>	<u>7,450,139</u>
Current liabilities				
Bank overdraft		–	127,639	–
Trade and other liabilities	20	1,364,769	11,262,587	15,479,985
Loans and borrowings	21	387,644	1,261,306	2,224,566
Provisions	24	–	–	382,722
		<u>1,752,413</u>	<u>12,651,532</u>	<u>18,087,273</u>
Total liabilities		<u>3,882,719</u>	<u>16,105,371</u>	<u>25,537,412</u>
Net assets		<u>2,690,774</u>	<u>14,410,527</u>	<u>11,587,199</u>
Share capital				
Share capital	27	500,000	1,523,420	1,523,420
Share capital to be issued		800,000	–	–
Share premium	28	200,100	13,389,295	13,389,295
Share option reserve		–	90,574	159,566
Revaluation reserve		48,257	871,514	1,094,771
Foreign exchange reserve		–	–	(39,403)
Warrant reserve		–	128,170	128,170
Retained earnings		1,142,417	(1,592,446)	(4,668,620)
Total equity		<u>2,690,774</u>	<u>14,410,527</u>	<u>11,587,199</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share capital to be issued	Share premium account	Share option value	Revaluation reserve	Foreign Exchange Reserve	Warrant Reserve	Retained earnings	Total attributable to equity holders of parent	Total Equity
Balance at 1 July 2017	100	-	-	-	-	-	-	-	100	100
Profit for the period	-	-	-	-	-	-	-	1,152,417	1,152,417	1,152,417
Actuarial losses on pension scheme	-	-	-	-	-	-	-	(10,000)	(10,000)	(10,000)
Property revaluation	-	-	-	-	48,257	-	-	-	48,257	48,257
Shares issued	499,900	-	200,100	-	-	-	-	-	700,000	700,000
Shares to be issued	-	800,000	-	-	-	-	-	-	800,000	800,000
Balance at 31 December 2018	500,000	800,000	200,100	-	48,257	-	-	1,142,417	2,690,774	2,690,774
Loss for the year	-	-	-	-	-	-	-	(2,820,106)	(2,820,106)	(2,820,106)
Actuarial losses on pension scheme	-	-	-	-	-	-	-	(20,000)	(20,000)	(20,000)
Impact of IFRS16	-	-	-	-	-	-	-	(6,921)	(6,921)	(6,921)
Property revaluation	-	-	-	-	823,257	-	-	-	823,257	823,257
Shares issued	1,023,420	(800,000)	13,349,419	-	-	-	-	-	13,572,839	13,572,839
Share options and warrants issued	-	-	(48,060)	90,574	-	-	128,170	-	170,684	170,684
Reclassification of IPO costs	-	-	(112,164)	-	-	-	-	112,164	-	-
Balance at 31 December 2019	1,523,420	-	13,389,295	90,574	871,514	-	128,170	(1,592,446)	14,410,527	14,410,527
Loss for the year	-	-	-	-	(15,500)	-	-	(3,071,304)	(3,071,304)	(3,071,304)
Transfer to/from retained earnings	-	-	-	-	238,757	-	-	15,500	-	-
Property revaluation	-	-	-	-	-	-	-	-	238,757	238,757
Actuarial losses on pension	-	-	-	-	-	-	-	(20,000)	(20,000)	(20,000)
Other adjustments	-	-	-	-	-	-	-	(370)	(370)	(370)
Translation of foreign subsidiary	-	-	-	-	-	(39,403)	-	-	(39,403)	(39,403)
Share options valuation	-	-	-	68,992	-	-	-	-	68,992	68,992
Total other comprehensive income and contributions by and distributions to owners	-	-	-	68,992	-	-	-	-	68,992	68,992
Balance at 31 December 2020	1,523,420	-	13,389,295	159,566	1,094,771	(39,403)	128,170	(4,668,620)	11,587,199	11,587,199

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>18 months ended 31 December 2018</i>	<i>Year ended 31 December 2019</i>	<i>Year ended 31 December 2020</i>
Cash flows from operating activities			
Profit/(loss) for the year	1,137,457	(2,820,106)	(3,071,304)
Adjustments for			
Depreciation and amortisation	65,023	1,089,708	1,733,339
Impairment of right-of-use assets		–	91,733
Revaluation of consideration	(1,945,377)	(83,780)	217,540
Taxation	–	31,443	(203,677)
Finance income	(116)	(130)	(10)
Finance costs	83,394	132,791	227,969
Loss on sale of property, plant and equipment	–	–	222,096
Pension contributions	(20,000)	(20,000)	(20,000)
Increase in provisions	–	–	382,722
Net foreign exchange gain	–	–	(41,378)
	<u>(679,619)</u>	<u>(1,670,074)</u>	<u>(460,970)</u>
Movements in working capital:			
Increase in trade and other receivables	(231,092)	(909,727)	(98,740)
Decrease/(increase) in inventories	145,080	(1,143,331)	1,511,188
Increase in trade and other payables	(27,977)	464,566	3,855,487
	<u>(793,608)</u>	<u>(3,258,566)</u>	<u>4,806,965</u>
Cash generated from operations	(793,608)	(3,258,566)	4,806,965
Income tax received/(paid)	–	(189,169)	114,814
	<u>(793,608)</u>	<u>(3,447,735)</u>	<u>4,921,779</u>
Net cash from/(used in) operating activities	(793,608)	(3,447,735)	4,921,779
Cash flows from investing activities			
Purchase of property, plant and equipment	(5,613)	(559,297)	(1,086,264)
Acquisition of subsidiaries	(2,847,752)	(8,103,096)	(891,770)
Deferred consideration paid	–	–	(700,000)
Net cash acquired with subsidiaries	96,590	290,736	136,958
Interest received	116	130	10
	<u>(2,756,659)</u>	<u>(8,371,527)</u>	<u>(2,541,066)</u>
Net cash used in investing activities	(2,756,659)	(8,371,527)	(2,541,066)
Cash flows from financing activities			
Interest paid	(83,394)	(113,515)	(99,585)
Consideration for new shares	1,500,000	13,072,839	–
Share options issued	–	90,574	68,992
Repayment of lease liabilities	–	(714,595)	(863,841)
Increase in invoice discounting	261,515	91,187	740,562
Repayment of loans	2,256,435	(373,242)	(24,321)
	<u>3,934,556</u>	<u>12,053,248</u>	<u>(178,193)</u>
Net cash (used in)/from financing activities	3,934,556	12,053,248	(178,193)
Net cash increase in cash and cash equivalents	384,289	233,986	2,202,520
Cash and cash equivalents at the beginning of the period	100	384,389	618,375
Cash and cash equivalents at the end of the period	384,389	618,375	2,820,895

Cash and cash equivalents at 31 December 2020 of £2,820,895 (2019: £618,375, 2018: £384,389) comprised of cash and cash equivalents of £2,820,895 (2019: £746,014, 2018: £384,389) less bank overdrafts of £Nil (2019: £127,639, 2018: £Nil).

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information

The Company is a public company limited by shares, registered in England and Wales. On 11 January 2019, the Company listed on The International Stock Exchange (TISE). The registered company number is 08010067 and the address of the registered office is Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, B37 7YN. The principal activity of the Group is the wholesale distribution of floorcoverings and associated products.

2. Basis of preparation

The historical financial information consolidates that of the Company and its subsidiaries (together referred to as the "Group").

The historical financial information presents the financial track record of Group for the 18 months ended 31 December 2018 and the years ended 31 December 2019 and 2020. The consolidated financial information has been prepared and approved by the Directors in accordance with International Financial Reporting Standards as endorsed by the EU ("Adopted IFRSs"). The financial information is presented in pounds sterling, which is the functional currency of the entity and rounded to the nearest £. The financial information has been prepared on the historical cost basis unless otherwise specified within these accounting policies.

The accounting policies set out below have been applied consistently to all periods presented in the historical financial information.

3. Accounting policies

3.1 Going concern

The historical financial information for the Group has been prepared on a going-concern basis.

After making appropriate enquiries, the directors of the Company (the "Directors") have a reasonable expectation that Likewise Group plc has adequate resources to continue in operational existence for the foreseeable future and for at least one year from the date of this historical financial information. For these reasons, they continue to adopt the going concern basis in preparing Likewise Group plc historical financial information.

3.2 Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an investee so as to obtain benefits from its activities, has exposure, or rights, to variable returns and can use its power to affect those returns. In assessing control, potential voting rights that are currently exercisable are taken into account. The historical financial information of subsidiaries are included in the consolidated historical financial information from the date that control commences until the date that control ceases.

3.3 Impact of new international reporting standards

There were a number of narrow scope amendments to existing standards which were effective from 1 January 2020. None of these had an impact on the Group except for the amendments to IFRS16 – COVID-19 Related Rent Concessions.

Effective 1 June 2020, IFRS16 was amended to provide a practical expedient for lessees accounting for rent concessions that arise as a direct consequence of the COVID-19 pandemic and satisfy the following criteria:

- (a) 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;
- (b) the reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there are no substantive changes to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in IFRS16 in accounting for the concession.

The Group has elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria.

Accounting for the rent concessions as lease modifications would have resulted in the Group remeasuring the lease liability to reflect the revised consideration using a revised discount rate, with the effect of the change in lease liability recorded against the right-of-use asset. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The effect of applying the practical expedient is disclosed in note 21.

Impact of initial application of IFRS16 Leases

In 2019, the Group has applied IFRS16 (as issued by the IASB in January 2016). The Group applied the modified retrospective approach to restatement and therefore the comparative figures for the 18 months ended 31 December 2018 were not restated for the adoption of IFRS 16.

IFRS16 introduced new or amended requirements with respect to lease accounting. It introduced significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except short-term leases and leases of low value assets. The impact of the adoption of IFRS16 on the Group's consolidated historical financial information is described below:

The date of initial application of IFRS16 for the Group is 1 January 2019.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS17 and IFRIC4 will continue to be applied to those contracts entered into or modified before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS17 and IFRIC4.

The Group applied the definition of a lease and related guidance set out in IFRS16 to all contracts entered into or changed on or after 1 January 2019. The scope of contracts that meet the definition of a lease is not expected to significantly change for the Group as a result of implementation of IFRS16.

(b) Former operating leases

IFRS16 changes how the Group accounts for leases previously classified as operating leases under IAS17, which were off balance sheet.

Applying IFRS16 for all leases (except as noted below), the Group:

- (i) Recognises right-of-use assets and lease liabilities in the Consolidated Statement of Financial Position, initially measured at the present value of the future lease payments;
- (ii) Recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss;
- (iii) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the Consolidated Statement of Cash Flows.

Lease incentives (e.g. rent free periods) are recognised as part of the measurement of right-of-use assets and lease liabilities whereas under IAS17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis.

For short-term leases of less than 12 months duration and leases of low value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS16. The expense is presented within 'other expenses' in the Statement of Comprehensive Income.

(c) *Former finance leases*

The main differences between IFRS16 and IAS17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee rather than the maximum amount guaranteed as required by IAS17. This change did not have a material effect on the Group's historical financial information.

(d) *Financial impact of the initial application of IFRS16*

The tables below show the amount of adjustment for each historical financial information line item affected by the application of IFRS16:

	<i>1 January 2019</i>
Impact on retained earnings	
Increase in depreciation of right-of-use asset	(62,659)
Increase in finance costs	(1,992)
Decrease in other expenses	64,371
Other adjustments	<u>(6,641)</u>
Decrease in retained earnings	(6,921)
Impact on assets, liabilities and equity	
Right-of-use assets	<u>213,337</u>
Net impact on total assets	213,337
Lease liabilities	<u>(220,258)</u>
Net impact on total liabilities	(220,258)
Retained earnings	<u>(6,921)</u>
Reconciliation of operating lease commitments	
Total operating lease commitments as at 31 December 2018	(176,248)
Adjustment for previously unrecognised leases (undiscounted)	(56,975)
Exclusion of low value / short term leases	15,089
Impact of discounting on brought forward commitments	4,517
Other adjustments	<u>(6,641)</u>
Total right-of-use asset lease liabilities recognised as at 1 January 2019	(220,258)

3.4 **Revenue**

Revenue comprises sales of goods to customers outside the Group, less an appropriate deduction for discounts, and is stated at the fair value of the consideration net of value added tax and other sales taxes.

Revenue and receivables are recognised when performance obligations are satisfied and the goods are delivered to customers as this is the point in time that the consideration is unconditional, control of goods has passed and only the passage of time is required before the payment is due.

3.5 **Finance income and costs**

Interest income and expense is recognised using the effective interest method which calculates the amortised cost of a financial asset or liability and allocates the interest income or expense over the relevant period.

3.6 **Property, plant and equipment**

Property, plant and equipment under the cost model are stated at historical cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Statement of Comprehensive Income in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated as follows:

Freehold property	2%	straight line
Leasehold improvements		straight line over the term of the lease
Plant and machinery	12.5% – 15%	straight line
Motor vehicles	25% – 33%	straight line
Fixtures, fittings and computer equipment	20% – 33%	straight line

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to its own physical life limitations and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all machinery and equipment, with annual reassessments for major items. Changes in estimates are accounted for prospectively.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

3.7 **Revaluation of property**

Individual freehold properties are carried at current year value at fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Consolidated Statement of Financial Position date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the Income Statement.

The difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from revaluation surplus to retained earnings at the end of each reporting period. Any remaining revaluation surplus included in equity is transferred directly to retained earnings when the asset is disposed of.

3.8 **Impairment of non-financial assets (excluding Goodwill)**

At each reporting date, the Directors review the carrying amounts of the Group's non-current assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and 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 current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

An impairment loss is recognised as an expense immediately.

Where an impairment loss on non-financial assets subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash generating unit in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income immediately.

3.9 Inventories

Inventory is valued at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventories are impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

3.10 Cash at bank

Cash at bank comprise cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less from inception.

3.11 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

Derivatives, including forward foreign exchange contracts, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income in finance costs or income as appropriate.

3.12 Financial assets

Trade and other receivables are recorded initially at transaction price and subsequently measured at amortised cost. This results in their recognition at nominal value less an allowance for any doubtful debts. This allowance for expected credit losses (ECL) may be established where evidence of credit deterioration is observed. In order to assess credit deterioration, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on its historical experience and informed credit assessment, that includes forward-looking information. An additional reserve is established, where required, when a loss is both probable and the amount is known.

ECLs are a probability-weighted estimate of lifetime credit losses. Under the ECL model, the Group calculates the allowance for credit losses by considering on a discounted basis the cash shortfalls it would incur in various default scenarios for prescribed future periods and multiplying the shortfalls by the probability of each scenario occurring. The allowance is the sum of these probability weighted outcomes. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to

the entity in accordance with the contract and the cash flows that Group expects to receive) with a discount factor applied to such overdue amounts. The discount matrix (“ECL Matrix”) below is applied to derive an ECL for overdue amounts:

Past due (days)	31-60	61-90	90-120	120-250	Over 250
Discount to Amounts Overdue – 2020	0%	0%	3%	32.5%	100%
Discount to Amounts Overdue – 2019	0%	0%	5%	50%	100%

The Group reserves the right to exercise its discretion in the application of discounts outside of the ECL Matrix based on extenuating circumstances that may apply from time to time to the Group's trade receivables. An example of such an extenuating circumstance may occur when an overdue amount has been collected post a reporting or measurement date.

3.13 **Financial liabilities**

The Group's financial liabilities include trade and other payables and borrowings.

Interest bearing bank loans and overdrafts are initially recorded at fair value, which equals the proceeds received, net of direct interest costs. They are subsequently held at amortised cost. Finance charges, including premiums payable on settlement or redemption are accounted for using an effective interest rate method and are added to or deducted from the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. Generally, this results in their recognition at their nominal value.

3.14 **Foreign currency**

The presentation currency for the Group's historical financial information is pounds sterling.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Any gain or loss on translation of monetary foreign currency assets and liabilities arising from a movement in exchange rates subsequent to initial measurement is included as an exchange gain or loss in the Statement of Comprehensive Income.

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rate. Income statements and cash flows of such subsidiaries are translated into Sterling at the average rates of exchange. The adjustments to period end rates are taken to foreign exchange reserve in equity and reported in the Statement of Comprehensive Income.

3.15 **Taxation Current taxation**

Current taxation is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the reporting date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the historical financial information. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. No deferred tax is recognised on initial recognition of goodwill or on investment in subsidiaries. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full, and are not discounted.

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.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Statement of Comprehensive Income, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

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

3.16 **Business combinations**

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred. The excess of the:

- *consideration transferred*
- amount of any non-controlling interest in the acquired entity, and
- acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the Statement of Comprehensive Income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the Statement of Comprehensive Income.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the Statement of Comprehensive Income.

3.17 **Goodwill**

Goodwill is initially recognised and measured as set out above.

Goodwill not attributed to a specific intangible asset is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's subsidiaries expected to benefit from the synergies of the combination. If the recoverable value of the subsidiary is less than the carrying amount of goodwill, the impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.18 **Other intangible assets**

Goodwill attributable to the brand name of acquired subsidiaries or customer base is initially recognised and measured as set out above. Licences are initially recognised at cost.

Amortisation is provided on all intangible assets (excluding goodwill) as follows:

Brand name	15 years straight line
Customer base	15 years straight line
Licenses	10 years straight line

The useful lives of intangible assets are annually reassessed and all assets are reviewed for impairment at least annually. On disposal of a subsidiary, the attributable amount of intangible assets is included in the determination of the profit or loss on disposal.

3.19 **Employment benefits**

Provision is made in the historical financial information for all employee benefits. Liabilities for wages and salaries, including non-monetary benefits and annual leave obliged to be settled within 12 months of the reporting date, are recognised in accruals.

Contributions to defined contribution pension plans are charged to the Income Statement in the year to which the contributions relate.

William Armes Limited, a subsidiary of the Group operates a defined benefit pension plan for certain employees.

The liability recognised in the Consolidated Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

3.20 **Leases**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

3.21 **Borrowing costs**

Borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

3.22 **Share based payments**

The fair value of equity instruments granted to employees is charged to the Statement of Comprehensive Income, with a corresponding increase in equity. The fair value of share options is measured at grant date using the Black-Scholes pricing model and spread over the period during which the employee becomes unconditionally entitled to the award. The charge is adjusted to reflect the number of shares or options that vest.

3.23 **Invoice discounting**

The Group has an invoice discounting arrangement. The amount owed by customers to the Group are included within trade receivables and the amount owed to the invoice discounting company is included within borrowings. The amount owed to the invoice discounting company represents the difference between the amounts advanced by the invoice discounting company and the invoices discounted. The interest element of the invoice discounting charges and other related costs are recognised as they accrue and are included in the Income Statement with other finance costs.

3.24 **Segment reporting**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Chief Operating Decision Maker is the Board of Executive Directors, at which level strategic decisions are made.

Details of the Group's reporting segments are provided in note 5.

3.25 **Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the Statement of Comprehensive Income on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the Statement of Comprehensive Income in the period in which they become receivable.

3.26 **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. Judgements and key sources of estimation uncertainty

The preparation of the historical financial information, in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the carrying amounts of assets and liabilities at the date of the historical financial information and the reported amount of revenues and expenses during the period. These judgements, estimates and assumptions are continually evaluated by management and are based upon historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

Impairment of trade receivables

Trade and other receivables are recognised at nominal value less an allowance for doubtful debts. This allowance for expected credit losses (ECL) may be established where evidence of credit deterioration is observed. In order to assess credit deterioration, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on its historical experience and informed credit assessment, that includes forward-looking information. An additional reserve is established, where required, when a loss is both probable and the amount is known. See notes 3.12 and 18 for further information.

Defined benefit pension scheme

Assumptions for future inflation linked pension increases (where applicable) are based on the appropriate headline index, adjusted where necessary to reflect any caps or collars, bearing in mind the proximity of the future inflation assumption to those caps and collars and the expected variability of future inflation increases. All other assumptions have been set in accordance with the statement of funding principals. No allowances have been made for members transferring benefits out of the scheme in future. The assumptions selected and associated sensitivity analysis are disclosed in note 31.

Inventory valuation

This is provided for on the basis of the age of the items and dependent on the frequency of component use. The Group makes appropriate provision for slow-moving and discontinued inventory items although a significant shift in consumer market or customer demand may result in additional provision.

Valuation of land and buildings

The Group carries its land and buildings at fair value, with changes in fair value being recognised in Other Comprehensive Income. The Group engaged independent valuation specialists to determine fair value at 31 December 2020. Significant changes in the commercial property market may impact the valuation of the Group's property.

Acquisition accounting balances

Assets and liabilities must be recognised at their fair value on acquisition. The identification and measurement of contingent liabilities and intangible assets are key areas of judgement. The Group's acquisition in the year along with any assumptions applied is detailed in note 34. As part of the acquisition the Group performed a purchase price allocation review and has assessed the fair value of the assets and liabilities acquired. Using assumptions regarding the performance of the acquired entity, management have not identified any additional intangibles and therefore any excess of the purchase consideration over the estimated fair values of acquired net identified assets is recorded as goodwill in the balance sheet and is allocated to an appropriate business segment.

Going concern

Given the net current liabilities position and the losses incurred in 2020 it could be assessed that there is material uncertainty over going concern. However, the Board have evaluated the cash flow and profit projections through to 31 December 2022 and consider that the Group will be able to meet all of its obligations as they become due.

The improved trading levels in the six months to December 2020, coupled with the positive start to 2021 provides greater assurance of this. Furthermore, the Board has access to additional, approved, funding arrangements in the way of invoice financing, should this be required.

5. Segmental reporting

For the purposes of segmental reporting, the Group's Chief Operating Decision Maker (CODM) is the Executive Board of Directors. The Board has not identified any separate operating segments within the business. The Board reviews revenue and expenses for the business as a whole and makes decisions about resources and assesses performance based on this information.

Revenue is derived from continuing operations and arises entirely through the wholesale of goods. Segmental analysis is therefore not presented.

The Group is not reliant on any one customer and no customer exceeds 10 per cent of total annual turnover.

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
Sale of goods	<u>4,015,265</u>	<u>30,013,085</u>	<u>47,322,673</u>
	<u>4,015,265</u>	<u>30,013,085</u>	<u>47,322,673</u>

The Group generates revenue from both the UK and overseas as detailed below:

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
United Kingdom	3,877,626	29,317,834	46,983,834
Rest of Europe	137,639	633,508	338,839
Rest of the World	–	61,743	–
	<u>4,015,265</u>	<u>30,013,085</u>	<u>47,322,673</u>

6. Other operating income

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
Other operating income	2,400	11,475	–
Government grants receivable	–	–	852,448
	<u>2,400</u>	<u>11,475</u>	<u>852,448</u>

Government grants represent income receivable from central government under the Coronavirus Job Retention Scheme to cover some of the costs of employing certain members of staff placed on furlough leave in response to the COVID-19 pandemic.

7. Operating loss

Operating loss is stated after charging:

	<i>18 months ended 31</i>		
	<i>December 2018</i>	<i>2019</i>	<i>2020</i>
Depreciation of property, plant and equipment	65,023	291,480	490,533
Depreciation of right-of-use assets	–	582,297	955,378
Amortisation of intangible assets	–	215,931	287,428
(Gain)/loss on foreign exchange	(2,072)	95,548	(28,758)
Auditor's remuneration:			
– audit services	40,000	80,000	100,000
– tax compliance services	6,500	6,750	–
– non-audit services in relation to reporting accountant services	61,958	93,619	–
Short term lease expense:			
– plant	55,665	10,402	112,755
– property	27,000	–	137,500
Share based payments	–	90,574	68,992
Acquisition/share related costs:			
– acquisition costs	136,147	235,394	19,645
– redundancy costs following acquisition	139,123		
– listing costs	62,356		
– share scheme costs		27,767	–
– other similar costs		17,286	–
Restructuring costs		–	821,709

Acquisition/share related costs in the prior year related to costs of acquisition of Lewis Abbott Limited, Heatseam Limited and H&V Carpets BVBA as well as costs of the Group share scheme and costs of £21,195 relating to the 2020 acquisition of A. & A. Carpets Limited.

Acquisition related costs in the current year relate to the acquisition of A. & A. Carpets Limited.

8. Directors and employees

	<i>18 months ended 31</i>		
	<i>December 2018</i>	<i>2019</i>	<i>2020</i>
Employee benefit expenses (including Directors) comprise:			
Wages and salaries	955,080	4,396,045	6,586,038
Social security costs	68,701	417,320	639,743
Pension costs	40,681	213,389	283,550
Compensation for loss of office	–	37,176	41,842
Share based payments	–	90,574	68,992
	<u>1,064,462</u>	<u>5,154,504</u>	<u>7,620,165</u>

The monthly average number of persons, including the Directors, employed by the Group during the year was as follows:

	<i>18 months ended 31</i>		
	<i>December 2018</i>	<i>2019</i>	<i>2020</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Directors	4	4	4
Other employees	33	158	229
	<u>37</u>	<u>162</u>	<u>233</u>

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
Remuneration of directors			
Remuneration	85,615	205,211	230,388
Social security costs	6,647	24,223	25,922
Group pension contribution to defined contribution schemes	8,898	23,707	25,600
Share based payments	–	13,884	14,418
	<u>101,160</u>	<u>267,025</u>	<u>296,328</u>

In Q4 2019, an equitable salary was introduced for the second executive director. The full year impact of this would be seen in 2020, however, all executive team members, including the two Directors of Likewise Group Plc, remain on reduced pay since the start of the COVID-19 pandemic. This is subject to review by the Remuneration Committee.

	<i>18 months ended 31 December 2018 No.</i>	<i>2019 No.</i>	<i>2020 No.</i>
Directors accruing benefits under money purchase pension schemes	<u>1</u>	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>	<u>1</u>

2,700,000 share options were granted to directors during the prior year at an exercise price of £0.10 per share. There have been no options exercised or additional options granted in the year.

9. Finance income and expense

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
<i>Recognised in profit or loss</i> Finance income			
Interest on: Bank deposits	116	130	10
Total finance income	116	130	10
Finance expense			
Bank loan interest payable	81,072	73,643	81,299
Interest on lease liabilities	–	19,276	121,288
Other interest payable	23	17,073	13,558
Invoice discounting facility interest payable	2,299	22,799	11,824
Total finance expense	<u>83,394</u>	<u>132,791</u>	<u>227,969</u>
Net finance expense recognised in profit or loss	(83,278)	(132,661)	(227,959)

10. Taxation on ordinary activities

(i) Income tax recognised in profit or loss

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
Current tax			
Current tax on losses for the year	–	–	(7,981)
Adjustments in respect of prior years	–	–	(106,833)
Total current tax	–	–	(114,814)
Deferred tax expense			
Origination and reversal of timing differences	(14,960)	31,443	(88,863)
Total deferred tax	(14,960)	31,443	(88,863)
Total tax (credit)/expense	(14,960)	31,443	(203,677)
Total tax (credit)/expense			
Total tax (credit)/expense	(14,960)	31,443	(203,677)
	(14,960)	31,443	(203,677)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year are as follows:

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
(Loss)/Profit for the year	1,152,417	(2,820,106)	(3,071,304)
Income tax expense	(14,960)	31,443	(203,677)
(Loss)/Profit before income taxes	1,137,457	(2,788,663)	(3,274,981)
Tax using the Company's domestic tax rate of 19% (2019:19%, 2018:18%)	216,117	(529,846)	(622,246)
Fixed asset differences	291	95,633	(2,552)
(Income)/expenses not deductible for tax purposes	196,836	(98,216)	101,999
Losses carried back	–	107,087	–
Chargeable losses	–	118,561	–
Timing differences not recognised	54,502	–	–
Adjustments to tax charge in respect of prior periods	–	–	(106,833)
Non-taxable consolidation adjustments	(479,203)	5,399	66,048
Remeasurement of deferred tax	1,206	19,284	7,235
Deferred tax not recognised	(4,709)	313,541	408,279
Other tax adjustments, reliefs and transfers	–	–	(43,395)
Other differences leading to an increase/(decrease) in the tax charge	–	–	(12,212)
Total tax expense (credit)	(14,960)	31,443	(203,677)

(ii) Changes in tax rates and factors affecting the future tax charges

At 31 December 2020, the Group has tax losses of £10,211,829 (2019: £5,230,930, 2018: £2,641,247) are available for offset against future taxable profits.

(iii) *Deferred tax balances*

The following is the analysis of deferred tax assets/(liabilities) presented in the historical financial information:

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
Deferred tax liabilities	–	(819,097)	(700,484)
	–	(819,097)	(700,484)

A deferred tax asset of £1,682,996 (2019: £814,877, 2018: £Nil) has not been recognised in the historical financial information in relation to these losses.

A deferred tax asset has not been recognised in the year as it is uncertain that the asset will crystallise in the foreseeable future.

<i>2020</i>	<i>Opening balance</i>	<i>Recognised in profit or loss</i>	<i>Acquisitions/ disposals</i>	<i>Closing balance</i>
Fixed asset timing differences	159,815	95,691	(36,566)	218,940
Arising on business combinations	732,942	(9,341)	–	723,601
Capital gains	–	31,045	–	31,045
Short term timing differences	(4,580)	(18,087)	6,816	(15,851)
Losses and other deductions	(69,080)	(188,171)	–	(257,251)
	819,097	(88,863)	(29,750)	700,484

11. Earnings per share

(i) *Basic earnings per share*

	<i>18 months ended 31 December 2018 pence</i>	<i>2019 pence</i>	<i>2020 pence</i>
Attributable to the ordinary equity holders of the Company	58	(2)	(2)
Total basic loss per share attributable to the ordinary equity holders of the Company	58	(2)	(2)

(ii) *Reconciliation of earnings used in calculating earnings per share*

	<i>18 months ended 31 December 2018</i>	<i>2019</i>	<i>2020</i>
(Loss)/profit attributable to the ordinary equity holders of the Group:	1,152,417	(2,820,106)	(3,071,304)
Used in calculating basic earnings per share	1,152,417	(2,820,106)	(3,071,304)

(iii) *Weighted average number of shares used as the denominator*

	<i>18 months ended 31 December 2018 No.</i>	<i>2019 No.</i>	<i>2020 No.</i>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,981,437	141,006,928	152,341,994
	1,981,437	141,006,928	152,341,994

There were no potentially dilutive ordinary shares and therefore the basic loss per share equals the diluted loss per share.

12. Property, plant and equipment

	Land and buildings	Right of use assets – Leasehold property	Leasehold improvements	Plant and machinery	Motor vehicle	Fixtures, fittings & computer equipment	Right of use assets - other	Total
Cost or valuation								
At 1 July 2017	-	-	-	-	-	-	-	-
Additions on acquisition of subsidiaries	3,100,000	-	-	45,962	-	36,814	-	3,182,776
Additions	-	-	-	-	-	5,613	-	5,613
At 31 December 2018	3,100,000	-	-	45,962	-	42,427	-	3,188,389
On transition to IFRS 16	-	159,179	-	-	-	-	116,817	275,996
Additions	-	515,984	8,730	124,997	-	425,570	527,426	1,602,707
Additions on acquisition of subsidiaries	-	348,134	-	144,198	649,679	88,744	192,844	1,423,599
Revaluations	775,000	-	-	-	-	-	-	775,000
At 31 December 2019	3,875,000	1,023,297	8,730	315,157	649,679	556,741	837,087	7,265,691
Additions	-	3,907,884	105,768	265,010	-	715,486	1,316,215	6,310,363
Acquisition of subsidiary	-	-	-	93,077	64,583	63,889	-	221,549
Disposals	-	(159,179)	-	(7,997)	(101,811)	(16,389)	(371,690)	(657,066)
Disposals on restructure	-	-	-	(57,204)	-	(193,090)	-	(250,294)
Revaluation/(impairment)	175,000	(91,733)	-	-	-	-	-	83,267
Foreign exchange movements	-	-	-	4,087	883	1,819	-	6,789
At 31 December 2020	4,050,000	4,680,269	114,498	612,130	613,334	1,128,456	1,781,612	12,980,299
Accumulated depreciation								
At 1 July 2017	-	-	-	-	-	-	-	-
Charge for the year	48,257	-	-	6,081	-	10,685	-	65,023
Charge for right-of-use assets	-	-	-	-	-	-	-	-
Eliminated on revaluation	(48,257)	-	-	-	-	-	-	(48,257)
At 31 December 2018	-	-	-	6,081	-	10,685	-	16,766
On transition to IFRS 16	-	26,530	-	-	-	-	36,129	62,659
Charge for the year	48,257	-	437	34,900	141,507	66,379	-	291,480
Charge for right-of-use assets	-	376,389	-	-	-	-	205,908	582,297
Eliminated on revaluation	(48,257)	-	-	-	-	-	-	(48,257)
At 31 December 2019	-	402,919	437	40,981	141,507	77,064	242,037	904,945
Charge for the year	63,757	-	1,021	90,996	183,792	150,967	-	490,533
Charge for right-of-use assets	-	537,518	-	-	-	-	417,860	955,378
Disposals	-	(159,179)	-	(1,253)	(70,084)	(3,863)	252,076	(486,455)
Disposals on restructure	-	-	-	(22,925)	-	(58,833)	-	(81,758)
On revalued assets	(63,757)	-	-	-	-	-	-	(63,757)
Exchange adjustments	-	-	-	2,610	883	1,321	-	4,814
At 31 December 2020	-	781,258	1,458	110,409	256,098	166,656	407,821	1,723,700
Net book value								
At 31 December 2018	3,100,000	-	-	39,881	-	31,742	-	3,171,623
At 31 December 2019	3,875,000	620,378	8,293	274,176	508,172	479,677	595,050	6,360,746
At 31 December 2020	4,050,000	3,899,011	113,040	501,721	357,236	961,800	1,373,791	11,256,599

13. Fair value measurement

Included in land and buildings is land with a cost of £687,167 (2019: £687,167, 2018: £687,167) which is not depreciated.

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurement of the Group's freehold land and buildings as at 12 February 2021, which the directors do not believe is materially different to the valuation at year end, was performed by GeraldEve, independent valuers not related to the Group. GeraldEve are real estate advisors and have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was determined on an open market basis.

If the freehold property had not been included at valuation, it would have been included under the historical cost convention as follows:

	2018	2019	2020
Cost	3,100,000	3,100,00	3,100,000
Depreciation	<u>48,257</u>	<u>96,514</u>	<u>144,771</u>
Net book value	3,051,743	3,003,486	2,955,229

(i) *Assets held under leases*

The net book value of owned and leased assets included as "Property, plant and equipment" in the Consolidated Statement of Financial Position is as follows:

	31 December 2018	31 December 2019	31 December 2020
Property, plant and equipment owned	3,171,623	5,145,318	5,983,797
Right-of-use assets	<u>–</u>	<u>1,215,428</u>	<u>5,272,802</u>
	<u>3,171,623</u>	<u>6,360,746</u>	<u>11,256,599</u>

Information about right-of-use assets is summarised below:

	31 December 2018	31 December 2019	31 December 2020
<i>Net book value</i>			
Property	–	620,378	3,899,011
Motor vehicles & plant and machinery	<u>–</u>	<u>595,050</u>	<u>1,373,791</u>
	<u>–</u>	<u>1,215,428</u>	<u>5,272,802</u>

	31 December 2018	31 December 2019	31 December 2020
<i>Depreciation charge for the year ended</i>			
Property	–	376,389	537,518
Motor vehicles & plant and machinery	<u>–</u>	<u>205,908</u>	<u>417,860</u>
	<u>–</u>	<u>582,297</u>	<u>955,378</u>

(ii) *Impairment losses recognised in the year*

During the year, the Group restructured the business to operate from one site. This resulted in an impairment of leasehold property right of use assets of £91,733.

(iii) *Assets pledged as security*

There is a floating charge against the assets of the subsidiary Heatseam Limited, from National Westminster Bank PLC.

There is a fixed charge over the freehold land and buildings held by the Group and a floating charge over plant and machinery held by the subsidiary William Armes Limited in respect of the bank loans in place for the Group.

There is a floating charge against the assets of the subsidiaries William Armes Limited and Likewise Trading Limited in respect of the invoice financing arrangements.

14. Intangible assets

	<i>Licences</i>	<i>Heatseam Customer base</i>	<i>Heatseam brand name</i>	<i>Total</i>
Cost				
At 1 July 2017	–	–	–	–
At 31 December 2018	–	–	–	–
Additions on acquisition of subsidiaries	2,923	2,122,349	2,189,075	4,314,347
At 31 December 2019	<u>2,923</u>	<u>2,122,349</u>	<u>2,189,075</u>	<u>4,314,347</u>
Disposals	(2,923)	–	–	(2,923)
At 31 December 2020	<u>–</u>	<u>2,122,349</u>	<u>2,189,075</u>	<u>4,311,424</u>
	<i>Licences</i>	<i>Heatseam Customer base</i>	<i>Heatseam brand name</i>	<i>Total</i>
Accumulated amortisation and impairment				
At 1 July 2017	–	–	–	–
At 31 December 2018	–	–	–	–
Charge for the year	360	106,117	109,454	215,931
At 31 December 2019	<u>(360)</u>	<u>106,117</u>	<u>109,454</u>	<u>215,931</u>
Charge for the year	–	141,490	145,938	287,428
Disposals	(360)	–	–	(360)
At 31 December 2020	<u>–</u>	<u>247,607</u>	<u>255,392</u>	<u>502,999</u>
<i>Net book value</i>	<i>Licences</i>	<i>Heatseam Customer base</i>	<i>Heatseam brand name</i>	<i>Total</i>
At 1 July 2017	–	–	–	–
At 31 December 2018	–	–	–	–
At 31 December 2019	<u>2,563</u>	<u>2,016,232</u>	<u>2,079,621</u>	<u>4,098,416</u>
At 31 December 2020	<u>–</u>	<u>1,874,742</u>	<u>1,933,683</u>	<u>3,808,425</u>

15. Goodwill

Cost	£
At 31 July 2017	–
31 December 2018	–
Recognised on acquisition of subsidiary	4,028,287
31 December 2019	4,028,287
Recognised on acquisition of subsidiary	188,441
31 December 2020	4,216,728
Impairment	£
At 31 July 2017	–
31 December 2018	–
Recognised on acquisition of subsidiary	–
31 December 2019	–
Recognised on acquisition of subsidiary	–
31 December 2020	–
Carrying Amount	£
At 31 July 2017	–
31 December 2018	–
31 December 2019	4,028,287
31 December 2020	4,216,728

Allocation of goodwill to cash generating units

The carrying amount of goodwill has all been allocated to the Group's primary activity of whole distribution and has been allocated to subsidiaries as follows:

	2018	2019	2020
Heatseam Limited and its subsidiaries	–	3,253,210	3,253,210
Lewis Abbott Limited	–	467,847	467,847
H&V Carpets BVBA	–	307,230	307,230
A. & A. Carpets Limited	–	–	188,441
	<u>–</u>	<u>4,028,287</u>	<u>4,216,728</u>

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The goodwill is a reflection of the benefit the acquisitions of subsidiaries will have on the Group by offering greater geographic coverage and providing the opportunity to expand this further than is currently the case. The acquisitions will benefit from the collective marketing and the enhanced product range available to all Group companies. Ultimately this will enable the acquired businesses and the existing Group members to provide an improved customer service, across a wider geographic area, with a greater product portfolio designed to help the Group to continue its development.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used being a discount rate of 10 per cent. and original growth rate of 1 per cent.

Heatseam Limited and its subsidiaries

The break-even point of goodwill for Heatseam Limited is at a growth level of -2.5 per cent. with terminal growth factor of 2 per cent. With specific regard to Heatseam Limited, management believes that there is no foreseeable change in any of the assumptions made that would cause the carrying value to exceed its recoverable amount. If the assumptions used in the impairment review were changed to a greater extent than presented, the changes would lead to an impairment loss being recognised for the year ended 31 December 2020. With a discount rate of 11.5 per cent, growth and terminal growth rates of 1 per cent. then this impairment would equate to approximately £300,000.

Lewis Abbott Limited

The break-even point of goodwill for Lewis Abbott Limited is at a growth level of -33 per cent. with terminal growth factor of 1 per cent.

H&V Carpets BVBA

The break-even point of goodwill for H&V Carpets BVBA is at a growth level of -27 per cent. with terminal growth factor of 1 per cent.

A. & A. Carpets Limited

The break-even point of goodwill for A. & A. Carpets Limited is at a growth level of -72 per cent. with terminal growth factor of 2 per cent.

16. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

	<i>Name of subsidiary</i>	<i>Principal activity</i>	<i>Place of incorporation and operation</i>	<i>Proportion of ownership interest and voting power held by the Group (%)</i>		
				<i>2018</i>	<i>2019</i>	<i>2020</i>
1.	Likewise Trading Limited	Wholesale distribution of floor coverings and associated products	Great Britain	100	100	100
2	William Armes Holdings Limited	Holding company	Great Britain	100	100	100
3	William Armes Limited (100% subsidiary of William Armes Holdings Limited)	Wholesale distribution of floor coverings and associated products	Great Britain	100	100	100
4	Lewis Abbott Limited (100% subsidiary of Likewise Trading Limited)	Wholesale distribution of floor coverings and associated products	Great Britain	–	100	100
5	Heatseam Limited	Wholesale distribution of floor coverings and associated products	Great Britain	–	100	100
6	Factory Flooring Outlet Ltd (100% subsidiary of Heatseam Ltd)	Dormant company	Great Britain	–	100	100
7	H&V Carpets BVBA	Wholesale distribution of floor coverings and associated products	Belgium	–	100	100
8	A. & A. Carpets Limited	Wholesale distribution of floor coverings and associated products	Great Britain	–	–	100

The registered offices of Likewise Group Plc, Heatseam Limited, Factory Flooring Outlet Ltd and A. & A. Carpets Limited are Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, B37 7YN.

The registered offices of Likewise Trading Limited, William Armes Holding Limited and William Armes Limited are Church Field Road, Sudbury, Suffolk, England, CO10 2YA.

The registered offices of Lewis Abbott Limited are Unit 16, Kent Park Industrial Estate, Ruby Street, Peckham, London, England, SE15 1LR.

The registered offices of H&V Carpets BVBA are Nijverheidsstraat 26, 8760 Meulebeke, Belgium.

<i>Company – Shares in group undertakings</i>	<i>2020</i>
At 31 December 2018	1,700,100
Additions	9,846,241
Valuation of share warrants	80,110
At 31 December 2019	11,626,451
Additions	891,770
Share options	37,553
	12,555,774

On 3 February 2020, the Company acquired the entire issued share capital of A. & A. Carpets Limited, a distributor of floor coverings, in line with the Group's objective of advancing the commercial and operational reach of the Group. Consideration of £891,770 was paid funded by an intercompany loan arrangement with Heatseam Limited.

The Group considers impairment of its subsidiaries annually, this is assessed in the context of the Group's structure, and if appropriate an impairment provision is made.

17. Inventories

	<i>2018</i>	<i>2019</i>	<i>2020</i>
Finished good and goods for resale	1,771,931	8,759,741	7,555,806
	<u>1,771,931</u>	<u>8,759,741</u>	<u>7,555,806</u>
	<i>2018</i>	<i>2019</i>	<i>2020</i>
Amounts of inventories recognised as an expense during the year	2,190,003	22,026,068	34,992,370
Amounts of inventories impaired during the year	146,724	106,462	67,381
	<u>2,336,727</u>	<u>22,132,530</u>	<u>35,059,751</u>

The Company did not hold any inventories in either the current or prior year.

18. Trade and other receivables

	<i>2018</i>	<i>2019</i>	<i>2020</i>
Trade receivables	1,016,531	5,929,150	6,626,374
Less: provision for impairment of trade receivables	(24,940)	(68,376)	(118,137)
Trade receivables – net	<u>991,591</u>	<u>5,860,774</u>	<u>6,508,237</u>
Prepayments and accrued income	62,442	554,925	635,700
Other receivables	127,792	106,995	322,221
Total trade and other receivables	<u>1,181,825</u>	<u>6,522,694</u>	<u>7,466,158</u>
Total current portion	1,181,825	6,522,694	7,466,158

All of the above amounts are financial assets of the Group and the Company except certain prepayments.

The Directors consider the carrying value of trade and other receivables is approximate to its fair value, after incorporating an impairment provision of £118,137 (2019: £68,376).

Trade receivables comprise amounts due from customers for goods sold. The Group's normal trade credit terms range from 30 to 60 days and therefore all are classified as current. There are a limited number of customers who are granted extended credit terms but these are not considered material to the historical financial information. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers.

	2018	2019	2020
Not more than 30 days	845,539	2,842,408	3,204,227
More than 30 days but not more than 60 days	115,294	1,911,470	1,796,272
More than 60 days but not more than 90 days	29,575	656,301	476,580
More than 90 days but not more than 120 days	26,323	424,687	191,260
More than 120 days	–	94,284	958,035
Loss allowance	<u>(24,940)</u>	<u>(68,376)</u>	<u>(118,137)</u>
	991,591	5,860,774	6,508,237

The expected credit loss allowance is calculated using a weighted probability of loss based on age of the receivable:

			<i>ECL</i>
<i>2020</i>			
More than 90 days but not more than 120 days	3%	144,006	4,320
More than 120 days (adjusted for payment plans – see below)	33%	346,149	113,817
		<u>490,155</u>	<u>118,137</u>
<i>2019</i>			
More than 90 days but not more than 120 days	5%	424,687	21,234
More than 120 days	50%	94,284	47,142
		<u>518,971</u>	<u>68,376</u>

Due to the COVID-19 pandemic, credit terms were extended for a number of customers in the current year resulting in a slower recovery of debts. However, the credit checking process has ensured that such terms are only granted where ultimate recovery of the debt is likely. The probability of loss has therefore been amended for debtors more than 90 days from 5% to 3% and for debtors more than 120 days from 50% to 32.5%.

In addition, the debtors balance to which the ECL has been applied has been adjusted where there are payment plans in place arising as a result of the pandemic.

<i>Reconciliation of ECL allowance balance</i>	£
Balance at 31 December 2018	24,940
ECL allowance charged to profit or loss	43,436
Balance at 31 December 2019	68,376
ECL allowance charged to profit or loss	49,761
Balance at 31 December 2020	<u>118,137</u>

The carrying amounts of the trade receivables include receivables which are subject to a factoring agreement. Under this arrangement, the subsidiary trading companies have transferred the relevant receivables to the factor in exchange for cash and are prevented from selling or pledging the receivables. However, the subsidiaries retain the late payment and credit risk. The Group therefore continues to recognise the transferred assets in their entirety in its Consolidated Statement of Financial Position. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers the held to collect business model to remain appropriate for these receivables and hence continues measuring them at amortised cost.

The relevant carrying amounts are:

	2018	2019	2020
Transferred receivables	307,665	414,944	1,434,634
Associated secured borrowings	(281,515)	(352,702)	(1,093,264)

19. Cash and cash equivalents

	2018	2019	2020
Cash at bank and in hand	384,389	746,014	2,820,895
	<u>384,389</u>	<u>746,014</u>	<u>2,820,895</u>

20. Trade and other payables

	2018	2019	2020
Trade payables	600,427	7,822,188	10,599,998
Other payables	30,881	80,292	144,716
Accruals	190,625	536,047	1,169,781
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	821,933	8,438,527	11,914,495
Other payables – tax and social security payments	185,054	861,600	2,085,490
Deferred consideration on acquisition of subsidiaries	357,782	1,962,460	1,480,000
Total trade and other payables	1,364,769	11,262,587	15,479,985
Less: current portion – trade payables	(600,427)	(7,822,188)	(10,599,998)
Less: current portion – other payables	(215,935)	(941,892)	(2,230,206)
Less: current portion – accruals	(190,625)	(536,047)	(1,169,781)
Less: current portion – deferred consideration	(357,782)	(1,962,460)	(1,480,000)
Total current portion	(1,364,769)	(11,262,587)	(15,479,985)

Trade payables and accruals principally comprise amounts outstanding in relation to trade purchases and ongoing costs. Trade payables are unsecured and the Group has financial risk management procedures in place to ensure that all payables are paid within pre-agreed credit terms.

The Directors consider the carrying value of trade and other receivables is approximate to its fair value due to their short term nature.

Included within tax and social security payments for the Group is £655,189 relating to VAT deferred under the government's COVID-19 VAT payment deferral scheme.

Deferred consideration on acquisition of subsidiaries at 31 December 2019 of £1,962,460 consisted of £200,000 deferred cash payment in relation to the acquisition of Lewis Abbott Limited, £500,000 deferred cash payment in relation to the acquisition of Heatseam Limited and warrants issued on the acquisition of Heatseam Limited valued at £1,262,460. The deferred cash payments were made in the year ended 31 December 2020 and the warrants were revalued to £1,480,000 with the fair value movement of £217,540 included in the loss for the year.

All of the above amounts are financial liabilities of the Group and the Company except social security and other taxes.

21. Loans and borrowings

	2018	2019	2020
Non-current			
Bank loans – secured	2,130,306	1,765,522	1,779,668
Lease liabilities	–	869,220	4,969,987
	<u>2,130,306</u>	<u>2,634,742</u>	<u>6,749,655</u>
Current			
Overdrafts	–	127,639	–
Bank loans and invoice discounting facility	387,644	490,117	1,192,212
Lease liabilities	–	771,189	1,032,354
	<u>387,644</u>	<u>1,388,945</u>	<u>2,224,566</u>
Total loans and borrowings	<u>2,517,950</u>	<u>4,023,687</u>	<u>8,974,221</u>

The Directors consider that the carrying amount of the invoice discounting facility and bank loan approximates their fair value.

The invoice discounting facility is secured against the related trade debtor balances and by a floating charge over the assets of the Group. The invoice discounting facility is denominated in Sterling and Euro.

The overdraft facility is secured by a floating charge over the assets of the Group.

	2018	2019	2020
Amounts repayable under bank loans			
Within one year	126,129	137,415	98,948
In the second to fifth year inclusive	539,594	603,357	580,147
Beyond five years	1,590,712	1,162,165	1,199,521
	<u>2,256,435</u>	<u>1,902,937</u>	<u>1,878,616</u>

The invoice discounting facility for William Armes Limited has service charges of 0.2% (2019: 0.2%, 2018: 0.2%) of the notified value of the related debt subject to a minimum service charge of £500 per month. The invoice discounting facility for Heatseam Limited has a fixed service charge of £18,000 per annum.

During 2018 the Company obtained a bank loan of £2,280,000. Repayments commenced on 5th August 2018 and will continue until 5th January 2033. The loan is secured by a fixed and floating charge over the Group's assets. The loan carries interest at on a floating rate basis with interest at Bank of England rate plus a margin of 2.95%.

A twelve month capital repayment holiday was granted on the bank loan effective April 2020. Interest payments were made throughout the period with capital repayments recommencing in April 2021. There were no defaults of the loan during the year.

This loan is at a floating interest rate and exposes the Group to fair value interest rate risk.

22. Leases

Leases as a lessee

Lease liabilities are due as follows:

	2019	2020
Contractual undiscounted cash flows due		
Not later than one year	798,501	1,069,331
Between one year and five years	934,869	3,629,281
Later than five years	–	2,254,306
	<u>1,733,370</u>	<u>6,952,918</u>
Lease liabilities included in the Consolidated Statement of Financial Position at 31 December		
Non-current	1,640,409	6,002,341
Current	<u>869,220</u>	<u>4,969,987</u>
	771,189	1,032,354
		2020
Interest expense on lease liabilities		121,288
Depreciation on lease liabilities		955,378
Impairment on lease liabilities		91,733
Loss on termination of lease liabilities		645
Expense relating to short-term leases		250,255
Changes in lease payments that arise from covid-19-related rent concessions		(15,366)

The Group leases a variety of assets including buildings, plant and motor vehicles. The average term of lease for buildings is 5 years and other fixed assets is 3.5 years.

The Group has received rent concessions from lessors due to the COVID-19 pandemic, including deferrals of rent.

As discussed in note 3.3, the Group has elected to apply the practical expedient introduced by the amendments to IFRS16 to all rent concessions that satisfy the criteria. Substantially all of the rent concessions entered into during the year satisfy the criteria to apply the practical expedient.

The application of the practical expedient has resulted in the reduction of total lease liabilities of £15,366. The effect of this reduction has been recorded in profit or loss in the period in which the event or condition that triggers the payments occurred.

23. Financial instruments

Classification of financial instruments

The fair value hierarchy Groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities.

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The only financial instruments the Group holds which are measured at fair value through the Income Statement (as level 2 above) are forward currency contracts (see note 25). All other financial assets and liabilities are held at amortised cost.

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

	2018	2019	2020
Financial assets at amortised cost			
Trade receivables	991,591	5,860,774	6,508,237
Amounts owed by group undertakings	–	–	–
Other receivables	127,792	106,995	322,221
Cash and cash equivalents	384,389	746,014	2,820,895
	<u>1,503,772</u>	<u>6,713,783</u>	<u>9,651,353</u>

All of the above financial assets' carrying values are approximate to their fair values, as at each reporting date disclosed.

	2018	2019	2020
Non-current financial liabilities at amortised cost			
Bank loans	2,130,306	1,765,522	1,779,668
	<u>2,130,306</u>	<u>1,765,522</u>	<u>1,779,668</u>

	2018	2019	2020
Current financial liabilities at amortised cost			
Trade payables	600,427	7,822,188	10,599,998
Amounts owed to group undertakings	–	–	–
Deferred consideration on acquisition of subsidiaries	357,782	1,962,460	1,480,000
Other payables	30,881	80,292	144,716
Accruals	190,625	536,047	1,169,781
Invoice discounting facility	261,515	352,702	1,093,264
Bank loans – current	126,129	137,415	98,948
	<u>1,567,665</u>	<u>10,891,104</u>	<u>14,586,707</u>

All of the above financial liabilities' carrying values are considered by management to be approximate to their fair values, as at each reporting date disclosed.

24. Provisions

Dilapidation Provisions

	<i>Dilapidation Provisions</i>
Charged to profit or loss	322,762
Utilised during the year	(15,040)
On business combinations	75,000
At 31 December 2020	382,722
Due within one year or less	382,722

25. Financial instrument risk exposure and management

(i) *Financial risk management objectives*

The Group's operations expose it to degrees of financial risk that include liquidity risk, credit risk, interest rate risk, and foreign currency risk.

This note describes the Group's objectives, policies and process for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented in the notes above.

(ii) *Foreign currency risk*

Most of the Group's transactions are carried out in GBP. Exposures to foreign currency exchange rates arise from the Group's overseas sales and purchases, which are denominated in a number of currencies, primarily EUR.

The Group assesses exposure and takes out forward currency contracts to mitigate this foreign exchange risk. As at the 31 December 2020 the value of forward contracts held by the subsidiary companies were as follows:

William Armes Limited held forward Euro contracts totalling £57,278 (2019: £59,732). These contracts expire at various dates between 5 January 2021 and 5 February 2021.

Heatseam Limited held forward Euro contracts totalling £308,523 and forward USD contracts totalling £854,661. These contracts expire at various dates between 1 February 2021 and 28 April 2021.

(iii) *Interest rate risk*

The Group has secured debt consisting of an invoice discounting facility and bank loan.

The interest on the bank loan and discounting facility are at floating rates, however interest rate risk is considered to be limited due to the low current interest rates and economic climate. The Directors have performed sensitivity analysis which shows the impact on cash flow for the coming year would be less than £200k even if interest rates were to rise by 5 per cent. which is consider by the Directors to be highly unlikely.

The Group's only other exposure to interest rate risk is the interest received on the cash held on deposit, which is immaterial.

(iv) *Credit risk*

The Group's credit risk is primarily attributable to its cash balances and trade receivables.

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The ageing profile of the trade receivables balance can be seen in note 18 above.

The Group's total credit risk amounts to the total of the sum of the receivables and cash and cash equivalents. At the 2020 reporting date this amounts to £9,666,370 (2019 – £6,713,783).

(v) *Liquidity risk*

Liquidity and interest risk tables

Prudent liquidity risk management includes maintaining sufficient cash balances to ensure the Group can meet liabilities as they fall due, and ensuring adequate working capital using invoice financing arrangements.

In managing liquidity risk, the main objective of the Group is therefore to ensure that it has the ability to pay all of its liabilities as they fall due. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due.

The tables below show the undiscounted cash flows on the Group's financial liabilities on the basis of their earliest possible contractual maturity.

	Carrying amount	Total	1-3 months	3-13 months	1-2 years	2-5 years	More than 5 years
31 December 2020							
Trade payables	10,599,998	10,599,998	10,599,998				
Other taxation and social security	2,085,490	2,085,490	2,085,490				
Deferred consideration	1,480,000	1,480,000	–	1,480,000			
Other payables	144,716	144,716	144,716				
Accruals	1,169,781	1,169,781	1,169,781				
Lease liabilities	6,952,918	6,952,918	267,333	801,998	1,150,287	2,478,994	2,254,306
Invoice discounting facility	1,093,264	1,093,264	1,093,264				
Bank loans	2,240,259	2,240,259	38,357	115,072	189,326	567,978	1,329,526
	<u>25,766,426</u>	<u>25,766,426</u>	<u>15,398,939</u>	<u>2,397,070</u>	<u>1,339,613</u>	<u>3,046,972</u>	<u>3,583,832</u>
31 December 2019							
Trade payables	7,822,188	7,822,188	7,822,188				
Other taxation and social security	861,600	861,600	861,600				
Deferred consideration	1,962,460	1,962,460	200,000	500,000	1,262,460		
Other payables	80,292	80,292	80,292				
Accruals	536,047	536,047	536,047				
Lease liabilities	1,733,370	1,733,370	236,655	561,846	474,176	460,693	
Invoice discounting facility	352,702	352,702	352,702				
Bank loans	2,333,462	2,333,462	51,377	154,131	205,509	616,527	1,305,918
	<u>15,682,121</u>	<u>15,682,121</u>	<u>10,140,861</u>	<u>1,215,977</u>	<u>1,942,145</u>	<u>1,077,220</u>	<u>1,305,918</u>
31 December 2018							
Trade payables	600,427	600,427	600,427				
Other taxation and social security	185,054	185,054	185,054				
Deferred consideration	357,782	357,782	357,782	185,054			
Other payables	30,881	30,881	30,881				
Accruals	190,625	190,625	190,625				
Lease liabilities	–	–	–				
Invoice discounting facility	261,515	261,515	261,515				
Bank loans	2,854,073	2,854,073	50,523	151,586	202,092	2,449,698	–
	<u>4,480,357</u>	<u>4,480,357</u>	<u>1,676,797</u>	<u>151,569</u>	<u>202,092</u>	<u>2,449,698</u>	<u>–</u>

26. Capital management

The Group's capital management objectives are:

- To ensure the Group's ability to continue as a going concern; and
- To provide long term returns to shareholders.

The Group defines and monitors capital on the basis of the carrying amount of equity plus its outstanding borrowings, less cash and cash equivalents as presented on the face of the Consolidated Statement of Financial Position as detailed below:

	2018	2019	2020
Equity	2,690,774	14,410,527	11,587,199
Borrowings	2,517,950	4,023,687	8,974,221
Cash and cash equivalents	(384,389)	(746,014)	(2,820,895)
	<u>4,824,335</u>	<u>17,688,200</u>	<u>17,740,525</u>

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary by issuing new shares or adjusting the level of debt. The Group is not subject to any externally imposed capital requirements.

27. Share capital

Authorised Shares treated as equity

<i>Ordinary shares of £0.01 each</i>	<i>No.</i>	<i>£</i>
As at 31 December 2018	50,000,000	500,000
Issued and fully paid	102,341,994	1,023,420
As at 31 December 2019	152,341,994	1,523,420
Issued and fully paid	–	–
As at 31 December 2020	152,341,994	1,523,420

The Company has one class of ordinary share which carry no right to fixed income.

As at 31 December 2018, the Company had received £800,000, to subscribe for new equity, which was held in the prior year comparatives within equity as share capital to be issued. On 9 January 2019, the Company allotted 8,000,000 new £0.01 shares in exchange for these funds.

In addition, on 9 January 2019, the Company allotted 62,000,000 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £6,200,000. An additional 60,000,000 new shares were authorised but not issued at that date.

On 18 April 2019, the Company allotted 30,000,000 new £0.01 Ordinary Shares for consideration of £0.25 per share, totalling £7,500,000 and a further 2,000,000 new £0.01 Ordinary Shares as part of the acquisition of Heatseam Limited equating to consideration of £500,000 at time of issue. As at 31 December 2019, these 2,000,000 are valued at £640,000. An additional 10,000,000 new shares were authorised but not issued at that date.

On 30 May 2019, the Company allotted 341,994 new £0.01 Ordinary Shares for consideration of £0.33 per share, totalling £112,858.

28. Share premium

	2018	2019	2020
Balance at start of year	–	200,100	13,389,295
Premium arising on issue of equity shares	200,100	14,089,438	–
Legal and professional fees incurred on issue of equity shares	–	(852,183)	–
Valuation of warrant shares	–	(48,060)	–
Balance at end of year	<u>200,100</u>	<u>13,389,295</u>	<u>13,389,295</u>

29. Reserves

Share capital

This represents the nominal value of shares that have been issued.

Share premium

This reflects proceeds generated on issue of shares in excess of their nominal value and is a non-distributable reserve.

Revaluation reserve

This is used to record increases in the fair value of fixed assets and decreases to the extent that the decrease relates to a previous increase on the same asset. The revaluation reserve is a non-distributable reserve.

Foreign exchange reserve

This reflects the exchange differences on the translation of the foreign subsidiary.

Retained earnings

This includes all current and prior period gains and losses and is a distributable reserve.

Share option reserve

This represents the cumulative fair value of options granted.

Warrant reserve

This represents the cumulative fair value of warrants granted.

30. Warrants over ordinary shares

On 9 January 2019, the Company issued warrants over 1,800,000 shares as part of the IPO at a price of £0.10 per share.

On 1 May 2019, the Company issued warrants over 1,000,000 shares as part of the acquisition of H&V Carpets BVBA at a price of £0.30 per share.

Warrants are exercisable at any date in the ten years following the date of grant and none had been exercised as at 31 December 2020.

Warrants were valued using the Black-Scholes model. The inputs to the model were the option price and share price at date of grant, expected date of exercise, expected volatility (20 per cent.), expected dividend rate (0 per cent.) and risk free rate of return (4 per cent.). The fair value of the warrants at the date of grant was considered to be £128,170.

31. Retirement plans

Defined contribution scheme

The Group operates a defined contribution pension scheme, the assets of which are held separately from those of the Group in an independently administered fund. Contributions made by the Group to the scheme during the year amounted to £283,550 (2019: £213,389, 2018: £40,681). The amount outstanding at the reporting date in respect of contributions to the scheme were £57,210 (2019: £52,071, 2018: nil).

Defined benefit scheme characteristics and funding

William Armes Limited, a subsidiary of the Group since 9 January 2018, operates a pension scheme providing benefits based on final pensionable pay. The Scheme is closed to new members and is closed to

future accrual. For pensions earned after 5 April 1997 and for Guaranteed Minimum Pensions earned between 6 April 1998 and 5 April 1997, increases in payment will be in line with CPI rather than RPI. Revaluations of pensions in deferment are linked to RPI.

The assets of the Scheme are held separately from those of the Group in trustee-administered funds. The level of contributions is determined by a qualified actuary on the basis of triennial valuations. The latest full valuation was completed by an independent actuary on 31 December 2017.

The contribution paid for the year ended 31 December 2020 was £20,000 (2019: £20,000, 2018: 10,000). It has been agreed with the trustee that contributions for the next year will be £20,000 (2019: £20,000, 2018: 10,000).

Given that the defined benefit pension scheme is in surplus at 31 December 2020, there is expected to be no material impact on the Group's future cash.

(xiii) *Reconciliation of defined benefit obligation and fair value of scheme assets*

	Defined benefit	Fair value scheme assets			Effect of asset ceiling			Net defined scheme liability				
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Balance at 1 July 2017, 1 January 2019 and 1 January 2020 respectively	1,847,000	1,673,000	1,733,000	1,837,000	(1,704,000)	(1,902,000)	-	31,000	169,000	-	-	-
Interest cost	43,000	46,000	34,000	(43,000)	(46,000)	(34,000)	-	-	-	-	-	-
Included in profit or loss	1,890,000	1,719,000	1,767,000	(1,880,000)	(1,750,000)	(1,936,000)	-	31,000	169,000	-	-	-
Remeasurement loss Actuarial loss from:												
- Demographic assumptions	(133,000)	100,000	124,000	-	-	-	-	-	-	(133,000)	100,000	124,000
- Limited by asset ceiling	-	-	-	-	-	-	31,000	138,000	(127,000)	31,000	138,000	(127,000)
Return on plan assets (excluding interest)	-	-	-	112,000	(218,000)	23,000	-	-	-	112,000	(218,000)	23,000
Change in asset ceiling (excluding interest)	-	-	-	-	-	-	-	-	-	-	-	-
Included in other comprehensive income	(133,000)	100,000	124,000	112,000	(218,000)	23,000	31,000	138,000	(127,000)	10,000	20,000	20,000
Employer contributions	(84,000)	(86,000)	(87,000)	(20,000)	(20,000)	(20,000)	-	-	-	(10,000)	(20,000)	(20,000)
Benefits paid	(84,000)	(86,000)	(87,000)	84,000	86,000	87,000	-	-	-	-	-	-
Other movements	(84,000)	(86,000)	(87,000)	64,000	66,000	67,000	-	-	-	(10,000)	(20,000)	(20,000)
Balance at 31 December	1,673,000	1,733,000	1,804,000	(1,704,000)	(1,902,000)	(1,846,000)	31,000	169,000	42,000	-	-	-

Actuarial assumption

The principal actuarial assumptions used in the determining calculating the present value of the defined benefit obligation (weighted average) include:

	2018	2019	2020
Discount rate	2.80 %	2.00 %	1.30 %
Future salary increases	2.40 %	2.10 %	2.00 %
Inflation assumption (RPI)	3.20 %	2.90 %	2.80 %
Mortality rates – for male aged 65 now	1.50 %	1.50 %	1.50 %
Mortality rates – for female aged 65 now	1.00 %	1.00 %	1.00 %
Longevity at retirement age (current pensioners)			
- Males	n/a	86.5 years	86.6 years
- Females	n/a	88.1 years	88.1 years
Longevity at retirement age (future pensioners)			
- Males	n/a	88.3 years	88.4 years
- Females	n/a	89.3 years	89.4 years

Sensitivity analysis

Analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation was performed as part of the full 2017 valuation:

- An increase of 0.5 per cent. in the pre-retirement interest rate would lead to a £14,000 decrease in liabilities;
- If the gap between RPI and CPI had been kept at 0.5 per cent. it would lead to a £46,000 increase in liabilities;
- If the rate of mortality had been unchanged from the prior report there would be a £52,000 increase in liabilities.

32. Share-based payments

Equity settled share option plan

The Company has a Savings-Related Share Option Plan (“SAYE”) for all employees of the Group. In accordance with the terms of the plan, as approved by shareholders, employees of the Group may be granted options to purchase ordinary shares. There are no performance criteria for the SAYE and options are issued to participants in accordance with HMRC rules. Vesting is conditional on continuity of service.

During the prior year 6,397,546 options were issued, including 600,000 options to directors, at a weighted average option price of £0.13 per share. During the current year no new options were issued and 1,339,817 options lapsed on employees leaving the Group. No options were exercised in the year. The remaining contractual life of the remaining 5,057,729 options is approximately 4 years.

In addition, during the prior year the Company granted 2,100,000 share options to directors and 6,665,000 shares to management in the year under Enterprise Management Incentives (EMIs) at a weighted average option price of £0.18 per share. During the current year a further 2,000,000 new options were issued at an option price of £0.10 and 1,700,000 options lapsed on employees leaving the Group. The remaining contractual life of the options is approximately 4 years. No options were exercised in the year.

Share options are valued using the Black-Scholes model. The inputs to the model are the option price and share price at date of grant, expected volatility (20 per cent.), expected dividend rate (0 per cent.) and risk free rate of return (4 per cent.). The model has been adjusted for expected behavioural considerations.

The cost of options is amortised to the Statement of Comprehensive Income over the service life of the option resulting in a charge of £68,992 for the year (2019: £90,574, 2018: nil).

33. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Compensation of key management personnel

The remuneration of the Directors and other members of key management personnel during the year was as follows:

<i>Remuneration of key management</i>	<i>18 months ended</i>		
	<i>31 December 2018</i>	<i>2019</i>	<i>2020</i>
Remuneration	112,699	658,894	610,976
Social security costs	9,579	83,243	77,302
Group pension contribution to defined contribution schemes	8,898	42,207	61,347
Share based payments	–	13,884	17,140
	<u>131,178</u>	<u>798,228</u>	<u>766,765</u>

During 2019, key management personnel were granted 1,200,000 options under the Group SAYE scheme at an option price of £0.10 per share and 3,900,000 options under the Group EMI scheme at an option price of £0.10 per share.

34. Business combinations during the year

2019 Assets acquired and liabilities recognised at the date of acquisition

On 1 February, Likewise Trading Limited, a subsidiary of the Company, acquired the entire share capital of Lewis Abbott Limited, a wholesale distributor of floor coverings and associated products, in line with the Group's objective of advancing the commercial and operational reach of the Group. Consideration of £603,095 was paid on completion with a further £200,000 deferred consideration paid in February 2020. This was funded by a loan from Likewise Group Plc.

On 18 April 2019, the Company acquired the entire share capital of Heatseam Limited and its 100 per cent. owned subsidiary Factory Flooring Outlet Ltd, distributors of residential flooring products throughout England and Scotland. The acquisition has enabled the Group to develop a distribution network utilising Heatseam's hub in Dewsbury with two out bases in Daventry and Glasgow. The acquisition of Heatseam adds significant scale to the existing activities and meaningfully increases the product portfolio of the Group. Consideration of £7,500,000 was paid on completion with a further £500,000 deferred consideration to be paid in 2020. Interest is charged at 3 per cent. on any balance outstanding from 18 April 2020. Additionally 2,000,000 shares in Likewise Group Plc were issued as consideration which are required to be valued at £1 each by April 2021. The value at issue of these shares was considered to be £500,000 based on the market price of £0.25 per share. At the reporting date it is considered that, based on a share price of £0.32 per share, there is potential deferred consideration outstanding of £1,281,580. This acquisition was funded by the issuing of 30 million new shares in Likewise Group Plc.

On 1 May 2019, the Company acquired the entire share capital of H&V Carpets BVBA, wholesale distributors of floor coverings and associated products. H&V has continued to operate from its facility in Meulebeke, Belgium with the stockholding, logistics and delivery to customers being enhanced through utilising the existing Likewise UK structure. Consideration of €1 was paid in addition to a 10 year warrant for one million Likewise Group Plc shares at 30 pence per share. Additionally, a €1,000,000 working capital loan was made from Likewise Group Plc to H&V Carpets BVBA at acquisition. This loan should not be repaid for a period of at least two years from the date of acquisition.

Recognised amounts of identifiable assets acquired and liabilities assumed

	<i>Lewis Abbott Limited</i>	<i>Heatseam Limited</i>	<i>H&V Carpets BVBA</i>
Tangible assets	55,467	796,527	30,628
Intangible assets	–	–	2,923
Stocks	545,719	4,320,047	993,136
Debtors	237,607	2,408,711	1,784,824
Cash	53,105	203,644	33,987
Total assets	891,898	7,728,929	2,845,498
Creditors due within one year	(556,650)	(4,595,944)	(3,072,617)
Deferred tax	–	(118,437)	–
Total identifiable net assets	<u>335,248</u>	<u>3,014,548</u>	<u>(227,119)</u>
Intangible assets:			
Customer base	–	2,122,349	–
Brand name	–	2,189,075	–
Goodwill	467,847	3,253,210	307,230
Deferred tax on acquisition	–	(732,942)	–
Total purchase consideration	<u>803,095</u>	<u>9,846,240</u>	<u>80,111</u>
Purchase consideration consists of:			
Cash	603,095	7,500,000	1
Deferred consideration	200,000	500,000	–
Share issue	–	500,000	–
Contingent consideration at purchase	–	1,500,000	–
Warrant revaluation at grant	–	(153,760)	80,110
	<u>803,095</u>	<u>9,846,240</u>	<u>80,111</u>

The book value of receivables represents both the gross contracted and fair value of amounts receivable. At the acquisition date, the entire book value of receivables was expected to be collected.

“The customer base has been valued using current cash flow levels over a 15 year period with an attrition rate of 2 per cent. and a discount factor of 10 per cent.

“The brand valuation has been established using a growth rate between 2 per cent. & 3 per cent. over 15 years, applying a royalty rate of 1.5 per cent. and a discount factor of 10 per cent.

The residual goodwill is a reflection of the benefit the acquisitions will have on the Group by offering greater geographic coverage and providing the opportunity to expand this further than is currently the case. The acquisitions will benefit from the collective group marketing and the enhanced product range available to all group companies. Ultimately this will enable the acquired businesses and the existing group members to provide an improved customer service, across a wider geographic area, with a greater product portfolio designed to help the Group to continue its development.

There has been no inclusion of other intangible assets separate to goodwill for Lewis Abbott Limited or H&V Carpets BVBA as the value was deemed not to be material.

The uplift in share price from £0.25 per share at acquisition to £0.32 per share at 31 December 2019 has been taken into account when calculating the potential deferred consideration payable on the acquisition of Heatseam Limited. This has resulted in a gain of £83,780 included in the Statement of Comprehensive Income for the year.

Following the year end, the Coronavirus pandemic has meant that the share price of the Company has fallen and therefore it is likely that this gain will reverse in the coming year.

Acquisition related costs for the acquisitions were as follows:

	£
Lewis Abbott Limited	22,325
Heatseam Limited	183,011
H&V Carpets BVBA	30,058
	<u>235,394</u>

Lewis Abbott Limited contributed £4,784,750 revenue and a loss of £142,329 to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of Lewis Abbott Limited had been completed on the first day of the financial year, contribution to Group revenues would have been £4,898,271 a loss of £281,280 (including an impairment of stock of £100,000) to Group's profit for the year.

Heatseam Limited and its subsidiary Factory Flooring Outlet Ltd contributed £16,404,347 revenue and a profit of £12,227 to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of Heatseam Limited and its subsidiary Factory Flooring Outlet Limited had been completed on the first day of the financial year, contribution to Group revenues would have been £21.5m. The Companies would have contributed a loss of £361k to Group including an impairment to stock and fixed assets of £592k.

H&V Carpets BVBA contributed £3,118,469 revenue and a loss of £117,206 to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of H&V Carpets BVBA had been completed on the first day of the financial year, contribution to Group revenues would have been £5,146,359 a loss of £176,911 to Group's profit for the year.

2020 Assets acquired and liabilities recognised at the date of acquisition

On 3 February 2020, the Company acquired the entire issued share capital of A. & A. Carpets Limited, a distributor of floor coverings, in line with the Group's objective of advancing the commercial and operational reach of the Group. Consideration of £891,770 was paid funded by an intercompany loan arrangement with Heatseam Limited. Net assets acquired had a fair value at acquisition of £703,329 as detailed below.

	<i>Book value</i>	<i>Fair value adjustment</i>	<i>Fair value</i>
<i>Non-current assets</i>			
Property, plant and equipment	350,819	(129,270)	221,549
Current assets			
Cash and cash equivalents	136,958	–	136,958
Trade and other receivables	874,724	(30,000)	844,724
Inventories	2,513,689	(2,206,436)	307,253
Deferred tax assets	37,216	–	37,216
Current liabilities			
	3,913,406	(2,365,706)	1,547,700
Trade and other liabilities	(1,093,968)	249,597	(844,371)
	2,819,438	(2,116,109)	703,329

The book value of receivables represents both the gross contracted and fair value of amounts receivable. At the acquisition date, the entire book value of receivables was expected to be collected.

Goodwill arising on acquisition

	<i>A. & A. Carpets Limited</i>	<i>Total</i>
Consideration transferred	891,770	891,770
Fair value of identifiable net assets acquired	(703,329)	(703,329)
Goodwill arising on acquisition	188,441	188,441

There has been no inclusion of other intangible assets separate to goodwill as the value was not deemed to be material. The goodwill is a reflection of the benefit the acquisitions will have on the Group by offering greater geographical coverage.

Net cash outflow on acquisition

	2020
	£
Consideration paid in cash	891,770
Less; cash and cash equivalent balances acquired	<u>(136,958)</u>
	754,812

Acquisition related costs for the acquisition of A. & A. Carpets Limited amounted to £19,645 in the current year and £21,195 in 2019.

Impact of acquisition on the results of the Group

A. & A. Carpets Limited contributed £7,137,683 of revenue and a profit of £426,213 to the Group's profit for the period between the date of acquisition and the reporting date. If the acquisition of A. & A. Carpets Limited had been completed on the first day of the financial year, contribution to the Group revenues would have been £7,663,297 and a profit of £359,957 to Group's profit for the year.

35. Changes in liabilities arising from financing activities

	<i>Cash / bank overdraft</i>	<i>Borrowing due within one year</i>	<i>Borrowing due after one year</i>	<i>Total</i>
Net debt at 1 July 2017	100	–	–	<u>100</u>
Cash flows	<u>384,289</u>	<u>(261,515)</u>	<u>–</u>	<u>122,774</u>
New bank loans	–	(126,129)	(2,130,306)	(2,256,435)
Net debt at 31 December 2018	384,389	(387,644)	(2,130,306)	(2,133,561)
Cash flows	233,986	(102,473)	364,784	496,297
Repayment of / new lease liabilities	–	(771,189)	(869,220)	(1,640,409)
Net debt at 31 December 2019	618,375	(1,261,306)	(2,634,742)	(3,277,673)
Cash flows	2,202,520	–	–	2,202,520
Repayment of bank loans	–	38,467	–	24,321
Unpaid interest	–	–	(14,146)	–
New Heatseam invoice discounting facility	–	(946,312)	–	–
Reduction in William Armes Limited invoice discounting	–	205,750	(740,562)	(4,100,767)
Repayment of / new lease liabilities	–	(261,165)	–	<u>(4,361,932)</u>
Net debt at 31 December 2020	<u>2,820,895</u>	<u>(2,224,566)</u>	<u>(6,749,655)</u>	<u>(6,153,326)</u>

36. Controlling party

There is no ultimate controlling party.

37. Post balance sheet events

On 19 February 2021 the Company allotted 32,200 new £0.01 Ordinary Shares for consideration of £0.10 per share, totalling £3,220.

38. Nature of financial information

The financial information on the Group presented above does not constitute statutory financial statements for either of the period ended 31 December 2018, year ended 31 December 2019 or the year ended 31 December 2020.

PART V

ADDITIONAL INFORMATION

1. INCORPORATION AND GENERAL

- 1.1 The Company was incorporated in England on 28 March 2012 under the Companies Act as a private company limited by shares under the name of Foot Fall Distribution Limited with registered number 08010067. On 6 March 2018 the Company changed its name to William Armes Group Limited. On 25 July 2018 the Company changed its name to Likewise Group Limited. On 17 December 2018 the Company re-registered as a public company limited by shares under the Companies Act and changed its name to Likewise Group PLC.
- 1.2 The entire Existing Share Capital of the Company was admitted to trading on the official list of TISE on 11 January 2019.
- 1.3 The Company's registered office is at Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, B37 7YN. The statutory books of the Company are kept at this address. The telephone number at the Company's principal place of business is +44 (0) 1527 314000. Please see the Distribution, Logistics & IT section of paragraph 5 of Part I of this Document for details of where the Group carries out its business.
- 1.4 The Directors are listed on page 11 of this Document. The secretary of the Company is Roy Povey. The business address of each of the Directors and the secretary is Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull, B37 7YN.
- 1.5 The Directors acknowledge the importance of the principles set out in the QCA Corporate Governance Code. Whilst there is no regulatory requirement for the Company to comply with the QCA Corporate Governance Code, the Directors intend to apply the QCA Corporate Governance Code, as far as they consider appropriate for a company of the Company's size and nature.
- 1.6 On 9 January 2018 the Company acquired the entire issued share capital of William Armes Holdings Limited from Janet Bosman and others. The William Armes Group carries on the business of importing, storing and distributing matting and flooring products. The consideration was paid on completion. William Armes Holdings Limited has a subsidiary, William Armes Limited. Further information can be found at www.likewiseplc.com/brand/likewise-matting.
- 1.7 On 28 September 2018 Likewise Trading Limited, a subsidiary of the Company, acquired the business and certain assets and liabilities of Bruce Starke. Under the asset purchase agreement (**APA**) the Company is the guarantor in relation to Likewise Trading Limited's obligations under the APA. The business acquired under the APA is the business of selling mats and matting. Further information can be found at www.likewiseplc.com/brand/likewise-matting.
- 1.8 On 11 January 2019 the share capital of the Company was admitted to trading on TISE.
- 1.9 On 31 January 2019 Likewise Trading Limited, a subsidiary of the Company, acquired the entire issued share capital of Lewis Abbott Limited, being 60,000 ordinary shares of £1 each, from Sally Patricia Cohen, Paul Anthony Cohen, Katherine Susannah Cohen and Benjamin James Cohen. Further information can be found at www.likewiseplc.com/brand/lewis-abbott.
- 1.10 On 18 April 2019 the Company acquired the entire issued share capital of Heatseam Limited, being 2 ordinary shares of £1 each, including Heatseam Limited's wholly owned subsidiary Factory Flooring Outlet Limited, from Glen Andrew Toomes. The Group has outstanding deferred consideration of £1,480,000 payable to Glen Andrew Toomes in full by 30 September 2021. Further information can be found at www.likewiseplc.com/brand/heatseam. The acquisition of Heatseam Limited was funded by a placing of 30,000,000 ordinary shares of £0.01 each in the capital of the Company. In addition, 2,000,000 ordinary shares of £0.01 shares were issued to the seller on completion of the acquisition. The consideration shares and placing shares were admitted to trading on TISE, and the existing share capital of the Company at that time was re-admitted to trading on TISE, on 18 April 2019.

- 1.11 On 30 April 2019 the Company acquired the entire issued share capital of H&V Carpets BVBA, being 200 ordinary shares, from Condor Carpets B.V in Belgium. Further information can be found at www.likewiseplc.com/brand/h-v-carpets-bvba.
- 1.12 On 3 February 2020 the Company acquired the entire issued share capital of A. & A. Carpets Limited, being 39,800 ordinary shares of £1 each, from Whitestone Carpets Holdings Ltd. Further information can be found at www.likewiseplc.com/brand/a-a.
- 1.13 The Company holds the entire issued share capital of the following:
- Likewise Trading Limited (company number 11457284) (being 100 ordinary shares of £1 each) which in turn holds the entire issued share capital of Lewis Abbott Limited (company number 00401327) (being 60,000 ordinary shares of £1 each);
 - William Armes Holdings Limited (company number 06967132) (being 182,800 ordinary shares of £1 each) which in turn holds the entire issued share capital of William Armes Limited (company number 00088075) (being 182,800 ordinary shares of £1 each);
 - Heatseam Limited (company number 03220392) (being 2 ordinary shares of £1 each) which in turn holds the entire issued share capital of Factory Flooring Outlet Ltd (company number 11189053) (being 100 ordinary shares of £1 each);
 - A. & A. Carpets Limited (company number 02217422) (being 39,800 ordinary shares of £1 each); and
 - H&V Carpets BVBA (registered number 0438.941.430) (being 200 ordinary shares).

2. SHARE CAPITAL

- 2.1 Set out below are details of the issued and credited as fully paid share capital of the Company (i) as at the date of this Document and (ii) as it will be immediately on Admission:

<i>As at the date of this Document</i>			<i>On Admission</i>		
<i>Class of Share</i>	<i>Number</i>	<i>Nominal Value</i>	<i>Class of Share</i>	<i>Number</i>	<i>Nominal Value</i>
Shares	152,374,194	£1,523,741.94	Shares	192,374,194	£1,923,741.94

- 2.2 On 17 December 2018, the Shareholders of the Company passed resolutions to subdivide the entire issued share capital of the Company, being 100 ordinary shares of £1 each, into 10,000 Shares and to allot and issue an additional 49,990,000 Shares, fully paid up with an aggregate premium being paid of £200,100 bringing the aggregate issued share capital of the Company to 50,000,000 Shares with an aggregate nominal value of £500,000.
- 2.3 On 9 January 2019, the Company allotted and issued 70,000,000 Shares fully paid up with an aggregate premium being paid of £6,300,000, as authorised by the Shareholders of the Company by resolutions dated 9 January 2019, bringing the aggregate issued share capital of the Company to 120,000,000 Shares with an aggregate nominal value of £1,200,000.
- 2.4 On 18 April 2019, the Company allotted and issued 32,000,000 Shares fully paid up with an aggregate premium being paid of £7,200,000, as authorised by the Shareholders of the Company by resolution dated 16 April 2019, bringing the aggregate issued share capital of the Company to 152,000,000 Shares with an aggregate nominal value of £1,520,000.
- 2.5 On 30 May 2019, the Company allotted and issued 341,994 Shares fully paid up with an aggregate premium being paid of £109,438.08, as authorised by the Shareholders of the Company by resolution dated 16 April 2019, bringing the aggregate issued share capital of the Company to 152,341,994 Shares with an aggregate nominal value of £1,523,419.94.
- 2.6 On 19 February 2021, the Company allotted and issued 32,200 Shares fully paid up with an aggregate premium being paid of £2,898, as authorised by the Shareholders of the Company by resolution dated 25 November 2020, bringing the aggregate issued share capital of the Company to 152,374,194 Shares with an aggregate nominal value of £1,523,741.94.

2.7 At the General Meeting to be held on 17 August 2021, the Directors are seeking authority to allot Shares as follows (such resolutions to supersede the allotment and pre-emption resolutions passed at the Company's recent AGM):

- the Directors are to be authorised pursuant to section 551 of the Companies Act to exercise all and any powers of the Company to allot up to 40,000,000 Placing Shares pursuant only to the Placing. The authority expires on Admission becoming effective;
- the Directors are to be generally and unconditionally authorised pursuant to section 551 of the Companies Act to exercise all and any powers of the Company to allot shares of the Company or to grant rights to subscribe for, or to convert any security into shares of the Company up to a maximum nominal amount of £641,247.31 being approximately 33 per cent. of the issued share capital of the Company upon Admission. The authority expires (unless previously renewed, varied, or revoked by the Company in general meeting) at the earlier of the conclusion of the annual general meeting of the Company next following the passing of the resolution and 15 months from the date of the resolution. The Company may, at any time prior to the expiry of the authority, make an offer or agreement which would or might require relevant securities to be allotted after expiry of the authority and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority had not expired; and
- the Directors are to be given power pursuant to section 570 of the Companies Act (with such power expiring at the same time as the relevant authority granted pursuant to section 551 of the Companies Act at the General Meeting to allot equity securities (as defined in section 560 of the Companies Act) for cash pursuant to the relevant authority as if section 561 of the Companies Act did not apply to any such allotment save that the power was limited to:
 - the allotment of the Placing Shares;
 - the allotment of equity securities pursuant to a rights issue or similar offer to shareholders of the Company where the interests of all shareholders of the Company were proportionate or as nearly as practical to the numbers of Shares held by them; and
 - the allotment of equity securities up to an aggregate nominal amount of £192,374.19, being approximately 10 per cent. of the issued share capital of the Company upon Admission.

2.8 The Placing will result in the issue of a total of 40,000,000 new Shares on Admission.

2.9 On completion of the Placing, the issued share capital of the Company will be increased by 26.3 per cent. being an immediate dilution of approximately 20.8 per cent.

2.10 The Company granted Zeus Capital warrants to subscribe for 1,800,000 Shares at £0.10 per Share on 9 January 2019, exercisable at any time in the period commencing on the second anniversary of First Admission and ending on the tenth anniversary of First Admission. Zeus Capital have not yet exercised any part of its warrant.

2.11 The Company granted Condor Carpets B.V. warrants to subscribe for 1,000,000 Shares at £0.30 per Share on 30 April 2019, exercisable at any time in the period commencing on 30 April 2020 and ending on 30 April 2029. Condor Carpets B.V. have not yet exercised any part of its warrant.

2.12 The Company has granted Share Options to certain of its Directors and employees of the Group under the Share Option Plans. Details of the Share Option Plans are set out at paragraph 10 of Part V.

2.13 Under the EMI Scheme Rules the Company granted Management Options over a maximum of 4,415,000 Shares shortly after First Admission (the **Initial Management Options**). Initial Management Options currently subsist over 4,190,000 Shares. A further Management Option was granted to another member of the senior management team on 10 December 2020 over a maximum of 2,000,000 Shares.

Further tranches of Management Options were granted by the Company to employees or directors of the Group on the following dates as stated below:

- 13 March 2019 over a maximum of 675,000 Shares;

- on 18 April 2019 and 23 April 2019 over a maximum of 750,000 Shares in aggregate;
- 10 June 2019 over a maximum of 2,025,000 Shares;
- 8 August 2019 over a maximum of 750,000 Shares;
- 14 October 2019 over a maximum of 375,000 Shares;

(the **Historic Options**). All of those Historic Options have since either lapsed or have been surrendered for £nil consideration and replaced by new Management Options (the **Replacement Options**).

Replacement Options were granted on 6 March 2021 over a total of 2,875,000 Shares.

Additional Management Options were also granted on 6 March 2021 over a further 1,935,000 Shares.

The total number of Shares currently subject to Management Options is 11,00,000.

Further details of the Management Options are set out in paragraph 10.2 of Part V,

2.14 The Company currently intends to grant further Management Options over an aggregate total of 650,000 Shares shortly before Admission.

2.15 Under the SAYE Scheme Rules the Company granted SAYE Options over 4,929,000 Shares on 4 February 2019, being shortly after First Admission. Further invitations were circulated to eligible employees under the SAYE Scheme Rules on 23 April 2019 in order to allow employees who had joined the Group since the initial admission to trading on TISE to participate in the SAYE Scheme. Those invitations resulted in SAYE Options being granted over a further 1,468,546 Shares on 17 May 2019,

Further details of the SAYE Options are set out in paragraph 10.1 of Part V,

2.16 The Company intends to grant further options under the SAYE Scheme Rules shortly before Admission.

2.17 Save for the allotments referred to in this paragraph 2 above, in the last three financial years ended on 31 December 2017, no capital of the Company has been allotted for cash or for a consideration other than cash.

2.18 Save for the issue of the Placing Shares, the potential issue of Shares to satisfy the options disclosed in this paragraph 2 or any other option granted pursuant to the Share Option Plans, no capital of the Company nor any capital of any company in the Group is proposed to be issued or is under option or is agreed conditionally or unconditionally to be put under option.

2.19 The Enlarged Share Capital will, on Admission, rank *pari passu* in all respects and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

2.20 The Shares are in registered form and capable of being held in certificated and uncertificated form. None of the Shares are being marketed or made available in whole or in part to the public in conjunction with the application for Admission.

2.21 The Shares to be issued pursuant to the Placing are being issued at a price of 25 pence per share, representing a premium of 24 pence over the nominal value of 1 pence each. The expected issue date is 17 August 2021.

2.22 The currency of the shares is pounds sterling.

2.23 None of the Shares are currently held in treasury.

2.24 No dividends have been paid on the Shares in the last three years. No further information relating to dividends is available.

2.25 There are no outstanding debt securities of the Company.

3. ARTICLES OF ASSOCIATION

On 9 January 2019 the Company by means of a special resolution adopted new articles of association which contain (amongst others) provisions to the following effect.

3.1 Objects

The articles of association of the Company contain no restrictions on the activities of the Company.

3.2 Voting rights

Subject to any rights or restrictions attached to any class of shares, from time to time on a show of hands every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative and is entitled to have a vote shall upon a show of hands have one vote and on a poll every member who is present in person or by proxy and entitled to vote shall have one vote for every share of which he is the holder.

3.3 Major Shareholders

Nothing in the Articles confers on major shareholders in the Company any voting rights which are different to those conferred on the holders of Shares as described in paragraph 3.2 above.

Pursuant to Rule 5.1 of the Disclosure Guidance and Transparency Rules, holders of three per cent. or more of the nominal value of the Company's share capital are required to notify their holdings in writing to the Company. To the extent that persons who already hold at least three per cent. or more of the nominal value of the Company's share capital increase or decrease their holding, Rule 5.1 of the Disclosure Guidance and Transparency Rules requires that this is also notified to the Company by the shareholder.

3.4 General meetings

An annual general meeting shall be held every year, within six months of the previous accounting period end.

Subject to a member's right to requisition a general meeting pursuant to section 303 of the Companies Act, general meetings of the Company are convened at the discretion of the board.

An annual general meeting at which it is proposed to pass a special resolution or (except as provided by statute) a resolution of which special notice has been given to the Company, shall be called by at least 21 clear days' notice in writing. All general meetings shall be called by at least 14 clear days' notice to the Company regardless of the type of resolution being passed (under section 307(1) of the Companies Act). A notice must be served on a member in accordance with the provisions of the Companies Act, that is, in hard copy form, or where the member has consented or is deemed to have consented under the Companies Act, in electronic form or via a website. If the notice contains an electronic address for the Company, a member may send any document or information relating to the relevant general meeting to that electronic address. Notice shall be given to all members and the directors and the auditors.

A notice sent to a member by electronic communication shall be deemed to be served on the day it was sent. A notice sent by post to an address in the United Kingdom shall be deemed served one day after (or two days after if sent by second class mail) the date of posting.

3.5 Alteration of share capital

The Company may, from time to time, by ordinary resolution increase its share capital, by the creation of new shares such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution may prescribe. Subject to such privileges, priorities or conditions as are or may be attached thereto, all new shares shall be subject to the same provisions in all respects as if they had been part of the original capital. The Company may by ordinary resolution consolidate and divide its shares, or any of them, into shares of a larger amount. The Company may

by ordinary resolution divide all or any of its share capital into shares of a larger amount, sub-divide all or any of its shares into shares of a smaller amount and cancel any shares not taken or agreed to be taken by any person.

The Company may, by ordinary resolution, cancel any shares which at the date of the passing of the resolution have not been taken (or are subject to agreement to take) and diminish the amount of its share capital by the nominal amount of the shares so cancelled. The Company may, from time to time, by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised, and with and subject to any incident prescribed or allowed by the Companies Act and the rights attached to existing shares. In accordance with the provisions of Companies Act, the Company may purchase its own shares (including redeemable shares).

3.6 **Variation of rights**

Subject to the Companies Act and every other statute for the time being in force concerning companies and affecting the Company (the **Statutes**), if at any time the capital of the Company is divided into different classes of shares, all or any of the rights and privileges attached to any class of share may be varied or abrogated either:

- in such a manner (if any) as may be provided by the rights attaching to such class; or
- in the absence of any such provision, with the consent in writing of the holders of at least 75 per cent. of the nominal amount of the shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. At any such separate meeting at least two members present in person or by proxy holding or representing at least one third of the issued shares of the class in question shall be a quorum.

The creation or issue of shares ranking *pari passu* with or subsequent to the shares of any class shall not (unless otherwise expressly provided by the Articles or the rights attached to such last-mentioned shares as a class) be deemed to be a variation of the rights of such shares. A reduction of the capital paid up on any shares of any class will not be deemed to constitute a variation or abrogation of the rights attached to those shares. A purchase or redemption by the Company of any of its own shares in accordance with the provisions of the Statutes and of the Articles shall not be deemed to be a variation of the rights attaching to any shares.

3.7 **Redemption**

The Company may, by special resolution and subject to the Statutes, create shares which are liable to be redeemed. As at the date of this document, there are no shares in issue which are capable of being redeemed by the Company.

3.8 **Conversion**

The Company may from time to time, by ordinary resolution and subject to the Statutes, convert all or any of its fully-paid shares into stock of the same class and denomination and may from time to time in like manner reconvert such stock into fully paid up shares of the same class and denomination.

3.9 **Distribution of assets on a winding up**

In the event of liquidation of the Company the holders of shares are entitled *pari passu* to any surplus dividends. A liquidator may, with the sanction of a special resolution, divide the assets among the members in specie.

3.10 **Transfer of shares**

The Shares are in registered form and may be in certificated or uncertificated form. Shares in uncertificated form may be transferred otherwise than by written instrument in accordance with the Statutes and relevant subordinate legislation and the Company shall register any such transfer in accordance with the Statutes.

Transfers of shares in certificated form may be effected by instrument in writing in any usual or common form or in any other form approved by the Directors. Any instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall be deemed to remain the holder of the shares until the name of the transferee is entered in the Company's register of members.

The Directors may, in their absolute discretion (but subject to any laws, rules or regulations applicable to the Company from time to time) and without assigning any reason therefore, refuse to register the transfer of a share which is in respect of a share which is not fully paid, or which is in favour of more than four transferees or which is in respect of more than one class of shares or which has not been presented for registration duly stamped accompanied by the share certificates for the shares to which the transfer relates and/or such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer.

3.11 **Dividends and other distributions**

Subject to the provisions of the Statutes, the Company may by ordinary resolution declare dividends to be paid to the members according to their respective rights and interests in the profits of the Company, but not exceeding the amount recommended by the directors.

No dividends or moneys payable by the Company in respect of a share shall bear interest as against the Company unless otherwise provided by the rights attached to the share.

The directors may (subject to the Statutes) pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution.

Except as otherwise provided by the Articles or the rights attached to any shares issued by the Company, the holders of shares are entitled *pari passu* amongst themselves to share in the whole of the profits of the Company paid out as dividends and the whole of any surplus in the event of liquidation of the Company.

A liquidator may, with the sanction of an ordinary resolution, divide the assets among the members in specie. The directors shall give effect to any such resolution provided that no such distribution shall be made unless recommended by the directors.

The directors may, with the sanction of an ordinary resolution, offer the shareholders or any class of them (other than those not entitled to the relevant dividend or dividends) the right to elect to receive new Shares, credited as fully paid, instead of cash in respect of the whole or part of any dividend or dividends which are the subject of the ordinary resolution.

All unclaimed dividends, interest or other sums payable on or in respect of a share may, be invested or otherwise made use of by the directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. Any dividend which is unclaimed for a period of 12 years from the date on which the dividend became due for payment shall be forfeited and cease to remain owing by the Company.

3.12 **Borrowing powers**

Subject to the provisions of the Companies Act and as provided in the Articles, the directors may exercise all the powers of the Company to borrow or raise money, to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue bonds, debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its parent undertaking (if any) or any subsidiary undertaking of the Company or of any third party, in each case on such terms as they may in their absolute discretion think proper.

The directors shall restrict the borrowings of the Company and the borrowings of any of its subsidiary undertakings and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings so as to secure (as regards subsidiary undertakings so far as by such exercise they can secure) that the aggregate principal amount for the time being

outstanding (after adjustments provided for in the Articles) at any one time owing by the Company in respect of monies borrowed, exclusive of moneys borrowed by the Company or any of its subsidiary undertakings from any other of such companies, as determined in accordance with the Articles, shall not at any time without the previous sanction of an ordinary resolution of the Company exceed an amount equal to an amount equal to 2 times the aggregate of:

- the amount paid up on the Company's issued share capital; and
- the total amount standing to the credit of the consolidated reserves of the Company whether distributable or undistributable and including (without limitation) share premium account, capital redemption reserve and profit and loss account

as shown in a consolidation of the latest audited balance sheets of the Company but adjusted as may be necessary to take account of such deductions as are specified in the Articles.

3.13 Constitution of board of Directors

The minimum number of directors shall not be less than two and unless and until otherwise determined by the Company in general meeting shall be subject to a maximum of 8. No shareholder qualification is required of any director. The Company may by ordinary resolution appoint any person who is willing to act to be a Director. Directors can be removed before the expiry of their period of office by resolution of a majority of the Directors (other than the Director in question) with the chairman having the casting vote on such resolution either on notice or upon bankruptcy or incapacity of the Director in question. The Company may by ordinary resolution remove any Director before the expiry of their period of office and the vacancy created by such removal may be filled as a casual vacancy in accordance with the Companies Act.

3.14 Retirement of Directors by rotation

At every annual general meeting, any Director appointed by the Directors since the last annual general meeting and any Director who was not appointed or reappointed at one of the previous two annual general meetings shall retire and offer themselves for reappointment by the members.

3.15 Remuneration of Directors

The fees to be paid to the Directors shall be determined by the Remuneration Committee of the Company from time to time. Such fees shall be divided among such directors in such proportion or manner as may be determined by the Directors and, in default of determination, equally. A fee payable to a director pursuant to the Articles is distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of the Articles and accrues from day to day.

Each director may also be paid all reasonable travelling, hotel and other expenses properly incurred by him in respect of or about the performance of his duties as Director including any expenses incurred in connection with his attendance at meetings of the Directors or committees of the directors of the Company or otherwise in the discharge of his duties as a Director.

Any Director who holds any executive office or who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the directors, are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, lump sum, participation in profits or otherwise as the directors determine.

3.16 Permitted interests of Directors

Subject to the provisions of the Statutes, a Director is not disqualified from his office by entering into any contract, arrangement, transaction or proposal with the Company in any manner, nor is any contract, arrangement, transaction or proposal in which he is interested or in which he has entered into by or on behalf of the Company in which any Director or person connected with him is in any way interested, whether directly or indirectly, liable to be avoided, and any director who enters into any such contract, arrangement, transaction or proposal or is so interested is not liable to account to the Company for any profit realised by any such contract, arrangement, transaction or proposal

by reason of the Director holding that office or of the fiduciary relationship thereby established but the nature and extent of his interest shall be disclosed by him in accordance with the provisions of the Statutes.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director and may act by himself or through his firm in a professional capacity for the Company (other than as auditor) on such terms as to tenure of office, remuneration or otherwise as the directors may determine. A Director may also hold office as a director or other officer or be otherwise interested in any other company of which the Company is a member or in which the Company is otherwise interested and shall not be liable to account to the Company for any remuneration or other benefits received by him from that company.

3.17 Restrictions on voting by Directors

Save as provided below, a Director shall not vote on or in respect of any contract, arrangement, transaction or any other proposal in which he (together with any person connected with him) has a material interest otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as the holder of any office or place of profit with the Company or any company in which the Company is interested (including, without limitation, fixing or varying the terms of his appointment or the termination or extension thereof).

A Director shall (in the absence of some other material interest than is indicated below) be entitled to vote and be counted in the quorum in respect of any resolution concerning any of the following matters:

- the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
- the giving of any security, guarantee or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he has assumed responsibility in whole or in part either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
- any proposal, contract, arrangement or transaction concerning a placing of shares or debentures or other securities of or by the Company or any of its subsidiary undertakings for subscription or purchase in which placing he is or is to be interested as a holder of securities or as a participant in the undertaking or sub-underwriting thereof;
- any contract, arrangement, transaction or other proposal concerning any other company in which he is interested, directly or indirectly and where as an officer or member or otherwise howsoever provided that he (together with any person connected (within the meaning of section 252 of the Companies Act) with him) is not the holder of or interested in shares representing one per cent. or more of any class of the equity share capital or voting rights;
- any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a pension, superannuation or similar fund or scheme, a retirement, death or disability benefits fund or scheme or an employees' share scheme which has been approved by or is subject to and conditional upon approval by HM Revenue & Customs for taxation purposes or does not accord to any Director as such any privilege or benefit not generally awarded to the employees to whom such arrangement relates; and
- any proposal concerning for the grant, purchase and/or maintenance of insurance against any liability of any Directors.

3.18 Purchase of own shares

The Company is entitled to purchase its own shares in accordance with the Companies Act which requires the Company to produce either a solvency statement to ensure that it will continue to be able to meet its debts after the purchase or alternatively requires a company to apply to court.

3.19 **Untraceable shareholders**

The Company is entitled to sell in such manner as the Directors may decide and at the best price it considers to be reasonably obtainable at that time, any share of a member, or any share to which a person is entitled by transmission if the member cannot be traced after 12 years.

3.20 The Company has a first and paramount lien on every Share which is not fully paid, for all amounts payable in respect of that share. If payment is not made within 14 days of notice the Company may sell the shares under lien.

3.21 The Company can issue partly paid shares.

3.22 **Squeeze-out rules, sell-out rules and takeover bids**

Squeeze-out

Under the Companies Act, if an offeror makes a takeover offer for the Company and successfully acquired (or unconditionally contracted to acquire) 90 per cent. in value of the shares to which the offer relates and not less than 90 per cent. of the voting rights carried by those shares, it could then compulsorily acquire the remaining shares. It would do so by sending a notice to outstanding shareholders, within three months of the last day of which the offer can be accepted, telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding 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 shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

Sell-out

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the shares in the Company and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. in value of all voting shares in the Company, which carry not less than 90 per cent. of the voting rights, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares.

The offeror would be 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 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/her rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

There have been no public takeover bids by third parties in respect of the Company's equity in the current financial year or the previous financial year.

The above is a summary of certain provisions of the Articles, the full provisions of which are available on the Company's website.

4. MAJOR SHAREHOLDERS

- 4.1 Save as disclosed in paragraph 5 below, and as set out below in this paragraph 4, the Company is not aware of any person who, at the date of this Document and immediately following Admission, is directly or indirectly interested in 3 per cent. or more of the issued share capital or voting rights of the Company:

Shareholder	At the date of this Document			On Admission	
	Number of Shares	Percentage of Existing Share Capital	Number of Placing Shares	Number of Shares	Percentage of Enlarged Share Capital
		Share Capital			Share Capital
Adrian Laffey	6,442,500	4.2	200,000	6,642,500	3.5
Paul Wiseman	5,950,000	3.9	–	5,950,000	3.1
Andrew Woodhouse	5,834,100	4.0	–	5,834,100	3.0
Keith Yates	5,375,000	3.5	–	5,375,000	2.8
Jane Powell	5,300,000	3.5	–	5,300,000	2.8
James Kellett	4,750,000	3.0	400,000	5,150,000	2.7

- 4.2 None of the Company's major holders of Shares listed above or at paragraph 5.2 below has voting rights different from the other holders of Shares.
- 4.3 Save as disclosed in this paragraph 4, and insofar as is known to the Company, the Directors are not aware of any person or persons who either alone or, if connected jointly following Admission, will (directly or indirectly) exercise or could exercise control over the Company.
- 4.4 Save as far as is known to the Directors, no arrangements are in place, the operation of which may at a later date result in a change of control of the Company.

5. DIRECTORS' INTERESTS

- 5.1 The names of the Directors of the Company are set out at the "Directors, Secretary, registered office and Advisers" section on page 9 of this Document.
- 5.2 As at the date of this Document and immediately following Admission, the interests of the Directors and the associates of each Director (as known to each Director having made all reasonable enquiries) insofar as is known to the Company in the equity or debt securities of the Company or the Group are, and on Admission, will be, as follows:

Director	At the date of this Document			On Admission	
	Number of Existing Shares	Percentage of Existing Share Capital	Number of Placing Shares	Number of Shares	Percentage of Enlarged Share Capital
		Share Capital			Share Capital
Tony Brewer ⁽¹⁾	28,932,500	19.0	400,000	29,332,500	15.2
Andrew Simpson	19,000,000	12.5	400,000	19,400,000	10.1
Paul Bassi	2,800,000	1.8	2,200,000	5,000,000	2.6
Roy Povey	900,000	0.6	–	900,000	0.5

(1) Tony Brewer is the Trustee of the Brewer Settlement Trust who holds the beneficial interest of part of the Shares.

- 5.3 Save as disclosed in this paragraph 5, no Director has any interest in the share capital or loan capital of the Company nor does any person connected with the Directors (within the meaning of section 252 of the Companies Act) have any such interests, whether beneficial or non-beneficial.
- 5.4 The following Management Options over Shares have been granted to the Directors and senior management identified in the table below and remain in place. Further details of the Management Options are included at paragraph 10.2 of Part V. Save for one of the Management Options granted to senior management, each Management Option has an exercise price per Share equal to the market value of a Share at the date of grant of the option (the **Grant MV**). The Grant MV was determined in

accordance with the EMI Scheme Rules as the mid-market closing price of a Share on the immediately preceding dealing day.

<i>Name</i>	<i>Number of Shares under Management options</i>	<i>Exercise Price per share</i>	<i>Performance Conditions</i>
Tony Brewer	1,200,000	£0.10	See paragraph 10.2 of Part V for details
Roy Povey	900,000	£0.10	See paragraph 10.2 of Part V for details
Executive Board	3,800,000	£0.10	See paragraph 10.2 of Part V for details
Other key personnel	290,000	£0.10	See paragraph 10.2 of Part V for details
Other key personnel	4,810,000	£0.18	See paragraph 10.2 of Part V for details

The Company intends to grant Management Options to five further key personnel over an aggregate total of 650,000 Shares shortly before Admission. The exercise price payable under those options will be equal to the Grant MV of Shares.

- 5.5 The Directors are also entitled to participate in the SAYE Scheme (subject to meeting the eligibility criteria as set out in the scheme rules). Further details of the terms of the SAYE Scheme are included at paragraph 10.1 of Part V. The following options over Shares have been granted under the SAYE Scheme to Directors and senior management and remain in place:

<i>Name</i>	<i>Number of Shares under SAYE Options</i>	<i>Exercise price per Share</i>
Tony Brewer	300,000	£0.10
Roy Povey	300,000	£0.10
Executive Board	600,000	£0.10
Other key personnel	516,000	£0.10
Other key personnel	371,426	£0.21

The SAYE Options are not subject to performance conditions. The exercise price was determined in accordance with the terms in the SAYE Scheme Rules.

The Company intends to circulate a further invitation to eligible employees to participate in the SAYE Scheme shortly before Admission.

- 5.6 There are no outstanding loans granted by any member of the Group to the Directors or any guarantees provided by any member of the Group for the benefit of the Directors.
- 5.7 In respect of the Directors, there are no conflicts of interest between any duties they have to the Company and their private interests and/or other duties they may have.
- 5.8 There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Directors were selected as member(s) of the Board.
- 5.9 The Directors have been a director or partner of the following companies or partnerships (save for the companies in the Group) at any time in the previous five years.

5.9.1 Tony Brewer:

- (a) AJ Brewer Associates Limited (current appointment);
- (b) Likewise Trading (Pty) Ltd (current appointment);
- (c) LMS SA;
- (d) Headlam SAS;
- (e) Headlam Group Plc;
- (f) HFD Limited;
- (g) Crossforge Limited;

- (h) MCD Group Limited;
- (i) Yourfloors Limited;
- (j) Mercado Group Limited;
- (k) Gorseley Eleven Limited;
- (l) Headlam Group Employee Trust Company Limited; and
- (m) Headlam (European) Limited.

5.9.2 Roy Povey:

- (a) Headlam Group Pension Trustees Limited.

5.9.3 Andrew Simpson:

- (a) Sandwell Valley School Limited (current appointment); and
- (b) 95 GA Freehold Ltd.

5.9.4 Paul Bassi:

- (a) Brandon Court Management Company Limited (current appointment);
- (b) Birmingham & Regional Properties Limited (current appointment);
- (c) Bond Wolfe Midlands Limited (current appointment);
- (d) BWA Securities Limited (current appointment);
- (e) Bond Wolfe Auctions Limited (current appointment);
- (f) Paul Bassi Limited (current appointment);
- (g) BWA Limited (current appointment);
- (h) Topaz Management (Midlands) Limited (current appointment);
- (i) Birmingham & Regional Properties Limited (current appointment);
- (j) Bond Wolfe Finance Limited (current appointment);
- (k) Brandon Court Management Company Limited (current appointment);
- (l) Real Homes One Limited (current appointment);
- (m) Southgate Derby Retail Limited (current appointment);
- (n) Central Finance Midlands Limited (current appointment);
- (o) Brandasia No 3 Limited (current appointment);
- (p) Brandasia Holdings Limited (current appointment);
- (q) Brandasia Limited (current appointment);
- (r) Issab Holdings Ltd (current appointment);
- (s) B W B Estates Limited (current appointment);
- (t) 3147398 Limited (current appointment);
- (u) Bond Wolfe Associates Limited;
- (v) Real Estate Investors Plc (current appointment);
- (w) Bond Wolfe Capital Limited (current appointment);
- (x) Bond Wolfe Ventures Limited (current appointment);
- (y) Bond Wolfe Estates Limited (current appointment);
- (z) Metro Court (WB) Limited (current appointment);
- (aa) Bond Wolfe Assets Limited (current appointment);
- (ab) Bond Wolfe City Limited (current appointment);

- (ac) Bond Wolfe Securities Limited (current appointment);
- (ad) Brandasia No 4 Limited;
- (ae) Menin Works Management Limited;
- (af) CP Bigwood Limited;
- (ag) BIA Financial Planning Ltd;
- (ah) Bond Wolfe Homes Limited;
- (ai) Eurocity (Crawley) Limited;
- (aj) Rightforce Limited;
- (ak) Boothmanor Limited; and
- (al) Bond Wolfe Public Limited Company.

5.10 Roy Povey was a director of MKD Holdings Limited, a subsidiary of HomeForm Group Limited, when it entered administration on 5 April 2007. The company was dissolved on 10 January 2009.

5.11 Save as disclosed in this paragraph 5, no Director has:

- any unspent convictions in relation to any indictable offences;
- been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director;
- been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;
- been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;
- had any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or
- been disqualified by a court from acting as a Director of a company or from acting in the management or conduct of the affairs of any company.

5.12 No Director is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by any member of the Group during the current or immediately preceding financial year or which was effected by any member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.

5.13 None of the Directors nor any member of a Director's family is interested in any related financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the ordinary Shares, including a contract for differences or a fixed odds bet.

6. TAKEOVER CODE

6.1 Mandatory bid

The Company is subject to the Takeover Code. Under Rule 9 of the Takeover Code ("**Rule 9**"), except with the consent of the Takeover Panel, when:

- 6.1.1 any person acquires, whether by a series of transactions over a period of time or not, an interest, or interests, 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 the Company;
- 6.1.2 or 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 the 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, or interests, in any other shares which increases the percentage of shares carrying voting rights in which he is interested,

such person, and any person acting in concert with such person, must make a general offer to all the other shareholders (including the holders of any class of equity share capital whether voting or non-voting and the holders of any other class of transferable securities carrying voting rights) to acquire the balance of the shares not held by such person and its concert parties.

An offer under Rule 9 of the Takeover Code must be in cash, or accompanied by a cash alternative, and must be at the highest price paid within the preceding 12 months for any shares by the person required to make the offer or any person acting in concert with such person.

6.2 **Concert Party**

6.2.1 Under the Takeover Code, a concert party arises when persons acting together pursuant to an agreement or understanding (whether formal or informal) cooperate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company subject to the Takeover Code. Control means an interest, or interests in, shares carrying in aggregate 30 per cent. or more of the voting rights of a company, irrespective of whether such interest or interests give de facto control.

6.2.2 In particular, people will be treated as having an interest in shares if:

- (a) they own them;
- (b) they have the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or have general control of them;
- (c) by virtue of any agreement to purchase an option or derivative they:
 - (i) have the right or option to acquire them or call for their delivery; or
 - (ii) are under an obligation to take delivery of them; and
 - (iii) whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or
- (d) they are party to any derivative:
 - (i) whose value is determined by reference to its price; and
 - (ii) which results, or may result, in their having a long position in it.

6.2.3 When a company undertakes an initial public offering all of its existing shareholders will be presumed to be acting in concert with each other for the purposes of the public offering unless the contrary is established. At the time of the First Admission the Concert Party and Martin West were presumed to be acting in concert.

6.2.4 Prior to Admission, the Panel and the Company agreed that Martin West is no longer presumed to be acting in concert with the Concert Party.

6.2.5 Details of the Concert Party are set out below. For the purposes of Rule 9 of the Takeover Code in connection with the Company, the following table sets out the holdings and interests of the Concert Party and their members (including connected persons) as at the date of this document and upon Admission:

	<i>At the date of this Document</i>			<i>On Admission</i>	
	<i>Number of Existing Shares</i>	<i>Percentage of Existing Share Capital</i>	<i>Number of Placing Shares</i>	<i>Number of Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Concert Party					
Tony Brewer	28,932,500	19.0	400,000	29,332,500	15.2
Andrew Simpson	19,000,000	12.5	400,000	19,400,000	10.1
Adrian Laffey	6,442,500	4.2	200,000	6,642,500	3.5
Paul Wiseman	5,950,000	3.9	–	5,950,000	3.1
Andrew Woodhouse	5,834,100	3.8	–	5,834,100	3.0
Keith Yates	5,375,000	3.5	–	5,375,000	2.8
James Kellett	4,750,000	3.1	400,000	5,150,000	2.7
Stuart Large	3,975,000	2.6	–	3,975,000	2.1
Geoff Duggan	1,875,000	1.2	–	1,875,000	1.0
Total	82,134,100	53.9	1,400,000	83,534,100	43.4

6.3 Holdings of more than 50 per cent.

If a person (or group of persons acting in concert) holds Shares carrying more than 50 per cent. of the Company's voting rights, that person (or any person(s) acting in concert with him) will normally be entitled to increase their holding or voting rights without incurring any further obligations under Rule 9 to make a mandatory offer, although individual members of the Concert Party will not be able to increase their interest in Shares through or between a Rule 9 threshold, without Takeover Panel consent. Such persons should, however, consult with the Takeover Panel in advance of making such further acquisitions.

7. DIRECTORS' TERMS OF APPOINTMENT

7.1 The Company has entered into the following agreements and letters of appointment.

- Tony John Brewer entered into a service agreement with the Company on 9 January 2019 appointing him as Chief Executive Officer of the Company with effect from 1 December 2018. The service agreement is subject to termination upon not less than 12 months' notice by either party and the Company reserves the right to pay money in lieu of notice. The agreement provides for an annual salary, increased to £170,000 from 1 January 2021 (reduced to £100,000 from January 2021 to May 2021 (inclusive) to mitigate the effect of the pandemic), a private medical insurance for Tony Brewer and his spouse and dependent children. The amount of salary deducted between January and May 2021 will be paid at the end of 2021 should the financial position of the Company justify the payment. The agreement also includes typical provisions which apply on termination, including the right to require him to work his notice period on garden leave, to resign as a Director on termination of his employment and restrictions applicable following the termination of his employment, including restrictions against working for a competitive business for a period of 6 months following the termination of his employment and restrictions against soliciting clients and customers and soliciting senior employees to leave the business in each case for a period of 12 months following the termination of his employment.
- Roy Povey entered into a service agreement with the Company on 9 January 2019 appointing him as Chief Financial Officer of the Company with effect from 1 January 2019. The service agreement is subject to termination upon not less than 12 months' notice by either party and the Company reserves the right to pay money in lieu of notice. The agreement provides for an

annual salary of £160,000 (reduced to £100,000 from January 2021 to May 2021 (inclusive) to mitigate the effect of the pandemic), a car allowance, private medical insurance for Roy Povey and his spouse and dependent children. The amount of salary deducted between January and May 2021 will be paid at the end of 2021 should the financial position of the Company justify the payment. The agreement also includes typical provisions which apply on termination, including the right to require him to work his notice period on garden leave, to resign as a Director on termination of his employment and restrictions applicable following the termination of his employment, including restrictions against working for a competitive business for a period of six months following the termination of his employment and restrictions against soliciting clients and customers and soliciting senior employees to leave the business in each case for a period of 12 months following the termination of his employment.

- The services of Andrew Simpson as a non-executive Director are provided under the terms of a letter of appointment between the Company and Andrew Simpson dated 9 January 2019 for an initial period of three years subject to termination upon at least one month's notice, at an initial fee of £14,000 per annum, increased to £36,000 from February 2021. Andrew waived his entitlement to payment from January 2019 to January 2021 inclusive.
- The services of Paul Bassi as a non-executive Director and Chairman are provided under the terms of a letter of appointment between the Company and Paul Bassi dated 9 January 2019 for an initial period of three years ending at the conclusion of the Company's annual general meeting subject to termination upon at least one month's notice, at an initial fee of £14,000 per annum (which has been waived to date and it is intended will be reviewed post Admission).

7.2 Save as set out in paragraph 7.1 above, there are no service agreements in existence between any of the Directors and the Company which cannot be determined by the employing company without payment of compensation (other than statutory compensation) within one year.

7.3 The Directors receive no Shares or options over Shares in lieu of remuneration or as any form of compensation.

7.4 Other than as disclosed in this paragraph 7, no member of the Company is party to any service contract with any of the Company's directors which provides for benefits on the termination of any such contract.

7.5 No Director has any accrued pension or retirement benefits.

7.6 There is no arrangement under which any Director has waived or agreed to waive future emoluments, save for Paul Bassi and Andrew Simpson waiving their fee due under their respective letters of appointment as detailed above in paragraph 7.1.

7.7 The aggregate amount of remuneration (including any contingent or deferred compensation) payable and benefits in kind granted to Directors was £255,988 for the financial year ended 31 December 2020 and is estimated to be £364,488 for the Directors in the current financial period ending 31 December 2021 under the arrangements in force at the date of this Document (with an additional £54,167 of salary to be paid if the financial position of the Company justifies the payment following the deduction during the pandemic as detailed above).

8. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Group during the two years preceding the date of this Document and are or may be material or have been entered into by any member of the Group and contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group at the date of this Document.

8.1 the Lock-in Agreements to be entered into on Admission, pursuant to which:

- 8.1.1 each of the Directors and each member of the Executive Board will undertake that for a period of 12 months from Admission they will not, save in certain limited circumstances, dispose of any of the Shares in which they are interested at Admission except with the permission of the

Company and Zeus Capital and that for a further 12 months they will comply with certain requirements designed to maintain an orderly market in the Shares; and

- 8.1.2 certain members of the Remaining Founding Shareholders will undertake that for a period of 12 months from Admission they will not, save in certain limited circumstances, dispose of any of the Shares in which they are interested at Admission except with the permission of the Company and Zeus Capital and that for a further 12 months they will comply with certain requirements designed to maintain an orderly market in the Shares provided that the members of the Remaining Founding Shareholders will be entitled to dispose of up to 10 per cent. of the Shares they hold at Admission subject to certain conditions being met.
- 8.2 The Placing Agreement, details of which are contained in paragraph 11 of this Part V.
- 8.3 The Relationship Agreement, pursuant to which Tony Brewer and Andrew Simpson have given certain undertakings to the Company and Zeus Capital, including to: (i) ensure that transactions entered into between any member of the Group and either Tony Brewer and/or Andrew Simpson or their associates, are conducted on an arm's length basis and on normal commercial terms; (ii) that the Group shall be managed for the benefit of the Shareholders and the business of the Group and not solely for the benefit of Tony Brewer and/or Andrew Simpson; and (iii) ensure that neither Tony Brewer and/or Andrew Simpson or their associates take any action that would have the effect of preventing the Company from complying with its obligations under the AIM Rules for Companies.
- 8.4 Pursuant to a share purchase agreement dated 3 February 2020 the Company acquired the entire issued share capital of A. & A. Carpets Limited for a total consideration of £891,770 adjusted, all of which was paid on or shortly after completion. The usual warranties and indemnities were given in favour of the Company.
- 8.5 Pursuant to a share purchase agreement dated 18 April 2019 the Company acquired the entire issued share capital of Heatseam Limited from Glen Andrew Toomes. The Group has outstanding deferred consideration of £1,480,000 payable to Glen Andrew Toomes in full by 30 September 2021.
- 8.6 The Company and the Directors entered into a Nominated Adviser and Broker Agreement dated 28 July 2021 with Zeus Capital pursuant to which Zeus Capital agreed to act as the Company's nominated adviser and broker for the purposes of the AIM Rules for Companies in connection with Admission and to provide ongoing services as nominated adviser and broker as required under the AIM Rules for Companies and the Company and the Directors agree to comply with their obligations under the AIM Rules for Companies. The Company shall pay to Zeus Capital in respect of its services as nominated adviser and broker an annual retainer fee of £50,000.

9. TAXATION

The comments in this section are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice as at the date of this document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK, who will hold Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this section. Such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this section.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this section.

Any shareholder who is in doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

9.1 **Taxation of chargeable gains**

For the purpose of UK tax on chargeable gains, the purchase of Shares on a placing is regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Shares allotted to him, the Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Shares may, depending on the circumstances of the relevant shareholder, give rise to a liability to UK taxation on chargeable gains.

Individuals

Where an individual Shareholder disposes of Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption (£12,300 for 2020/21) and after taking account of any capital losses available to the individual.

For individuals, capital gains tax will be charged at 10 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band (£37,500 for 2020/21). To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 20 per cent.

Where a Shareholder disposes of the Shares at a loss, the loss should be available to offset against other current year gains or carried forward to offset against future gains. In certain circumstances the loss may be available to offset against taxable income in the current year (depending upon, *inter alia*, the circumstances of the Company and the Shareholder).

Companies

Where a Shareholder is within the charge to corporation tax, a disposal of Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company. The rate of Corporation tax is currently 19 per cent. and the rate will increase to 25 per cent. after 1 April 2023.

9.2 **Taxation of dividends**

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company.

Individuals

Individual Shareholders have the benefit of an annual dividend allowance of £2,000. Dividends falling within this allowance will effectively be taxed at the rate of 0 per cent.

If an individual receives dividends in excess of this allowance, the excess will be taxed at the dividend ordinary rate of 7.5 per cent. for basic rate taxpayers, at the dividend higher rate of 32.5 per cent. for higher rate taxpayers, and at the dividend additional rate of 38.1 per cent. for additional rate taxpayers.

Companies

Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will not generally expect to be subject to UK tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to UK tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are "ordinary share capital" for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that fall within an exempt class.

9.3 Stamp duty and stamp duty reserve tax (SDRT)

The statements below are intended as a general guide to the current position. They do not apply to certain intermediaries who are not liable to stamp duty or stamp duty reserve tax or (except where stated otherwise) to persons connected with depositary arrangements or clearance services who may be liable at a higher rate.

No stamp duty or stamp duty reserve tax will generally be payable on the issue of Shares.

Neither UK stamp duty nor stamp duty reserve tax should arise on transfers of Shares on AIM (including instruments transferring Shares and agreements to transfer Shares) based on the following assumptions:

- the Shares are admitted to trading on AIM, but are not listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- AIM continues to be accepted as a “recognised growth market” as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, stamp duty or stamp duty reserve tax may apply to transfers of Shares. Subject to computational rules the rate of duty is likely to be 0.5 per cent. for either tax.

Any transfer of Shares for consideration prior to admission to trading on AIM is likely to be subject to stamp duty or stamp duty reserve tax.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

9.4 Inheritance Tax

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax (IHT) on the value of any Shares held by them. IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

Shares in trading companies listed on AIM may qualify for Business Property Relief. So, an individual or trustee investor may be able to exclude the value of their Shares from the IHT charge, but the investor will need to take professional advice to establish if the relief will apply.

Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

10. SHARE OPTION PLANS

Share options

On 9 January 2019, the Board approved and adopted the “Likewise Group Share Save Scheme 2019”, a savings-related share option scheme under Schedule 3 to ITEPA 2003 (the **SAYE Scheme**) and the “Likewise Group Enterprise Management Incentive Options Scheme 2019” (the **EMI Scheme**) pursuant to which the Company would grant share options intended to be qualifying options under Schedule 5 to ITEPA 2003.

The SAYE Scheme was constituted through the adoption by the Board of the SAYE Scheme Rules with shareholder approval being obtained on 9 January 2019. The EMI Scheme was constituted through the

adoption of the EMI Scheme Rules by the Board. Shareholder consent was also obtained for the adoption of the EMI Scheme Rules on 9 January 2019.

The EMI Scheme Rules were subsequently amended to allow the number of shares over which options can be granted to (a) exceed 5 per cent. of the entire issued share capital of the Company as at the date of grant and (b) when aggregated with Shares over which options may be granted under the rules of the Company's SAYE Scheme, may exceed 10 per cent. of the entire issued share capital of the Company. Shareholder consent to the adoption of those amended scheme rules was obtained and the Board adopted those amended rules on that date.

The SAYE Scheme Rules were also amended with shareholder approval on 17th April 2019 to permit the number of shares over which options may be granted to exceed 10 per cent. of the entire issued share capital of the Company at any given time.

Further details concerning the SAYE Options and EMI Options granted pursuant to the SAYE Scheme and EMI Scheme are set out at paragraphs 10.1 and 10.2 below.

As at the date of this document, options have been granted under the Share Option Plans over an aggregate of 15,508,629 Shares, representing approximately 8.1 per cent. of the Enlarged Share Capital.

On a given date, the total number of Shares issued or transferred from treasury (or capable of issue or transfer from treasury) in respect of awards granted under the Share Option Plans or any new employee incentive schemes which may be adopted post Admission, when added to all other options, awards or rights granted in the preceding ten year period, will not exceed 12.5 per cent. of the ordinary share capital of the Company in issue at that time. Whilst the Company intends to not exceed 10 per cent., it would like to retain the flexibility in order to incentivise new senior hires or significant progression in roles and responsibilities of current employees.

For the purposes of this section, references to the **Board** shall include, where relevant, references to the **Remuneration Committee**.

10.1 **SAYE scheme**

Introduction

The Board adopted the SAYE Scheme Rules on 9 January 2019, having obtained prior consent from the Shareholders. The Board circulated an initial round of invitations (the **First Offer**) to all Eligible Employees shortly after First Admission and options were granted pursuant to the First Offer on 4 February 2019.

A further round of invitations (the **Second Offer**) was circulated to all Eligible Employees on 23 April 2019 in order to allow employees who had joined the Group since the First Admission to participate in the SAYE Scheme.

Administration

The Company has appointed Yorkshire Building Society (**YBS**) to act as the scheme administrator and the savings contract administrator for the SAYE Scheme.

Under the SAYE Scheme Rules, the Board may invite applications for 3 year or 5 year options (**SAYE Options**) with the associated savings contract running for the same term.

Grant of SAYE Options

The SAYE Scheme Rules allow for the Remuneration Committee to grant SAYE Options with an exercise price of a minimum of 80 per cent. of the market value of the Shares as at the date of grant of those options. The market value for these are determined in accordance with HMRC's accepted practice for valuing shares listed on a Recognised Stock Exchange on any given day, namely:

- the closing price for a Share on the previous dealing day (or if more than one price is shown, the lower price for a Share plus one half of the difference between the lower price and the higher price on the previous dealing day); or

- the average of the closing prices for a Share for the five immediately preceding dealing days (or if more than one price is shown on each of those dealing days, the lower price for an Share on each of those dealing days plus one half of the difference between the lower price and the higher price on each of those dealing days).

The Board can determine which of the above methods of determining market value should be used in relation to each offer of SAYE Options.

The SAYE Scheme Rules prohibit SAYE Options being granted at any time when such a grant would contravene any law, regulation with the force of law, or rule of an investment exchange on which the Shares are listed or traded, part of the Model Code or any other non-statutory rule with a purpose similar to any part of the Model Code that binds the Company or with which the Board has resolved to comply.

The SAYE Scheme Rules also prohibit the Company from granting SAYE Options after the tenth anniversary of the adoption date of the Scheme Rules.

Scaling Down

The SAYE Scheme Rules allow the remuneration committee to apply several different methods in scaling down applications in the event that the total number of applications received in response to a set of invitations exceeds the maximum number of shares stated in those invitations.

Where scaling down is required, the SAYE Scheme Rules allow for protection of employees making contributions lower than £50 per month in certain circumstances.

Size of SAYE Option grants

The SAYE Scheme Rules were amended by Shareholder resolution passed on 16 April 2019 to permit the number of shares over which options may be granted by the Company to exceed 10 per cent. of the entire issued share capital of the Company at any given time. These amendments were implemented through the adoption by the Board of amended SAYE Scheme Rules on 17 April 2019.

The minimum monthly contributions which an Eligible Employee can make in respect of SAYE Options granted under the SAYE Scheme Rules will be specified in the invitations circulated to those Eligible Employees in each case, but will be subject to a minimum contribution of not less than £5 per month and a maximum contribution of not more than £500 per month.

Exercise of SAYE Options

The SAYE Scheme Rules set out the procedure by which the optionholder may exercise their option.

The SAYE Options may be exercised early on the occurrence of a Relevant Event (as defined in the Scheme Rules) in connection with a takeover or liquidation of the Company, or where the optionholder ceases scheme-related employment in certain circumstances specified in the SAYE Scheme Rules.

If an optionholder dies before their SAYE Option is exercised, their Personal Representatives (as defined in the SAYE Scheme Rules) may exercise the option on their behalf.

Rights attaching to shares

Shares issued in connection with the exercise of the SAYE Options will rank equally with Shares of the same class then in issue (save as regards any rights attaching to Shares by reference to a date falling prior to the optionholder being entered on the register of members).

An application will be made for admission to trading on AIM of the new Shares issued on exercise of the SAYE Options.

Variation of share capital

If there is any alteration of the issued share capital of the Company, the Board are entitled to vary the number of Shares subject to the SAYE Options, and the exercise price under those SAYE Options would be adjusted accordingly.

Alteration of the SAYE Scheme Rules

The Board may amend the SAYE Scheme Rules but only to the extent that those amendments do not result in the SAYE Scheme Rules, and SAYE Options granted in accordance with the SAYE Scheme Rules, ceasing to meet the requirements of Schedule 3 to ITEPA.

The SAYE Scheme Rules allow for further savings-related share option plans to operate in overseas territories.

Prohibition on Exercise

Optionholders are prohibited from exercising their SAYE Options in certain circumstances where the optionholder ceases to be an Eligible Employee, or on a date earlier than the bonus date under the relevant savings contract linked to their SAYE Option, unless the optionholder has died in service.

The SAYE Scheme Rules also contain a general prohibition on exercise if such exercise is prohibited by, or would otherwise be a breach of, any law, regulation with the force of law, or rule of TISE, part of the Model Code or any other non-statutory rule with a purpose similar to any part of the Model Code that binds the Company or with which the Board or, where relevant, the remuneration committee has resolved to comply (including any personal dealing code adopted by the Company).

Awards

Awards of SAYE Options have been granted pursuant to the First Offer and Second Offer over a total of 6,397,546 Shares as set out below. Of those, SAYE Options remain in place over a total of 5,058,269 Shares.

First Offer

The Board authorised the circulation of the First Offer to all Eligible Employees shortly after First Admission in January 2019. The First Offer was in respect of Shares up to a maximum of 5 per cent. of the total issued share capital of the Company. As a result of the First Offer, SAYE Options were granted on 4 February 2019 over 4,929,000 Shares. Of those, SAYE Options granted under the First Offer remain in place over a total of 4,134,000 Shares.

The option period for the SAYE Options granted pursuant to the First Offer is 5 years.

No consideration was payable on the grant of SAYE Options under the First Offer.

The exercise price per Share for the First Offer was determined as £0.10, being the market value per Share as at the date of grant of the SAYE Options pursuant to the First Offer. The exercise price was determined in accordance with the SAYE Scheme Rules as the lower price for a Share plus one half of the difference between the lower price and the higher price on the dealing day immediately preceding the day on which the First Offer was circulated. In relation to the First Offer, the Remuneration Committee determined that no discount from market value was permitted.

Eligible Employees are entitled to save between £5 and £500 per month under the terms of the First Offer.

Second Offer

The Board authorised the circulation of the Second Offer to all Eligible Employees on 23 April 2019. The First Offer was in respect of Shares up to a maximum of 5 per cent. of the total issued share capital of the Company. SAYE Options were granted on 17 May 2019 over 1,468,546 Shares as a result of that Second Offer. Of those, SAYE Options granted under the Second Offer remain in place over a total of 924,269 Shares.

The option period for the SAYE Options granted pursuant to the Second Offer is 5 years.

No consideration was payable on the grant of SAYE Options under the Second Offer.

The exercise price per Share for the Second Offer was set at £0.21 per Share. The market value per Share as at the date of grant of the SAYE Options pursuant to the Second Offer was £0.26 and was determined in accordance with the SAYE Scheme Rules as the lower price for a Share plus one half of the difference between the lower price and the higher price on the dealing day immediately preceding the day on which the Second Offer was circulated.

As permitted under the SAYE Scheme Rules, the Remuneration Committee determined that the exercise price for SAYE Options granted under the Second Offer should be set at a discount from market value of 19.23 per cent. Eligible Employees are entitled to save between £5 and £500 per month under the terms of the Second Offer.

Proposed further offer

The Board intends to circulate a further offer to all Eligible Employees to participate in the SAYE Scheme before Admission.

Although precise terms are yet to be finalised, the Board anticipates that the maximum number of shares available under this further offer will not exceed 4,000,000 Shares. It is also intended that the option period for those options will be 3 years, as permitted under the SAYE Scheme Rules.

The Board intends the exercise price payable under the SAYE options granted pursuant to that further offer to be set at a discount of 20% from the market value per Share.

10.2 ***EMI Options granted to Management***

Introduction

On 9 January 2019, the Board obtained Shareholder consent to adopt the EMI Scheme Rules pursuant to which the Company intended to grant qualifying EMI Options to certain key directors and managers. Summary details of the options granted are referred to at paragraph 5.4 above, with further details set out below under the heading "Awards".

The Board intends to grant further Management Options to five key personnel over an aggregate total of 650,000 Shares shortly before Admission. Those Management Options will be granted in accordance with the EMI Scheme Rules.

In order to allow the Company to incentivise further key individuals following the Company's subsequent acquisitions, the Board obtained Shareholder consent on 16 April 2019 to amend the EMI Scheme Rules to allow the maximum number of Shares that can be subject to Management Options which may be acquired under the EMI Scheme Rules to (a) exceed 5 per cent. of the entire issued share capital of the Company as at the date of grant and (b) when aggregated with Shares over which options may be granted under the SAYE Scheme Rules, to exceed 10 per cent. of the entire issued share capital of the Company. That amendment was effected through the adoption of revised scheme rules.

Administration

The Board exercised its discretion to select the individuals who were granted the Management Options after the First Admission. The grant of Management Options is subject to the provisions contained in the EMI Scheme Rules.

The Board has overall responsibility for the operation of the Management Options following the First Admission and has discretion to select persons to whom any further awards of Management Options will be granted in accordance with the EMI Scheme Rules.

Grant of Options

The Board is allowed to grant EMI options to Eligible Employees (i.e. those who meet the statutory requirements contained in Schedule 5 ITEPA 2003 being that they are employees of that company or a qualifying subsidiary, whose committed working time is at least 25 hours per week (or if less 75 per cent. of their working time) and who are not precluded under Schedule 5 ITEPA 2003 as having a material interest.

The EMI Scheme Rules do not allow the Company to grant EMI options in circumstances where the statutory limits in Schedule 5 ITEPA 2003 would not be met in respect of that option. Other than where such a limit is imposed under Schedule 5 ITEPA 2003, the EMI Scheme Rules do not contain any restrictions on the number of shares over which EMI options can be granted or subsist at any given time.

Unless the Board determines that there are exceptional circumstances, EMI Options may only be granted under the Rules within 42 days after the date on which the Rules were adopted or 42 days after the end of a closed period. Where Management Options have been granted outside those periods, the Board has considered the circumstances to be exceptional for these purposes.

None of the Management Options are transferable. Only persons to whom Management Options are granted, or their personal representatives, may acquire Shares pursuant to their Management Options.

Size of EMI Options grants

The Board intend that the Management Options will qualify as EMI Options. The Company may therefore grant further EMI Options in accordance with the EMI Scheme Rules for as long as the Company satisfies the qualifying conditions set out in the EMI Code (as defined in Section 527(3) of ITEPA).

The Company may not grant EMI Options over shares worth more than £3,000,000 at any given time.

The Management Options are discretionary options granted under the EMI Scheme Rules.

As mentioned above, the maximum number of Shares that can be subject to Management Options which may be acquired under the EMI Scheme Rules may (a) exceed 5 per cent. of the entire issued share capital of the Company as at the date of grant and (b) when aggregated with Shares over which options may be granted under the SAYE Scheme Rules may exceed 10 per cent. of the entire issued share capital of the Company.

Individual Limits

The value of Shares over which an employee or executive director may be granted Management Options at any time may not exceed £250,000.

Performance Targets

The performance targets under the Management Options are based on a combination of the average earnings per share (**EPS**) and total shareholder return (**TSR**) over a number of financial years (the **Performance Period**).

For Management Options granted on 12 January 2019 (the **Initial Management Options**), that Performance Period is 5 years from the date of grant.

For the Management Option granted on 10 December 2020, the Performance Period runs from the date of grant to the end of the Performance Period for the Initial Management Options so as to better align the periods in which performance under those options is tested.

For those Management Options granted on 6 March 2021, the Board determined (as permitted in the EMI Scheme Rules) that a Performance Period of 4 years from the date of grant should apply to those options. As many of those options were granted as replacements for Historic Options (defined below) which had been surrendered, the Board decided that the Performance Period under these new options should be shorter to recognise the previous contribution of those recipients. The Board

also decided that delaying significantly the date on which those recipients could exercise their options beyond the vesting date under the Historic Options would risk demotivating those recipients.

The method of calculating EPS and TSR is set out in the option agreements. The performance targets operate so that 80 per cent. of the optionholder's total entitlement is determined by reference to EPS over the Performance Period, with entitlement to the remaining 20 per cent. being determined by reference to TSR over the Performance Period.

The Management Options will vest to the extent that those performance targets are met. To the extent that those performance targets are not met, the Management Options will lapse over all or part of the total number of Shares granted under those Management Options.

The Board has the power to amend the performance targets but only if, in their view, such amendment is necessary or appropriate to ensure that the Management Options vest in a manner which is consistent with their objectives and purpose.

Vesting and exercise of Options

In most circumstances, the Management Options will vest at the end of the Performance Period described above. The Management Options may, at the discretion of the Board, vest earlier on the occurrence of certain events such as a takeover of the Company.

Once a Management Options has vested then, provided exercise is not prohibited, the optionholder may exercise at any time until the option lapses. Each of the Management Options will lapse on the earliest to occur of the following events:

- the tenth anniversary of the Date of Grant of that Option;
- if the optionholder is a Bad Leaver (see below), the date on which notice is served or their employment ceases
- If the optionholder is a Good Leaver (see below), 40 days after the Relevant Date (the Relevant Date being no later than 200 days after the end of the Performance Period).
- If the optionholder dies in service, 40 days after the Relevant Date (the Relevant Date being no later than 200 days after the end of the Performance Period or, if earlier, no later than 200 days after the date of death).
- The Board determining that none of the Performance Conditions are capable of being met.
- The winding up of the Company.
- The optionholder entering an insolvency process.
- After a change of control of the Company or takeover.

Prohibition on Exercise

Optionholders are prohibited from exercising their Management Options in certain circumstances where the optionholder is subject to disciplinary proceedings or investigation by their employer, if the optionholder has committed certain breaches of their employment contract or is acting in breach of their fiduciary duty, or where notice of termination of the optionholder's employment remains effective.

The Management Options also contain a general prohibition on exercise if such exercise is prohibited by, or would otherwise be a breach of, any law, regulation with the force of law, or rule of the exchange on which the Shares are listed, part of the Model Code or any other non-statutory rule with a purpose similar to any part of the Model Code that binds the Company or with which the Board or, where relevant, the remuneration committee has resolved to comply (including any personal dealing code adopted by the Company).

The optionholder will not be able to exercise their Management Option if they are a "Bad Leaver" under the terms of the Management Option.

Rights attaching to shares

The Shares issued on exercise of the Management Options will rank equally with Shares of the same class then in issue (save as regards any rights attaching to Shares by reference to a date falling prior to the optionholder being entered on the register of members).

An application will be made for admission to trading on AIM of new Shares issued.

Variation of share capital

If there is any alteration of the issued share capital of the Company, the number of Shares subject to the Management Options, and the exercise price under those Management Options, will be subject to adjustments.

Alteration of the Management Options

Whilst shares in the Company are traded on a stock exchange, the Board may not make any amendments to the terms of the Management Options otherwise than in accordance with the relevant Listing Rules, any rule or regulation with the force of law or other rule, code or set of guidelines adopted by the Company.

Malus

Where the optionholder is a “Bad Leaver” under the terms of the Management Options before the end of the Performance Period, the optionholder will lose his or her entitlement to all of the shares subject to the Management Options and the Management Options will lapse in full.

Awards

Following adoption of the EMI Scheme Rules, on 12 January 2019 the Company proceeded to grant Management Options to 12 key members of the Company’s management team (the **Initial Management Options**). Those Initial Options were granted over a total of 4,415,000 Shares. Of those Initial Management Options, 8 remain in place over a total of 4,190,000 Shares. The Initial Management Options were granted with an exercise price of £0.10, being equal to the market value of the Shares determined in accordance with the EMI Scheme Rules.

A further Management Option was granted to another senior member of management over 2,000,000 Shares on 10 December 2020. In order to align the terms of that Management Option with the Initial Options, the Board exercised its discretion to amend the EMI Scheme Rules in relation to that option and permit the grant of that option with an exercise price of £0.10 per share, being less than the market value of the Shares as determined in the EMI Scheme Rules on the date of grant of that option but equal to the exercise price payable under the Initial Management Options. That Management Option remains exercisable.

The Company granted further Management Options (the **Historic Options**) in the following tranches and on the following terms:

- 13 March 2019 over a maximum of 675,000 Shares at an exercise price of £0.23 per share;
- on 18 April 2019 and 23 April 2019 over a maximum of 750,000 Shares in aggregate at an exercise price of £0.26 per share;
- 10 June 2019 over a maximum of 1,125,000 Shares at an exercise price of £0.33 per share;
- 10 June 2019 over a maximum of 900,000 Shares at an exercise price of £0.10 per share;
- 8 August 2019 over a maximum of 750,000 Shares at an exercise price of £0.34 per share; and
- 14 October 2019 over a maximum of 375,000 Shares at an exercise price of £0.34 per share.

Save for the option granted on 10 June 2019 at £0.10, all of the Historic Options were granted with an exercise price equal to the market value of the Shares as determined in accordance with the EMI Scheme Rules.

All of the Historic Options have since either lapsed or have been surrendered for £nil consideration and replaced with new Management Options (the **Replacement Options**). None of the Historic Options therefore remain in place. In light of the impact of the Coronavirus pandemic (which was not foreseen when the Historic Options were granted), and the effect it had had on the prevailing mid-market closing price of the Company's shares, the Board decided that the Historic Options were no longer likely to represent a meaningful incentive to the individuals to whom they were granted. The Board therefore felt that the surrender of the Historic Options and the grant of the Replacement Options on 6 March 2021, with an exercise price based on the prevailing mid-market closing price per share on that date, was justified in order to provide a genuine incentive to those optionholders who held Historic Options.

The Replacement Options were granted on 6 March 2021 over 2,875,000 Shares at an exercise price of £0.18 per share. Further Management Options were also granted on the same day over an additional 1,935,000 Shares at the same exercise price as the Replacement Options. In both cases, the exercise price is equal to the market value of the Shares determined in accordance with the EMI Scheme Rules.

In total, Management Options subsist over a total of 11,000,000 Shares as set out below:

<i>Date of Grant</i>	<i>Number of Options subsisting</i>	<i>Maximum Number of Option Shares available</i>	<i>Exercise Price payable per Option Share (£)</i>
12 January 2019	8	4,190,000	£0.10
10 December 2020	1	2,000,000	£0.10
6 March 2021	41	4,810,000	£0.18
Total	50	11,000,000	

The Board intends to grant further Management Options to five further individuals over an aggregate maximum of 650,000 Shares shortly before Admission. Whilst the precise terms of those options has not yet been finalised, it is anticipated that they will be granted on similar terms to those Management Options granted on 6 March 2021 and that the exercise price payable under those options will be equal to the market value of the Shares on the date of grant of those options.

An option fee of £1 was payable on the date of grant of each of the Management Options.

Where Management Options have been granted with an exercise price equal to market value, that market value was determined as the lower price for a Share plus one half of the difference between the lower price and the higher price on the dealing day immediately preceding the date of the grant of Management Options.

All Management Options have a maximum term of 10 years from the date of grant. The Management Options are not exercisable before they have vested.

In normal circumstances, Management Options will vest at the end of the Performance Period described above over an amount of Shares to be determined by reference to the Performance Targets and become exercisable to that extent. Management Options may, at the discretion of the Board, vest earlier and become exercisable on the occurrence of certain events such as a takeover.

11. ARRANGEMENTS RELATING TO THE PLACING

11.1 Pursuant to the Placing Agreement:

11.1.1 Zeus Capital and Ravenscroft have agreed as agents for the Company, to use their reasonable endeavours to procure subscribers for the New Shares at the Placing Price but are under no obligation to subscribe for or to purchase any Placing Shares for which they are unable to procure subscribers or purchasers;

11.1.2 the Company and Directors have given customary warranties to Zeus Capital and Ravenscroft as to the accuracy of information contained in this Document and other matters in relation to the Group and the Company has given a customary indemnity in favour of Zeus Capital and Ravenscroft which is unlimited in time and amount; and

11.1.3 the Company has agreed to pay Zeus Capital and Ravenscroft commission of 4 per cent. of the Placing proceeds raised by Zeus Capital and Ravenscroft, and 1 per cent. of the Placing proceeds raised by the Company and 2 per cent. of the Placing proceeds raised by the Company where the Placee has received Zeus Capital's research note, together with reasonably incurred expenses.

11.2 The Placing Agreement is:

11.2.1 conditional, *inter alia*, upon:

- (A) the resolutions to be proposed at the General Meeting having been duly passed without amendment;
- (B) certain documents specified in the Placing Agreement being delivered by the Company;
- (C) none of the warranties given by the Company being untrue or inaccurate; and
- (D) Admission taking place not later than 8.00 a.m. on 18 August 2021 or such later date as Zeus Capital may agree, being not later than 8.00 a.m. on 30 September 2021; and

11.2.2 terminable by Zeus Capital before Admission in certain circumstances, including a material breach of any of the warranties given by the Company, the failure to comply with obligations by the Company or certain force majeure events occurring.

12. INVESTMENTS

There are no investments being made by the Group or to be made in the future in respect of which firm commitments have been made.

13. ENVIRONMENTAL ISSUES

To the best of the Company's knowledge, the Group is unaware of any environmental issues that may affect the Company's utilisation of its tangible fixed assets.

14. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group (taking into account the net proceeds of the Placing receivable by the Company) is sufficient for its present requirements that is for at least the next twelve months from the date of Admission.

15. LITIGATION

No member of the Group is or has been involved in any governmental, legal or arbitration proceedings and the Company is not aware of any such proceedings pending or threatened by or against any member of the Group during the 12 months preceding the date of this Document which may have or have had in the recent past a significant effect on the financial position or profitability of the Group.

16. EMPLOYEES

As at 31 December 2020, the Group had 231 employees and as at 28 July 2021, being the last practicable date prior to the publication of this Document, the Group had 244 employees.

As at the date of this Document the Group's employees are all employed at the Company, William Armes Group, Bruce Starke, Lewis Abbott Limited, Heatseam Limited, A&A and Factory Planning Outlet business addresses and registered offices.

17. CHARGES

The Company has three outstanding charges registered at Companies House against the assets of the Company being two debentures and cross guarantees with Barclays Security Trustee Limited and one debenture and cross guarantee with Barclays Bank PLC.

18. PATENTS

18.1 The Group is not the registered proprietor of any patents.

18.2 The Group has the following registered trademarks.

<i>Country</i>	<i>Number</i>	<i>Mark</i>	<i>Class</i>
UK	00001212316	DANDY	27
UK	00002331831	WASHAMAT Washamat WashaMat	27
UK	UK00003447789	WASHARUG	27
UK	00002365122	DandyMicrom Dandy Microm DANDY MICROM	27
UK	00002622218	Dandydura DANDYDURA	27
UK	00003447793	STORMSAFE	27
UK	UK00003447806	TRUFFIDGE	27
UK	UK00003548729	LIKELAWN	27
UK	00003315218	LIKEWISE	27
UK	00003201111	Estilo logo	27
UK	00003200232	Estilo word	27

18.3 The relevant Company in the Group is the registrant of the following domain names:

Heatseamltd.co.uk	likewisefloors.de	likewisenorth.com	likewisesouth.co.uk
Factoryflooringoutlet.net	likewisefloors.uk	likewisenorth.uk	likewisesouth.com
Factoryflooringoutlet.co.uk	likewisefloorsireland.co.uk	likewisenortheast.co.uk	likewisesouth.uk
Heatseamlimited.co.uk	likewisefloorsireland.com	likewisenortheast.com	likewisesoutheast.co.uk
Marqueefloors.co.uk	likewisegroup.co.uk	likewisenortheast.uk	likewisesoutheast.com
William-arnes.co.uk	likewisegroup.de	likewisenorthwest.co.uk	likewisesoutheast.uk
Washamat.co.uk	likewisegroup.uk	likewisenorthwest.com	likewisesouthwest.co.uk
Matsonline.co.uk	likewiseinteriors.de	likewisenorthwest.uk	likewisesouthwest.com
handvcarpets.co.uk	likewisematting.co.uk	likewisepc.co.uk	likewisesouthwest.uk
handvcarpets.com	likewisematting.com	likewisepc.com	likewisetrading.co.uk
likewise-trading.co.uk	likewisemidlands.co.uk	likewisepc.de	likewisetrading.com
likewise-trading.com	likewisemidlands.com	likewisepc.uk	likewisetrading.uk
likewise-trading.uk	likewisemidlands.uk	likewisescotland.co.uk	likewisewales.co.uk
likewiseflooring.de	likewisenederland.com	likewisescotland.com	likewisewales.com
likewiseflooring.uk	likewisenorth.co.uk	likewisescotland.uk	likewisewales.uk
likewiseflooringireland.co.uk	likewiseflooringireland.com	likewisefloors.co.uk	likewisefloors.com

- 18.4 The Company uses the following unregistered trademarks which are material to the business of the Group:



- 18.5 Save as set out at paragraphs 18.1 to 18.4 above, there are no patents or other intellectual property rights, licenses or particular contracts which are of fundamental importance to Group's business.

19. GENERAL

- 19.1 Crowe is a limited liability partnership registered in England and Wales with registered number OC307043 and having its registered office at 2nd Floor, 55 Ludgate Hill, London, United Kingdom, EC4M 7JW. Crowe has given and not withdrawn its written consent to the inclusion of its report in Part IV of this Document in the form and context in which it appears. Crowe has no material interest in the Group.
- 19.2 Zeus Capital, which is regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the inclusion in this Document of its name in the form and context in which it appears. On Admission, Zeus Capital will hold 3,946,606 Shares. The Company and Zeus Capital entered into a warrant agreement dated 9 January 2019 pursuant to which the Company granted Zeus Capital warrants to subscribe for 1,800,000 Shares at £0.10 per Share, exercisable at any time in the period commencing on the second anniversary of First Admission and ending on the tenth anniversary of First Admission. Save as disclosed in this paragraph, Zeus Capital has no material interest in the Group.
- 19.3 Ravenscroft, which is licensed and regulated by the Guernsey Financial Services Commission, has given and has not withdrawn its written consent to the inclusion in this Document of its name in the form and context in which it appears. On Admission, Ravenscroft will hold nil Shares and Ravenscroft CI is expected to hold 9,879 Shares. Ravenscroft has no material interest in the Group.
- 19.4 It is estimated that the total fees, commissions and expenses payable by the Company in connection with the Placing and Admission will amount to approximately £0.9 million (excluding VAT).
- 19.5 The financial information set out in this Document does not constitute statutory accounts within the meaning of section 434 of the Companies Act.
- 19.6 The Placing Price represents a premium of 24 pence over the nominal value of 1 pence per Share. The premium arising on the Placing amounts to £9.6 million in aggregate.
- 19.7 The Shares are in registered form and may be held in certificated or uncertificated form. No temporary documents of title will be issued. The ISIN number of the Shares is GBOOBHNWHO03.
- 19.8 There are no arrangements under which future dividends are waived or agreed to be waived.
- 19.9 The Company's registrar and paying agent for the payment of dividends is Link Market Services Limited trading as Link Group.

- 19.10 Other than the IPO, the RTO and the current application for Admission, the Shares have not been admitted to dealings on any recognised investment exchange other than TISE nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Shares other than the current application for Admission to AM.
- 19.11 The following persons have received fees totalling £10,000 or more from the Company within the 12 months immediately preceding the date of this Document, or have entered into a contract to receive £10,000 or more from the Company on or after Admission:
- Keelo Consulting Limited
 - Yamnuska Limited
 - Anthesis UK Limited
 - Albert E Sharp LLP
- 19.12 Save as disclosed in this Document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- received, directly or indirectly from the Group within the 12 months preceding the date of the application for Admission; or
 - entered into contractual arrangements (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company, on or after Admission, any of the following:
 - fees totalling £10,000 or more;
 - securities in the Company where these have a value of £10,000 or more calculated by reference to the Placing Price; or
 - any other benefit with the value of £10,000 or more at the date of Admission.
- 19.13 Save as disclosed in this Document, there has been no significant adverse change in the financial or trading position of the Group since 31 December 2020, the date to which the last audited results of the Company were prepared.
- 19.14 There have been no interruptions in the business of the Group, which may have or have had in the 12 months preceding the publication of this Document a significant adverse effect on the financial position of the Group or which are likely to have a material adverse effect on the prospects of the Group for the next 12 months.
- 19.15 The Directors are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group prospects in the period 1 January 2021 until the date of this Document.
- 19.16 There is no change in the nature of the business of the Group contemplated.
- 19.17 Where information has been sourced from a third party this information has been accurately reproduced. So far as the Company and the Directors are aware and are able to ascertain from information provided by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 19.18 This Document does not constitute an offer to sell, or the solicitation of an offer to acquire, Shares in any jurisdiction where such an offer or solicitation is unlawful and is not for distribution in any jurisdiction in which such distribution is unlawful. The Shares have not been, and will not be, registered under the US Securities Act or under the applicable securities laws of the Excluded Territories and may not be sold, directly or indirectly, within the United States or the Excluded Territories or to any citizen, national or resident of the United States or the Excluded Territories.

20. AVAILABILITY OF DOCUMENTS

The following documents may be inspected between the hours of 9am to 5pm for 14 days from Admission, at Likewise Group PLC, Unit 4 Radial Park, Solihull Parkway, Birmingham Business Park, Solihull B37 7YN:

- this Document;
- the constitutional documents of the Company; and
- the financial information.

The financial information (comprising the documents referenced in Part IV of this Document) of Likewise will be available for review on an ongoing basis on the Company's website www.likewiseplc.com.

PART VI

TERMS AND CONDITIONS OF THE PLACING

PLACING TERMS

IMPORTANT INFORMATION FOR INVITED PLACEES ONLY REGARDING THE PLACING.

THE INFORMATION AND TERMS CONTAINED IN THIS DOCUMENT AND THIS PART VI (THE “**PLACING TERMS**”) ARE RESTRICTED AND ARE NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, THE REPUBLIC OF IRELAND, AUSTRALIA, CANADA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL (EACH A “**RESTRICTED TERRITORY**”).

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS DOCUMENT AND THE PLACING TERMS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”) WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF THE PROSPECTUS REGULATION (WHICH MEANS REGULATION 2017/1129 AS AMENDED FROM TIME TO TIME) (THE “**PROSPECTUS REGULATION**”) (“**QUALIFIED INVESTORS**”); OR (B) IN THE UNITED KINGDOM, PERSONS WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF THE UK VERSION OF THE EU PROSPECTUS REGULATION WHICH FORMS PART OF DOMESTIC LAW PURSUANT TO THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (THE “**UK PROSPECTUS REGULATION**”) AND WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “**ORDER**”); OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC”) OF THE ORDER; OR (C) ARE PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”).

THIS DOCUMENT AND THE INFORMATION IN IT MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. PERSONS DISTRIBUTING THIS DOCUMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS DOCUMENT DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

THIS DOCUMENT IS NOT AN OFFER OF SECURITIES FOR SALE INTO THE UNITED STATES. THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED (THE “**US SECURITIES ACT**”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, IN 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. SUBJECT TO CERTAIN EXCEPTIONS AND AT THE SOLE DISCRETION OF THE COMPANY, THE PLACING SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN “OFFSHORE TRANSACTIONS” WITHIN THE MEANING OF, AND IN ACCORDANCE WITH, REGULATIONS UNDER THE US SECURITIES ACT AND OTHERWISE IN ACCORDANCE WITH APPLICABLE LAWS. NO PUBLIC OFFERING OF THE PLACING SHARES IS BEING MADE IN THE UNITED STATES, THE UNITED KINGDOM OR ELSEWHERE. NO MONEY, SECURITIES OR OTHER CONSIDERATION FROM ANY PERSON INSIDE THE UNITED STATES IS BEING SOLICITED AND, IF SENT IN RESPONSE TO THE INFORMATION CONTAINED IN THIS DOCUMENT, WILL NOT BE ACCEPTED.

EACH PLACEE SHOULD CONSULT WITH ITS ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF AN INVESTMENT IN PLACING SHARES. THE DISTRIBUTION OF THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT MAY BE RESTRICTED BY LAW IN CERTAIN JURISDICTIONS, AND ANY PERSON INTO WHOSE POSSESSION THIS DOCUMENT, ANY PART OF IT OR ANY INFORMATION CONTAINED IN IT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, SUCH RESTRICTIONS.

Persons (including, without limitation, nominees and trustees) who have a contractual right or other legal obligation to forward a copy of this Document should seek appropriate advice before taking any action.

This Document should be read in its entirety. In particular, you should read and understand the information provided in this Part VI.

By participating in the Placing, each person who chooses to participate in the Placing (a **"Placee"**) will be deemed to have read and understood this Document in its entirety, to be participating, making an offer and acquiring Placing Shares on the terms and conditions contained herein and to be providing the representations, warranties, indemnities, acknowledgements and undertakings contained in this Part VI.

In particular, each such Placee represents, warrants, undertakes, agrees and acknowledges to Zeus Capital and Ravenscroft (the **"Joint Bookrunners"**) and the Company (amongst other things) that:

- (a) it is a Relevant Person and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- (b) in the case of a Relevant Person in the United Kingdom who acquires any Placing Shares pursuant to the Placing:
 - (i) it is a Qualified Investor within the meaning of Article 2(e) of the UK Prospectus Regulation; and
 - (ii) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the UK Prospectus Regulation:
 - (A) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant State other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or
 - (B) where Placing Shares have been acquired by it on behalf of persons in any Relevant State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- (c) in the case of a Relevant Person in a member state of the EEA (each a "Relevant State") who acquires any Placing Shares pursuant to the Placing:
 - (i) it is a Qualified Investor within the meaning of Article 2(e) of the EU Prospectus Regulation; and
 - (ii) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the EU Prospectus Regulation:
 - (A) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in a Relevant State other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or
 - (B) where Placing Shares have been acquired by it on behalf of persons in a Relevant State other than Qualified Investors, the offer of those Placing Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons;
- (d) it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for an account with respect to which it exercises sole investment discretion or an execution-only or other non-discretionary account, and has the authority to make and does make the representations,

warranties, indemnities, acknowledgements, undertakings and agreements contained in this Document;

- (e) it understands (or if acting for the account of another person, such person has confirmed that such person understands) the resale and transfer restrictions set out in this Part VI;
- (f) except as otherwise permitted by the Company and subject to any available exemptions from applicable securities laws, it (and any account referred to in paragraph (d) above) is outside the United States acquiring the Placing Shares in offshore transactions as defined in and in accordance with Regulation S under the US Securities Act;
- (g) it acknowledges that the Placing Shares have not been, and will not be, registered under 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 or transferred, directly or indirectly, within 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; and
- (h) the Company and the Joint Bookrunners will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

No prospectus

No prospectus or other offering document has been or will be submitted to be approved by the FCA in relation to the Placing or the Placing Shares and Placees' commitments will be made solely on the basis of the information contained in this Document and any information publicly announced through a RIS by or on behalf of the Company on or prior to Admission (the "**Publicly Available Information**") and subject to any further terms set forth in the form of confirmation to be sent to individual Placees.

Each Placee, by participating in the Placing, agrees that the content of this Document is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any information (other than the Publicly Available Information), representation, warranty or statement made by or on behalf of either of the Joint Bookrunners, the Company or any other person and none of the Joint Bookrunners, the Company or any other person acting on such person's behalf nor any of their respective affiliates has or shall have any liability for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

None of the Joint Bookrunners makes any representation to any Placees regarding an investment in the Placing Shares.

Details of the Placing Agreement and the Placing Shares

Pursuant to the Placing Agreement with the Company and subject to the terms and conditions set out in the Placing Agreement, the Joint Bookrunners, as agents for and on behalf of the Company, have (acting severally and not jointly or jointly and severally) agreed to use their reasonable endeavours to procure Placees for the New Shares, in each case at the Placing Price.

The New Shares will, when issued, be subject to the articles of association of the Company and credited as fully paid and will rank *pari passu* in all respects with the Existing Shares, including the right to receive all dividends and other distributions declared, made or paid in respect of such Shares after the date of issue of the New Shares.

Application for admission to trading

Application will be made to the London Stock Exchange for admission of the Shares (including the Placing Shares) to trading on AIM. It is expected that Admission will become effective at 8.00 a.m. on or around 18 August 2021 (or such later date as the Company and the Joint Bookrunners may agree in writing, in any

event being not later than 30 September 2021) and that dealings in the Shares on AIM will commence at the time of Admission.

Participation in the Placing

This Part VI gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares. The Joint Bookrunners and the Company shall be entitled to effect the Placing by such alternative method as they may, in their sole discretion, determine.

Principal terms of the Placing

- (a) Zeus Capital is acting as a bookrunner to the Placing, as agent for and on behalf of the Company. Zeus Capital is authorised and regulated in the United Kingdom by the Financial Conduct Authority (“FCA”) and is acting for the Company (in respect of the New Shares) and no one else in connection with the matters referred to in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Zeus Capital or for providing advice in relation to the matters described in this Document.
- (b) Ravenscroft is acting as a bookrunner to the Placing, as agent for and on behalf of the Company. Ravenscroft is licensed and regulated in Guernsey by the Guernsey Financial Services Commission and is acting for the Company (in respect of the New Shares) and no one else in connection with the matters referred to in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to the customers of Ravenscroft or for providing advice in relation to the matters described in this Document.
- (c) Participation in the Placing will only be available to persons who may lawfully do so, and who are invited by a Joint Bookrunner to participate in the Placing. Each Joint Bookrunner and any of its affiliates are entitled to participate in the Placing as principal.
- (d) The final number of Placing Shares to be issued or acquired at the Placing Price will be agreed and determined between the Joint Bookrunners and the Company and such details will be announced by the Company through a RIS pursuant to the “Result of Placing” announcement.
- (e) Each Placee’s allocation in the Placing shall be determined by the Joint Bookrunners and the Company. Placees’ commitments to subscribe for and/or acquire the Placing Shares will be made orally to one of the Joint Bookrunners on a recorded telephone line and a form of confirmation documenting such commitment will be dispatched by the relevant Joint Bookrunner by email as soon as possible thereafter. That oral confirmation will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of that Joint Bookrunner and the Company, under which it agrees to subscribe for and/or acquire the number of Placing Shares allocated to the Placee at the Placing Price and otherwise on the terms and subject to the conditions set out in this Part VI and in accordance with the Company’s articles of association. Except with the relevant Joint Bookrunner’s written consent, such commitment will not be capable of variation or revocation at the time at which it is submitted. The terms of this Part VI will also be deemed incorporated in the form of confirmation.
- (f) Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the relevant Joint Bookrunner (as agent for the Company), to pay to it (or as it may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares such Placee has agreed to subscribe for and/or acquire and the Company has agreed to allot and issue to that Placee.
- (g) Irrespective of the time at which a Placee’s allocation(s) pursuant to the Placing is/are confirmed, settlement for all Placing Shares to be subscribed for and/or acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under “Registration and Settlement”.
- (h) All obligations of the Joint Bookrunners under the Placing will be subject to fulfilment of the conditions referred to below under “Conditions of the Placing” and to the Placing not being terminated on the basis referred to below under “Termination of the Placing”.

- (i) By participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
- (j) To the fullest extent permissible by law and applicable FCA rules, none of: (a) the Joint Bookrunners, (b) any of the Joint Bookrunners' respective affiliates, agents, directors, officers, consultants, (c) to the extent not contained within (a) or (b), any person connected with the Joint Bookrunners as defined in the FSMA ((b) and (c) being together "affiliates" and individually an "affiliate" of the Joint Bookrunners), (d) any person acting on a Joint Bookrunner's behalf, shall have any liability (including to the extent permissible by law, any fiduciary duties) to Placees or to any other person whether acting on behalf of a Placee or otherwise. In particular, neither the Joint Bookrunners, nor any of their affiliates shall have any liability (including, to the extent permissible by law, any fiduciary duties) in respect of their conduct of the Placing or of such alternative method of effecting the Placing as the Joint Bookrunners and the Company may agree.

Registration and Settlement

If Placees are allocated any Placing Shares in the Placing they will be sent a form of confirmation or electronic trade confirmation by the Joint Bookrunners, as soon as they are able which will confirm the number of Placing Shares allocated to them, the Placing Price and the aggregate amount owed by them to the relevant Joint Bookrunner.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by the relevant Joint Bookrunner in accordance with either the standing CREST or certificated settlement instructions which they have in place with the relevant Joint Bookrunner.

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. Settlement through CREST is expected to take place in respect of the Placing Shares on 18 August 2021 and Admission is expected to occur no later than 8.00 a.m. on 18 August 2021 unless otherwise notified by the Joint Bookrunners.

Settlement will be on a delivery versus payment basis. However, in the event of any difficulties or delays in the admission of the Placing Shares to CREST or the use of CREST in relation to the Placing, the Company and the Joint Bookrunners may agree that the Placing Shares should be issued in certificated form. The Joint Bookrunners reserve the right to require settlement for the Placing Shares, and to deliver the Placing Shares to Placees, by such other means as they deem necessary if delivery or settlement to Placees is not practicable within the CREST system or would not be consistent with regulatory requirements in a Placee's jurisdiction.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above, in respect of either CREST or certificated deliveries, at the rate of 2 percentage points above prevailing LIBOR as determined by the Joint Bookrunners.

Each Placee agrees that, if it does not comply with these obligations, either Joint Bookrunner may sell, charge by way of security (to any funder of either Zeus Capital or Ravenscroft) or otherwise deal with any or all of their Placing Shares on their behalf and retain from the proceeds, for the relevant Joint Bookrunners' own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due and any costs and expenses properly incurred by the relevant Joint Bookrunner as a result of the Placee's failure to comply with its obligations. The relevant Placee will, however, remain liable for any shortfall below the amount owed by it and for any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of their Placing Shares on their behalf. Legal and/or beneficial title in and to any Placing Shares shall not pass to the relevant Placee until such time as it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees must ensure that, upon receipt, the conditional form of confirmation or electronic trade confirmation is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so

registered free from any liability to United Kingdom stamp duty or stamp duty reserve tax. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Conditions of the Placing

The obligations of the Joint Bookrunners under the Placing Agreement and the Placing are, conditional upon, *inter alia*:

- (a) the Company allotting the New Shares in accordance with the terms of the Placing Agreement;
- (b) the performance by the Company and the Directors of their obligations under the Placing Agreement to the extent that they fall to be performed prior to Admission;
- (c) Zeus Capital not having exercised its right to terminate the Placing Agreement; and
- (d) Admission occurring by not later than 8.00 a.m. on 18 August 2021 (or such later date as the Company and Zeus Capital may agree in writing, in any event being not later than 30 September 2021),

(all conditions to the obligations of the Joint Bookrunners included in the Placing Agreement being together, the “**conditions**”).

If any of the conditions set out in the Placing Agreement are not fulfilled or, where permitted, waived in accordance with the Placing Agreement within the stated time periods (or such later time and/or date as the Company and the Joint Bookrunners may agree, provided that the time for satisfaction of the condition set out in (d) above shall not be extended beyond 8.00 a.m. on 30 September 2021, or the Placing Agreement is terminated in accordance with its terms, the Placing will lapse and the Placee's rights and obligations shall cease and terminate at such time and each Placee agrees that no claim can be made by or on behalf of the Placee (or any person on whose behalf the Placee is acting) in respect thereof.

By participating in the Placing, each Placee agrees that its rights and obligations cease and terminate only in the circumstances described above and under “Termination of the Placing” below and will not be capable of rescission or termination by it.

Certain conditions may be waived in whole or in part by the Joint Bookrunners, in their absolute discretion by notice in writing to the Company and the Joint Bookrunners may also agree in writing with the Company to extend the time for satisfaction of any condition. Any such extension or waiver will not affect Placees' commitments as set out in this Document.

Zeus Capital may terminate the Placing Agreement in certain circumstances, details of which are set out below.

Neither the Joint Bookrunners, the Company nor any of their respective affiliates, agents, directors, officers, employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision any of them may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision any of them may make as to the satisfaction of any condition or in respect of the Placing and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Joint Bookrunners.

Termination of the Placing

Zeus Capital may terminate the Placing Agreement, in accordance with its terms, at any time prior to Admission if, *inter alia*:

- 1. either Joint Bookrunner becomes aware that any statement contained in the Placing Documents (as such term is defined in the Placing Agreement) has become or been discovered to be untrue, incorrect or misleading in any material respect; or
- 2. either Joint Bookrunner becomes aware that any of the warranties was, when given, untrue, inaccurate or misleading in any material respect; or

3. either Joint Bookrunner becomes aware that any of the warranties is not, or has ceased to be, true, accurate or not misleading in any material respect; or
4. either Joint Bookrunner becomes aware that there is a breach by the Company or a Director of its respective obligations under the Placing Agreement which is in the opinion of Zeus Capital (acting reasonably) is material; or
5. either Joint Bookrunner becomes aware there has occurred, in the opinion of Zeus Capital (acting in good faith), a material adverse change in the business of the Group or in the financial or trading position or prospects of the Group or the Company; or
6. there has occurred a force majeure event, which, in the opinion of Zeus Capital (acting in good faith), would or would be likely to prejudice materially the Company or the Placing, or make the success of the Placing doubtful.

If the Placing Agreement is terminated in accordance with its terms, the rights and obligations of each Placee in respect of the Placing as described in this Document shall cease and terminate at such time and no claim can be made by any Placee in respect thereof.

By participating in the Placing, each Placee agrees with the Company and the Joint Bookrunners that the exercise by the Company or either Joint Bookrunner of any right of termination or any other right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company or the Joint Bookrunners and that neither of the Company nor the Joint Bookrunners need make any reference to such Placee and that neither the Joint Bookrunners, the Company, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

By participating in the Placing, each Placee agrees that its rights and obligations terminate only in the circumstances described above and under the “Conditions of the Placing” section above and will not be capable of rescission or termination by it after the issue by the Joint Bookrunners of a form of confirmation confirming each Placee’s allocation and commitment in the Placing.

Representations, warranties and further terms

By participating in the Placing, each Placee (and any person acting on such Placee’s behalf) represents, warrants, acknowledges and agrees with the Joint Bookrunners and the Company (for itself and for any such prospective Placee) that (save where the Joint Bookrunners expressly agree in writing to the contrary):

- (a) it has read and understood this Document in its entirety and that its subscription or acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, indemnities, acknowledgements, agreements and undertakings and other information contained herein and that it has not relied on, and will not rely on, any information given or any representations, warranties or statements made at any time by any person in connection with Admission, the Placing, the Company, the Placing Shares or otherwise, other than the information contained in this Document and the Publicly Available Information;
- (b) it has not received a prospectus or other offering document in connection with the Placing and acknowledges that no prospectus or other offering document: (a) is required under the Prospectus Regulation or the UK Prospectus Regulation; and (b) has been or will be prepared in connection with the Placing;
- (c) it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and neither the Joint Bookrunners, the Company nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, and will not provide, it with any material regarding the Placing Shares or the Company or any other person other than the information in this Document, or the Publicly Available Information; nor has it requested any of the Joint Bookrunners, the Company, any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;

- (d) neither the Joint Bookrunners, nor any person acting on behalf of them or any of their respective affiliates, agents, directors, officers or employees has or shall have any liability for any Publicly Available Information, or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;
- (e) the only information on which it is entitled to rely on and on which it has relied in committing to subscribe for and/or acquire the Placing Shares is contained in the Publicly Available Information and this Document, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and it has made its own assessment of the Company, the Placing Shares and the terms of the Placing based on Publicly Available Information and the information contained in this Document;
- (f) neither the Joint Bookrunners, the Company nor any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Publicly Available Information and the information contained in this Document;
- (g) it has conducted its own investigation of the Company, the Placing and the Placing Shares, satisfied itself that the information is still current and relied on that investigation for the purposes of its decision to participate in the Placing;
- (h) it has not relied on any investigation that the Joint Bookrunners or any person acting on their behalf may have conducted with respect to the Company, the Placing or the Placing Shares;
- (i) the content of this Document and the Publicly Available Information has been prepared by and is exclusively the responsibility of the Company and that none of the Joint Bookrunners or any persons acting on behalf of it is responsible for or has or shall have any liability for any information, representation, warranty or statement relating to the Company contained in this Document or the Publicly Available Information nor will they be liable for any Placee's decision to participate in the Placing based on any information, representation, warranty or statement contained in this Document, the Publicly Available Information or otherwise. Nothing in this Part VI shall exclude any liability of any person for fraudulent misrepresentation;
- (j) the Placing Shares have not been registered or otherwise qualified, and will not be registered or otherwise qualified, for offer and sale nor will a prospectus be cleared or approved in respect of any of the Placing Shares under the securities laws of any Restricted Territory and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within a Restricted Territory or in any country or jurisdiction where any such action for that purpose is required;
- (k) it and/or each person on whose behalf it is participating:
 - (i) is entitled to subscribe for and/or acquire Placing Shares pursuant to the Placing under the laws and regulations of all relevant jurisdictions;
 - (ii) has fully observed such laws and regulations;
 - (iii) has capacity and authority and is entitled to enter into and perform its obligations as a subscriber and/or an acquirer of Placing Shares and will honour such obligations; and
 - (iv) has obtained all necessary consents and authorities (including, without limitation, in the case of a person acting on behalf of a Placee, all necessary consents and authorities to agree to the terms set out or referred to in this Part VI) under those laws or otherwise and complied with all necessary formalities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledges it is required to comply with all applicable laws and regulations with respect to its subscription or acquisition of Placing Shares;
- (l) it is not, and any person who it is acting on behalf of is not, and at the time the Placing Shares are subscribed for and/or acquired will not be, a resident of, or with an address in, or subject to the laws of, any Restricted Territory, and it acknowledges and agrees that the Placing Shares have not been and will not be registered or otherwise qualified under the securities legislation of any Restricted Territory and may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;

- (m) the Placing Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or resold in or into or from the United States except pursuant to an effective registration under the US Securities Act, or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in accordance with applicable state securities laws; and no representation is being made as to the availability of any exemption under the US Securities Act for the reoffer, resale, pledge or transfer of the Placing Shares;
- (n) it and the beneficial owner of the Placing Shares is, and at the time the Placing Shares are acquired will be, outside the United States and acquiring the Placing Shares in an “offshore transaction” as defined in, and in accordance with, Regulation S under the US Securities Act;
- (o) it (and any account for which it is purchasing) is not acquiring the Placing Shares with a view to any offer, sale or distribution thereof within the meaning of the US Securities Act;
- (p) it will not distribute, forward, transfer or otherwise transmit this Document or any part of it, or any other presentational or other materials concerning the Placing in or into or from the United States (including electronic copies thereof) to any person, and it has not distributed, forwarded, transferred or otherwise transmitted any such materials to any person;
- (q) neither the Joint Bookrunners, their affiliates, agents, directors, officers or employees nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing and that participation in the Placing is on the basis that it is not and will not be a client of the Joint Bookrunners and the Joint Bookrunners have no duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing 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;
- (r) it has the funds available to pay for the Placing Shares for which it has agreed to subscribe for and/or acquire and acknowledges and agrees that it will make payment to the Joint Bookrunner for the Placing Shares allocated to it in accordance with the terms and conditions of this Document on the due times and dates set out in this Document, failing which the relevant Placing Shares may be placed with others on such terms as the Joint Bookrunners may, in their absolute discretion determine without liability to the Placee and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to the terms set out or referred to in this Document) which may arise upon the sale of such Placee’s Placing Shares on its behalf;
- (s) no action has been or will be taken by any of the Company, the Joint Bookrunners or any person acting on their behalf that would, or is intended to, permit a public offer of the Placing Shares in the United States or in any country or jurisdiction where any such action for that purpose is required;
- (t) the person who it specifies for registration as holder of the Placing Shares will be: (a) the Placee; or (b) a nominee of the Placee, as the case may be. Neither the Joint Bookrunners nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to subscribe for and/or acquire Placing Shares pursuant to the Placing and agrees to pay the Company and the Joint Bookrunners in respect of the same (including any interest or penalties) on the basis that the Placing Shares will be allotted to a CREST stock account of Zeus Capital or Ravenscroft or transferred to a CREST stock account of Zeus Capital or Ravenscroft who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
- (u) it is acting as principal only in respect of the Placing or, if it is acting for any other person, (a) it is duly authorised to do so and has full power to make the acknowledgments, representations and agreements herein on behalf of each such person and (b) it is and will remain liable to the Company and the Joint Bookrunners for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person);

- (v) the allocation, allotment, issue and delivery to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a stamp duty or stamp duty reserve tax liability under (or at a rate determined under) any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that it is not participating in the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of Placing Shares would give rise to such a liability;
- (w) it and any person acting on its behalf (if within the United Kingdom) falls within Article 19(5) and/or 49(2) of the Order and undertakes that it will acquire, hold, manage and (if applicable) dispose of any Placing Shares that are allocated to it for the purposes of its business only;
- (x) it will not make an offer to the public of the Placing Shares and it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom or elsewhere in the EEA 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 85(1) of the FSMA or an offer to the public in any member state of the EEA within the meaning of the Prospectus Regulation;
- (y) it has only communicated or caused to be communicated and it will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;
- (z) it has complied and it will comply with all applicable laws with respect to anything done by it or on its behalf in relation to the Placing Shares (including all relevant provisions of the FSMA in respect of anything done in, from or otherwise involving the United Kingdom);
- (aa) if it is a financial intermediary, as that term is used in the UK Prospectus Regulation, the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in the United Kingdom other than Qualified Investors, or in circumstances in which the express prior written consent of the Joint Bookrunners has been given to the offer or resale;
- (ab) if in the United Kingdom, it is a qualified investor within the meaning of the UK Prospectus Regulation and a person (i) having professional experience in matters relating to investments and who falls within the definition of 'investment professionals' in Article 19(5) of the Order; or (ii) who is a high net worth entity falling within Article 49(2)(a) to (d) of the Order; or (iii) to whom this Document may otherwise lawfully be communicated;
- (ac) if it is a financial intermediary, as that term is used in the EU Prospectus Regulation (including any relevant implementing measure in any member state), the Placing Shares acquired by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in any member state of the EEA other than Qualified Investors, or in circumstances in which the express prior written consent of the Joint Bookrunners has been given to the offer or resale;
- (ad) if in a member state of the EEA, it is a "Qualified Investor" within the meaning of the EU Prospectus Regulation;
- (ae) it has neither received nor relied on any confidential price sensitive information about the Company in accepting this invitation to participate in the Placing;
- (af) neither the Joint Bookrunners nor any of their affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has or shall have any liability for any information, representation or statement contained in this Document or for any information previously published by or on behalf of the Company or any other written or oral information made available to or publicly

available or filed information or any representation, warranty or undertaking relating to the Company, and will not be liable for its decision to participate in the Placing based on any information, representation, warranty or statement contained in this Document or elsewhere, provided that nothing in this paragraph shall exclude any liability of any person for fraud;

- (ag) neither the Joint Bookrunners, the Company, nor any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of either of the Joint Bookrunners, the Company or their respective affiliates, agents, directors, officers or employees is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placing nor providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, agreements, undertakings, or indemnities contained in the Placing Agreement nor the exercise or performance of the Joint Bookrunners' rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;
- (ah) the Joint Bookrunners may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Placing Shares and/or related instruments for their own account and, except as required by applicable law or regulation, the Joint Bookrunners will not make any public disclosure in relation to such transactions;
- (ai) the Joint Bookrunners and each of their affiliates, each acting as an investor for its or their own account(s), may bid or subscribe for and/or purchase Placing Shares and, in that capacity, may retain, purchase, offer to sell or otherwise deal for its or their own account(s) in the Placing Shares, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Document to the Placing Shares being offered, subscribed, acquired or otherwise dealt with should be read as including any offer to, or subscription, acquisition or dealing by either of the Joint Bookrunners and/or any of their affiliates, acting as an investor for its or their own account(s). None of the Joint Bookrunners or 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;
- (aj) it has complied with its obligations in connection with money laundering and terrorist financing under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (together, the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;
- (ak) it is aware of the obligations regarding insider dealing in the Criminal Justice Act 1993, FSMA, the UK version of the Market Abuse Regulation (Regulation 596/2014) which is part of English law by virtue of the European Union (Withdrawal) Act 2018, as amended ("**UK MAR**") and the Proceeds of Crime Act 2002 and confirms that it has and will continue to comply with those obligations;
- (al) in order to ensure compliance with Regulations, any of the Joint Bookrunners (for itself and as agent on behalf of the Company) or the Company's registrars may, in their absolute discretion, require verification of its identity. Pending the provision to the Joint Bookrunners' or the Company's registrars, as applicable, of evidence of identity, definitive certificates in respect of the Placing Shares may be retained at the Joint Bookrunners' absolute discretion or, where appropriate, delivery of the Placing Shares to it in uncertificated form may be delayed at the Joint Bookrunners' or the Company's registrars', as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity the Joint Bookrunners' (for itself and as agent on behalf of the Company) or the Company's registrars have not received evidence satisfactory to them, the Joint Bookrunners and/or the Company may, at their absolute discretion, terminate their commitment in respect of the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;
- (am) its commitment to acquire Placing Shares on the terms set out in this Document and in the form of confirmation will continue notwithstanding any amendment that may in future be made to the terms and conditions of the Placing and that Placees will have no right to be consulted or require that their consent be obtained with respect to the Company's or the Joint Bookrunners' conduct of the Placing;

- (an) it has knowledge and experience in financial, business and international investment matters as is required to evaluate the merits and risks of subscribing for the Placing Shares. It further acknowledges that it is experienced in investing in securities of this nature and is aware that it may be required to bear, and is able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing. It has relied upon its own examination and due diligence of the Company and its affiliates taken as a whole, and the terms of the Placing, including the merits and risks involved;
- (ao) it irrevocably appoints any duly authorised officer of the Joint Bookrunners as its agent for the purpose of executing and delivering to the Company and/or its registrars any documents on its behalf (without any obligation to do so) necessary to enable it to be registered as the holder of any of the Placing Shares for which it agrees to subscribe or purchase upon the terms of this Document;
- (ap) the Company, the Joint Bookrunners and others (including each of their respective affiliates, agents, directors, officers or employees) will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements, which are given to the Joint Bookrunners, on their own behalf and on behalf of the Company and are irrevocable;
- (aq) if it is acquiring the Placing Shares as a fiduciary or agent for one or more investor accounts, it has full power and authority to make, and does make, the foregoing representations, warranties, acknowledgements, agreements and undertakings on behalf of each such accounts;
- (ar) neither it nor, as the case may be, its clients expect the Joint Bookrunners to have any duties or responsibilities to such persons similar or comparable to the duties of “best execution” and “suitability” imposed by the FCA’s Conduct of Business Source Book, and that the Joint Bookrunners are not acting for it or its clients, and that the Joint Bookrunners will not be responsible for providing the protections afforded to customers of the Joint Bookrunners or for providing advice in respect of the transactions described herein;
- (as) it is a “professional client” or an “eligible counterparty” within the meaning of Chapter 3 of the FCA’s Conduct of Business Sourcebook and it is purchasing Placing Shares for investment only and not with a view to resale or distribution;
- (at) it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Shares in accordance with the Disclosure Guidance and Transparency Rules published by the FCA;
- (au) it represents and warrants that, to the extent it has received any inside information (for the purposes of UK MAR) and section 56 of the Criminal Justice Act 1993) in relation to the Company or any related company subject to UK MAR and the securities of the Company or any such related company, it has not:
 - (i) dealt (or attempted to deal) in the securities of the Company or any related company;
 - (ii) encouraged, recommended or induced another person to deal in the securities of such company; or
 - (iii) unlawfully disclosed inside information in respect of the Company or any related company to any person, prior to the information being made publicly available;
- (av) it undertakes to the Joint Bookrunners at the time of making its commitment to acquire Placing Shares that it will confirm in writing to the relevant Joint Bookrunner in the form of confirmation sent by the Joint Bookrunners to Placees the number of Placing Shares it intends to acquire;
- (aw) as far as it is aware, it is not acting in concert (within the meaning given in the City Code) with any other person in relation to the Company;
- (ax) it is responsible for obtaining any legal, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company or the Joint Bookrunners to provide any legal, tax or other advice to it;

- (ay) it will not distribute any document relating to the Placing Shares except to underlying investors and it will be acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) or for an execution-only or other non-discretionary account or accounts (as to which it has been given the authority to make and is deemed to make the statements set out herein for and on behalf of any and all underlying clients) for investment purposes only;
- (az) it is acquiring the Placing Shares for its own account or is acquiring the Placing Shares for (1) an account with respect to which it exercises sole investment discretion, or (2) an execution-only or other non-discretionary account, and it has the authority or has been given the authority to make and does make the representations, warranties, indemnities, acknowledgements, undertakings and agreements contained in this Document;
- (ba) time is of the essence as regards its obligations under this Part VI;
- (bb) any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to the Joint Bookrunners;
- (bc) the Placing Shares will be issued subject to the terms and conditions of this Part VI; and
- (bd) these terms and conditions in this Part VI and all documents into which this Part VI is incorporated by reference or otherwise validly forms a part and/or any agreements entered into pursuant to these terms and conditions and all agreements to acquire shares pursuant to the Placing will be governed by and construed in accordance with English law and it submits to the exclusive jurisdiction of the English courts in relation to any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or the Joint Bookrunners in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange.

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) agrees to indemnify and hold the Company, the Joint Bookrunners and each of their respective affiliates, agents, directors, officers and employees harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings given by the Placee (and any person acting on such Placee's behalf) in this Part VI or incurred by the Joint Bookrunners, the Company or each of their respective affiliates, agents, directors, officers or employees arising from the performance of the Placee's obligations as set out in this Document, and further agrees that the provisions of this Part VI shall survive after the completion of the Placing.

The agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the United Kingdom relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct by the Company. Such agreement assumes that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement related to any other dealings in the Placing Shares, stamp duty or stamp duty reserve tax may be payable. In that event, the Placee agrees that it shall be responsible for such stamp duty or stamp duty reserve tax and none of the Company or the Joint Bookrunners shall be responsible for such stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and they should notify the Joint Bookrunners accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty 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 them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares and each Placee, or the Placee's nominee, in respect of whom (or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such non-United Kingdom stamp, registration, documentary, transfer or similar taxes or duties undertakes to pay such taxes and duties, including any interest and penalties (if applicable), forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Joint Bookrunners in the event that either the Company and/or any of the Joint Bookrunners has incurred any such liability to such taxes or duties.

The representations, warranties, acknowledgements and undertakings contained in this Part VI are given to the Joint Bookrunners and the Company and are irrevocable.

Each Placee and any person acting on behalf of the Placee acknowledges that the Joint Bookrunners do not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

Each Placee and any person acting on behalf of the Placee acknowledges and agrees that the Joint Bookrunners may (at their absolute discretion) satisfy their obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any connected or associated person to do so.

When a Placee or any person acting on behalf of the Placee is dealing with the Joint Bookrunners, any money held in an account with any of the Joint Bookrunners on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the relevant rules and regulations of the FCA made under FSMA. Each Placee acknowledges that the money will not be subject to the protections conferred by the client money rules: as a consequence this money will not be segregated from the Joint Bookrunners' money (as applicable) in accordance with the client money rules and will be held by it under a banking relationship and not as trustee.

References to time in this Document are to London time, unless otherwise stated. All times and dates in this Document may be subject to amendment. No statement in this Document is intended to be a profit forecast, and no statement in this Document should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company.

The price of shares and any income expected from them may go down as well as up and investors may not get back the full amount invested upon disposal of the shares. Past performance is no guide to future performance, and persons needing advice should consult an independent financial adviser.

The Placing Shares to be issued pursuant to the Placing will not be admitted to trading on any stock exchange other than AIM.

Neither the content of the Company's website nor any website accessible by hyperlinks on the Company's website is incorporated in, or forms part of, this Document.

LIKewise GROUP PLC (the Company)

NOTICE OF GENERAL MEETING

NOTICE IS GIVEN that a general meeting of the Company (the **Meeting**) will be held at Unit 4 Radial Park, Birmingham Business Park, Solihull, B37 7YN on 17 August 2021 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary or special resolutions as indicated:

ORDINARY RESOLUTION

1. **THAT**, subject to and conditional upon the passing of resolutions 2 and 3 below and in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised under section 551 Companies Act 2006 (the **Act**) to exercise all or any of the powers of the Company to allot up to 40,000,000 ordinary shares of £0.01 each (the **Placing Shares**) pursuant only to the subscription for those shares (the **Placing**) by new and existing shareholders invited to participate in the Placing **PROVIDED THAT** this authority shall expire at the conclusion and completion of the Placing which is expected to occur on or around 18 August 2021.
2. **THAT**, subject to and conditional upon the passing of resolution 1 above and resolution 3 below and in substitution for all existing and unexercised authorities and powers, the directors of the Company be generally and unconditionally authorised under section 551 of the Act to exercise all or any of the powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (those shares and rights being together referred to as **Relevant Securities**) up to an aggregate nominal value of £641,247.31 being approximately 33 per cent. of the issued share capital following the allotment of the Placing Shares to those persons at the times and generally on the terms and conditions as the directors may determine (subject always to the articles of association of the Company), **PROVIDED THAT** this authority shall, unless previously renewed, varied or revoked by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company or on the date which is 15 months from the date on which this resolution is passed (if earlier) save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Relevant Securities or equity securities (as the case may be) to be allotted after the expiry of such period and the directors of the Company may allot Relevant Securities or equity securities (as the case may be) under that offer or agreement as if the authority conferred by this resolution had not expired.

SPECIAL RESOLUTION

3. **THAT**, subject to and conditional upon the passing of the resolutions 1 and 2 above and in substitution for all existing and unexercised authorities and powers, the directors of the Company be empowered under section 570 of the Act to allot equity securities (as defined in section 560 of the Act) (**Equity Securities**) under the authority conferred on them by resolutions 1 and 2 above as if section 561 of the Act did not apply to any such allotment **PROVIDED THAT** this authority and power shall be limited to:
 - 3.1 the allotment of the Placing Shares (as defined in and pursuant to resolution 1);
 - 3.2 the allotment of Equity Securities pursuant to the authority granted under resolution 2 in connection with a rights issue or similar offer in favour of ordinary shareholders where the Equity Securities respectively attributable to the interest of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors of the Company may

consider appropriate to deal with fractional entitlements or legal and practical difficulties under the laws of, or the requirements of any recognised regulatory body in any, territory; and

- 3.3 the allotment (otherwise than pursuant to paragraphs 3.1 to 3.2 above) of the Equity Securities pursuant to the authority granted under resolution 2 up to an aggregate nominal value of £192,374.19, representing approximately 10 per cent. of the issued share capital of the Company,

and shall expire, unless previously renewed, varied or revoked by the Company in general meeting at the conclusion of the next annual general meeting or on the date which is 15 months from the date on which this resolution is passed (if earlier), save that the directors of the Company may, before the expiry of such period, make an offer or agreement which would or might require Equity Securities to be allotted after that expiry and the directors may allot Equity Securities under that offer or agreement as if the power conferred by this resolution had not expired.

BY ORDER OF THE BOARD



Director

Date: 29 July 2021

Registered office:

Unit 4 Radial Park, Birmingham Business Park, Solihull B37 7YN

NOTES:

The following notes explain your general rights as a member and your right to attend and vote at the Meeting or to appoint someone else to vote on your behalf.

Entitlement to Attend and Vote

1. To be entitled to attend and vote at the Meeting (and for the purposes of the determination by the Company of the votes that may be cast in accordance with Regulation 41 of the Uncertified Securities Regulations 2001), only those members registered in the Company's register of members at close of business on 13 August 2021 (or, if the Meeting is adjourned, close of business on the date which is two business days before the adjourned Meeting) shall be entitled to attend and vote at the Meeting. Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

Website Giving Information Regarding the Meeting

2. Information regarding the Meeting, including the information required by Section 311A of the Act, is available from www.likewiseplc.com.

Attending in Person

3. If you wish to attend the Meeting in person, please bring some form of identification.

Appointment of Proxies

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting. You can appoint a proxy only using the procedures set out in these notes and the notes to the proxy form.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please indicate on your proxy submission how many shares it relates to.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the Resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of Proxy Using Hard Copy Proxy Form

8. A hard copy form of proxy has not been sent to you but you can request one directly from the registrars, Link Group's general helpline team on Tel: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Or via email at shareholderenquiries@linkgroup.co.uk or via postal address at to Link Group, 10th Floor, Central Square, 29 Wellington Street, Leeds, LS1 4DL. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form. For the purposes of determining the time for delivery of proxies, no account has been taken of any part of a day that is not a working day.

Appointment of a Proxy Online

9. You may submit your proxy electronically using the Share Portal service at www.signalshares.com. Shareholders can use this service to vote or appoint a proxy online. The same voting deadline of 48 hours (excluding non-working days) before the time of the meeting applies. Shareholders will need to use the unique personal identification Investor Code ("IVC") printed on your share certificate. If you need help with voting online, please contact our Registrar, Link Group's portal team on 0371 664 0391. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 09:00 – 17:30, Monday to Friday excluding public holidays in England and Wales. Or via email at shareholderenquiries@linkgroup.co.uk

Appointment of Proxies Through Crest

10. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID: RA10) by 10.00 a.m. on 13 August 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST

member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time.

In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

Appointment of Proxy by Joint Members

11. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding, the first-named being the most senior.

Changing Proxy Instructions

12. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Link Group as per the communication methods shown in note 9. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of Proxy Appointments

13. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Link Group, at the address shown in note 9. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed, or a duly certified copy of such power or authority, must be included with the revocation notice. The revocation notice must be received by Link Group no later than 48 hours before the Meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate Representatives

14. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Issued Shares and Total Voting Rights

15. As at the date of this notice, the Company's issued share capital comprised 152,374,194 Shares of £0.01 each. Each Share carries the right to one vote at a General Meeting of the Company and, therefore, the total number of voting rights in the Company on the date of this notice is 152,374,194. The website referred to in note 2 will include information on the number of shares and voting rights.

Questions at the Meeting

16. Under Section 319A of the Act, the Company must answer any question you ask relating to the business being dealt with at the Meeting unless:
 - answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
 - the answer has already been given on a website in the form of an answer to a question; or
 - it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Website Publication of Audit Concerns

17. Under Section 527 of the Companies Act 2006, shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's financial statements (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual financial statements and reports were laid in accordance with Section 437 of the Companies Act 2006 (in each case) that the shareholders propose to raise at the relevant meeting. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under Section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the Meeting for the relevant financial year includes any statement that the Company has been required under Section 527 of the Companies Act 2006 to publish on a website.

Documents on Display

18. Copies of the letters of appointment of the Directors of the Company and a copy of the Articles of Association of the Company will be available for inspection at the registered office of the Company from the date of this notice until the end of the Meeting.

